

CLYDE VALLEY HOUSING ASSOCIATION LIMITED
GROUP REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

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 2012

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CLYDE VALLEY HOUSING ASSOCIATION LIMITED

MEMBERS, EXECUTIVES AND ADVISERS

31 MARCH 2012

Board, Executives and Advisers

Members of Board

The Members of the Committee of the Association during the year to 31 March 2012 were as follows:

1. Campbell Boyd, Vice Chairperson
2. Helen Layden
3. John McBride, Secretary
4. Graham Dobbie
5. Thomas Campbell
6. John Gormley
7. John Dunlop
8. Gillian Houston
9. Val Shield

Nominated Observers

10. Councillor Thomas Lunny, nominated by North Lanarkshire Council
11. Councillor Alex McInnes, nominated by South Lanarkshire Council

Co-optees

12. Linda Scott

Total members at 31 March 2012 – 12

Tenant Members	6
General Members	3
Nominated Observers	2
Co-optees	1

Deceased

Bill Dickie

Board of Management Resignations – 3

Theresa Cameron
Colin Cumming
Jackie Bowie

Registered Office

50 Scott Street
Motherwell
ML1 1PN

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

MEMBERS, EXECUTIVES AND ADVISERS

31 MARCH 2012

Board, Executives and Advisers cont

Auditors

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

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 2012 was as follows:

Tom Barclay	Chief Executive
Shirley MacDonald	Finance Director
Stewart MacKenzie	Operations Director
Nareen Owens	Corporate Services Director
John Turnbull	Investment Director

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2012

**Clyde Valley Housing Association
Sub Committee Membership 2012**

Name of Committee	Members
Operations Committee (5 Places plus 3 Office Bearers*)	<ol style="list-style-type: none"> 1. Tom Campbell 2. Helen Layden 3. John Dunlop 4. John Gormley 5. Val Shield 6. Campbell Boyd* 7. John McBride* 8. Vacancy
Finance Committee (5 Places plus 3 Office Bearers*)	<ol style="list-style-type: none"> 1. Gillian Houston 2. Helen Layden 3. Tom Campbell 4. John Dunlop 5. Campbell Boyd* 6. John McBride* 7. Vacancy 8. Vacancy
Investment Committee (5 Places plus 3 Office Bearers*)	<ol style="list-style-type: none"> 1. Tom Campbell 2. Graham Dobbie 3. John Dunlop 4. Helen Layden 5. Campbell Boyd* 6. John McBride* 7. Vacancy 8. Vacancy
Corporate Services Committee (5 Places plus 3 Office Bearers*)	<ol style="list-style-type: none"> 1. Tom Campbell 2. Helen Layden 3. John Dunlop 4. Val Shield 5. Linda Scott 6. Campbell Boyd* 7. John McBride* 8. Vacancy
Audit & Scrutiny Committee	<ol style="list-style-type: none"> 1. Linda Scott 2. Tom Campbell 3. Helen Layden 4. John Dunlop 5. Val Shield 6. Campbell Boyd* 7. John McBride*

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

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

REPORT OF BOARD

31 MARCH 2012

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 2012	31 Mar 2011
Managed Property Numbers		
Tenanted Property	2935	2826
Shared Ownership Properties	6	6
Total	2941	2832

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 £2,042,552 (2011: £1,932,423) after a Corporate Tax deduction of £20,152. 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 2011/12 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 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.

The total expenditure on works to existing properties was £620,264 of which £390,157 was capitalised and £230,107 recognised in the Income and Expenditure account.

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

REPORT OF BOARD

31 MARCH 2012 (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 after all recognised gains and losses to 31 March 2012 is £2,042,552 (2011: Restated £1,932,423). The full balance was transferred to Revenue Reserves following the change to our policy on transfers to Designated Reserves. A prior period adjustment of £7,525,421 to increase reserves relates to the Component Accounting Exercise.

Business Review

During 2011/12 the Group revised its 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 BOARD

31 MARCH 2012 (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> <ol 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> <ol 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 BOARD

31 MARCH 2012 (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:-

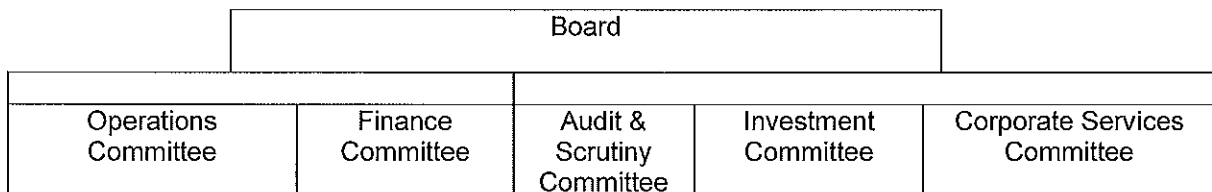
Clyde Valley Property Services aims to provide a range of housing, regeneration, asset management and other related services that meet the needs of customers and communities within the areas where we operate.

Operational Review

Corporate Governance

The governing body of CVHA is the Board 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 governing structure of the Association is as follows:

Governing Structure



Members of the Board of Management serve in a voluntary capacity, and in line with the previous and the new Regulatory Framework, must achieve high standards in all of their decision making processes and ultimately ensuring the provision of first class service delivery to their customers. During 2011/12 the Association undertook a detailed governance review, as well as full skills audit of its members. This resulted in a change to the composition of its Board to 8 tenants and 7 general members, and recruitment targeted at key skills around finance and asset management.

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

REPORT OF BOARD

31 MARCH 2012 (contd.)

The Leadership Team of CVHA (as listed above) is 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 2012 relating to the main activities undertaken by CVHA.

Corporate Issues

Tenant Participation

Tenant involvement and participation is fundamental 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 it engages effectively with tenants and tailors its approach to meet their needs and expectations. As well as supporting Registered Tenant Organisations (RTOs), during 2011 the Association continued engagement with the Clyde Valley Residents Network (CVRN) and also continued successful service and policy development work through its short-life working groups. In addition CVHA undertakes Customer Satisfaction Surveys every three years, but in addition during 2011/12 we continued to seek customer feedback independently each monthly. Feedback from customers has resulted in improved processes and procedures across the business, and these will be reviewed and developed further in line with the new Scottish Social Housing Charter.

Performance Management

Service delivery is a high priority for the Association and it is important that this can be measured in the most appropriate way. The organisation has a robust Performance Management Framework which details its approach to performance management. Each quarter its Sub Committees review a functional performance pack, incorporating Risk Register, Key Performance Indicators and Service Activity Plans. In addition to this each member of staff has an Individual Activity Plan which is reviewed at monthly 1-1's. CVHA holds the Customer Services Excellence accreditation, which demonstrates excellent engagement and service delivery. In 2012 the Association achieved Best Companies 3 Star Status Accreditation (exceptional status); and inclusion in the Sunday Times Best 100 UK Companies to Work For list, achieving 15th place in the top 100 Public and Charity Sectors list.

Best use of Resources

The Association regularly reviews its service delivery and take any action necessary to deliver best value based upon the results of these reviews. In line with its Procurement Strategy, services are periodically subject to tender to achieve best value and in 2010/11 key business support services in relation to Internal Audit, External Audit and Legal Services were reviewed in order to ensure efficient working practices as well as a review of pricing levels.

We have an on-going 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). Each year the Association develops its Annual Efficiency Plan, with outcomes realised in our Annual Efficiency Statement.

The Association also benchmarks performance against peers and is an active member of the G8 Benchmarking Group and the Lanarkshire Voluntary Housing Forum.

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

REPORT OF BOARD

31 MARCH 2012 (contd.)

Services

The Association aims to deliver good quality and efficient services, and strives to achieve continuous improvement in what they do.

They routinely seek independent customer feedback, look to benchmark examples of good practice from others and actively seek to engage with tenants so that the Association can tailor service delivery that meets the changing needs and aspirations of our diverse customer base. Short life working groups have considered diverse aspects of service delivery including Customer Care, Estate Management, New Build, Repairs & Maintenance, Rent Harmonisation, Repairs By Appointment, Investment Planning and Landscaping & Environment. All of these working groups have identified key outputs, which have resulted in important improvements to our processes and services.

In addition to the above, during 2012 the Association also developed an initiative to undertake a full Customer Satisfaction and Demographic Survey of all of its tenants. When compiled this data will be used to develop and inform services tailored to customer's needs, as well as providing necessary customer satisfaction data.

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

The Association continues to work on minimising the period of time taken to relet properties to ensure that we manage our income efficiently and maximise our effectiveness in housing people in need. In the last four years, void turnaround has reduced from 42 to 19 days and void rent loss from 0.90% to 0.36%. Allocations are made through the Common Housing Registers operated by partner local authorities.

Similarly the Association continues to work on minimising rent arrears to ensure that income is managed effectively. In the last four years, current tenant arrears have reduced from 3.01% to 2.14% against the backdrop 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. Rent payment methods have been reviewed and updated to optimise rent collection while promoting customer choice and minimising transactional costs.

In terms of preventing homelessness and increasing stock numbers, CVHA actively participates in the Scottish Government's Mortgage To Rent scheme. By 31 March 2012, the Association had assisted 127 potentially homeless households through acquiring their properties, with subsidy being provided by the Scottish Government.

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

REPORT OF BOARD

31 MARCH 2012 (contd.)

Communities Issues

CVHA has a track record of involvement in the communities where it operates and continues to support local Registered Tenant Organisations (RTOs) as well as the Clyde Valley Residents Network (CVRN). During 2011/12 the Association commenced working around a number of initiatives focused on tenancy sustainment, garden assistance, digital inclusion and customer research. In addition a number of employment initiatives were created in order to give back to the local community through its Corporate Social Responsibility Strategy. During 2011/12, 23 work placements were secured for local unemployed people.

Asset Management

The Association seeks to maintain its properties to a good standard. To this end, programmes of cyclical maintenance 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, the Association has a long term programme of investment to cover for renewals which have become necessary since the property was originally acquired, including works necessary due to subsequent legislative changes. This includes replacement or repairs to components of the properties that 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.

In 2009/10 the Association commissioned an independent stock condition survey and developed a comprehensive Asset Management Strategy. As a result there is a clear understanding of stock condition and investment priorities, which has assisted in the effective and timely targeting of expenditure to areas of need and also to ensure compliance with the Scottish Housing Quality Standard (SHQS) by 2015.

The Association is committed to prudent investment in its housing stock and will continue to maintain its properties efficiently and to a good standard, as well as explore innovative asset management and procurement opportunities in order to optimise value for money.

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 BOARD

31 MARCH 2012 (contd.)

Finance and IT Issues (contd.)

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

Over the past few years a number of improvements to 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.

The key change during 2011/12 was the introduction of Virtualisation, which has allowed hardware to be reduced, more secure systems, as well as more robust business continuity processes and decreased hardware and support costs.

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.

The Association has just reviewed its IT Strategy which is now set for the period 2012-15, and this complements Annual Efficiency Plan targets.

In terms of financial systems the key changes have been the development of the Project Accounting module and the Asset Management module, these were implemented to account for our development projects and record our housing assets in accordance with the SORP 2010. All housing assets in the Parent are now accounted for with relevance to their component parts and the lifecycles of the same. Depreciation is calculated based on the useful lives of each component part and this is now calculated by the Asset Register.

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

REPORT OF BOARD

31 MARCH 2012 (contd.)

Other Areas

Risk Management Strategy

The Association has a Risk Strategy and risk management process to assess business risks and identify risk management mitigation measures. 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 for each function which is reviewed regularly by the Management Team, Leadership Team and Sub Committees, in line with the risk procedure and as part of the performance pack. The Association also has a three-year rolling Internal Audit programme aimed at routinely reviewing the adequacy of the Association's current internal controls and this area has also been expanded to incorporate scrutiny.

Volunteers

The Association is grateful for the unstinting efforts of volunteers who are involved in the Board. Every effort is made to encourage volunteering of tenants where possible, and this can be demonstrated through the recent governance review, further development of the Composition, Skills and Recruitment Policy as well as its Board Training and Office Bearers Succession Plans.

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

Since April 2010, the Association has adopted the principles of 'rent harmonisation' in setting rents. This means that all rents are set on a fair, equitable and transparent basis, with like for like properties being charged the same rents.

In terms of rental strategy, the Association adopts a measured approach of seeking to balance the needs of the business financially with the need to maintain rents that remain affordable to tenants on fixed or modest incomes. Following tenant consultation, the 2011/12 rent increase was set at 3.8%.

Budgetary Process

Each year the Board 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 Board 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 BOARD

31 MARCH 2012 (contd.)

Treasury Management

CVHA has an agreed loan facility of £80m with lenders Bank of Scotland (part of Lloyds banking group) and Barclays Bank, of which £13.8m was undrawn at 31st March 2012. 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 Board. 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 2012, 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 2012.

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 2012 Business Plan predicts that the Association will move into surplus during the next 30 years which will allow full repayment of the agreed loan facility.

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 has implemented Component Accounting in the 2011/12 accounts 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 2012 is a surplus of £11,719,901, including a revaluation reserve arising in respect of Investment Properties in the subsidiary included at valuation. Due to a revaluation of certain properties, held by the subsidiary £42,954 has been released from the revaluation reserve.

SORP 2010

Following the implementation of the Statement of Recommended Practice – Accounting by registered social housing providers – Update 2010 (SORP 2010), the Association has implemented component accounting. As a result of the changes brought about by the SORP 2010 and the detailed guidance of the Technical Notes, the Association has adopted a new accounting policy, which has resulted in a prior period adjustment. Major components (Note 1f) of our housing properties are identified and depreciated over specific economic life spans. Their replacement is then capitalised in fixed assets as they occur. The resulting prior period adjustment is shown in the relevant notes to the financial statements and detailed in Note 29.

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

REPORT OF BOARD

31 MARCH 2012 (contd.)

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.

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 its Recruitment Policy. The appraisal process has been extended to include core competencies for all posts to ensure that staff are resourced and equipped to deliver services now and in the future. The Association participates in a detailed annual appraisal each year for all staff, which then feeds into the annual Staff Training Plan considered by the Corporate Services Committee. In its aspirations to become an Employer of Choice, the Association took part in the Best Companies Accreditation Scheme and for 2012 was awarded 3 Star Status, placing 15th on the Sunday Times Best UK Companies to Work For List.

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 the 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, which are reviewed and discussed with staff and their Managers at monthly 1-1's. During 2011 the Association reviewed its HR Strategy entitled '*Engaging to Achieve*', which is focused on engagement and a learning organisation aspiration. The Association has an intranet which is updated by all functions, both for business and personal updates, as well as a blog by the Chairman. This is further complemented by bi-monthly Breakfast and Lunch Briefings which allow teams to provide updates to their colleagues.

Equalities

The Association is committed to the elimination of all forms of unlawful or unfair discrimination and to promoting equality in all our functions. The Association has recently reviewed its Equality Strategy, Policy and Action Plan to take cognisance of the implementation of the new Equality Bill. This is reviewed at the Corporate Services 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 an annual action plan is developed and monitored. Interactive training was provided for all staff and board members during the year as well as role specific training where required.

Board and Officer Insurance

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

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

REPORT OF BOARD

31 MARCH 2012 (contd.)

Home Ownership

CVHA sold only 3 properties under the Right To Buy (RTB) in the year to 31st March 2012, thereby allowing some tenants to achieve an aspiration of becoming home owners. The number of RTB sales has declined noticeably in recent years. In part this is undoubtedly due to the current economic climate and limited availability of mortgage finance. However a series of Scottish Government actions in recent years have actively sought to stem the loss of affordable rented housing – examples include the designation of pressured area status, extending the suspension period for those tenants with a modernised RTB, and exempting new housing supply from the RTB altogether. The Association supports such measures to limit the RTB, as this is consistent with the organisation's strategic aims in relation to stock growth and meeting housing needs.

Future Developments

The Association has a track record of development with over £147m of development spend since it was formed and the provision of some 1,453 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 acquired 127 properties under the Scottish Government's 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.

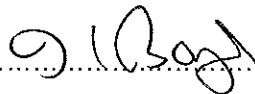
Information for Auditors

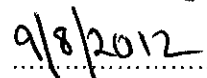
As far as the Committee members are aware there is no relevant audit information of which the auditors are unaware and the Committee members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such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

Auditors

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

On behalf of the Board:

Signed: 

Date: 

CLYDE VALLEY HOUSING ASSOCIATION LIMITED
STATEMENT OF MANAGEMENT COMMITTEE RESPONSIBILITIES
31 MARCH 2012

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: 9/8/2012



CLYDE VALLEY HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROL

31 MARCH 2012

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 2012. 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: 9/8/2012

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 53. 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 section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of 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 2012 and of the group's and the association's income and expenditure for the year then ended;
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, the Industrial and Provident Societies (Group Accounts) Regulations 1969, Schedule 7 to the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2002 requires us to report to you if, in our opinion:

- A satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP,
Statutory Auditor
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

28 August 2012

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 2009/4 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: *24 August 2012*

CLYDE VALLEY HOUSING ASSOCIATION LIMITED
GROUP INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 £	As Restated 2011 £
Turnover	2a	22,312,332	12,261,676
Less: Operating costs	2a	<u>(18,442,692)</u>	<u>(8,549,271)</u>
Operating surplus	2a	3,869,640	3,712,405
Gain on disposal of fixed assets		231,989	166,006
Interest receivable and other income	5	15,698	5,814
Interest payable and similar charges	6	<u>(2,054,623)</u>	<u>(1,946,990)</u>
Surplus on ordinary activities before taxation		2,062,704	1,937,235
Tax on surplus on ordinary activities	21	20,152	4,812
Surplus for the year	8	<u>2,042,552</u>	<u>1,932,423</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 2012

GROUP

	Notes	2012 £	As Restated 2011 £
Surplus for the year	8	2,042,552	1,932,423
Prior period adjustment	29	7,525,421	-
Unrealised loss of revaluation of investment properties	7	<u>(42,954)</u>	<u>238,086</u>
Total recognised surplus relating to the year		<u>9,525,019</u>	<u>2,170,509</u>

CLYDE VALLEY HOUSING ASSOCIATION LIMITED
ASSOCIATION INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 £	As Restated 2011 £
Turnover	2b	21,168,640	11,055,394
Less: Operating costs	2b	<u>(17,400,727)</u>	<u>(7,558,160)</u>
Operating surplus	2b	3,767,913	3,497,234
Gain on disposal of fixed assets		231,989	166,006
Interest receivable and other income	5	15,698	5,814
Interest payable and similar charges	6	<u>(2,054,623)</u>	<u>(1,946,990)</u>
Surplus on ordinary activities before taxation		1,960,977	1,722,064
Tax on surplus on ordinary activities	21	-	-
Surplus for the year	8	<u>1,960,977</u>	<u>1,722,064</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 2012**

ASSOCIATION

	Notes	2012 £	As Restated 2011 £
Surplus for the year	8	1,960,977	1,722,064
Prior period adjustment	29	<u>7,525,421</u>	<u>-</u>
Total recognised surplus relating to the year		<u>9,486,398</u>	<u>1,722,064</u>

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2012

	Notes	2012 £	As Restated 2011 £
Tangible fixed assets			
Housing properties – cost less depreciation	9a	149,110,786	140,366,429
Less HAG and other grants	9a	<u>(87,869,158)</u>	<u>(82,630,158)</u>
		61,241,628	57,736,271
Investment Properties	9c	1,862,650	1,903,454
Other fixed assets	10a	<u>5,090,888</u>	<u>5,230,033</u>
		<u>68,195,166</u>	<u>64,869,758</u>
Investments			
LIFT Loan	11a	1,178,946	1,178,946
LIFT Grant	11a	<u>(1,178,946)</u>	<u>(1,178,946)</u>
Shared Equity	11a	<u>104,250</u>	<u>104,250</u>
		<u>104,250</u>	<u>104,250</u>
Current assets			
Stock	12	2,987,371	2,292,972
Debtors	13	1,699,303	3,894,385
Cash at bank and in hand		<u>8,579,087</u>	<u>4,750,429</u>
		13,265,761	10,937,786
Creditors: amounts falling due within one year	14	<u>(5,337,464)</u>	<u>(6,686,012)</u>
Net current assets		<u>7,928,297</u>	<u>4,251,774</u>
Total assets less current liabilities		<u>76,227,713</u>	<u>69,225,782</u>
Creditors: amounts falling due after more than one year	15	<u>(64,507,692)</u>	<u>(59,505,296)</u>
Net assets		<u>11,720,021</u>	<u>9,720,486</u>
Capital and reserves			
Share capital	16	120	184
Revaluation reserves	7	195,132	238,086
Revenue reserve	8	<u>11,524,769</u>	<u>9,482,216</u>
		<u>11,720,021</u>	<u>9,720,486</u>

The financial statements on pages 18 to 53 were authorised for issue by the Committee of Management on 9/8/2012 and were signed on its behalf by:

Chairperson: 

Secretary: 

Committee member: 

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

ASSOCIATION BALANCE SHEET

AS AT 31 MARCH 2012

	Notes	2012 £	Restated 2011 £
Tangible fixed assets			
Housing properties – cost less depreciation	9b	149,110,786	140,366,429
Less HAG and other grants	9b	<u>(87,869,158)</u>	<u>(82,630,158)</u>
		61,241,628	57,736,271
Other fixed assets	10b	<u>5,090,888</u>	<u>5,230,033</u>
		<u>66,332,516</u>	<u>62,966,304</u>
Investments			
LIFT Loan	11a	1,178,946	1,178,946
LIFT Grant	11a	<u>(1,178,946)</u>	<u>(1,178,946)</u>
Shared Equity Investment		-	-
		-	-
Investment In Subsidiary	11b	1	1
Current assets			
Stock	12	785,568	1,659,741
Debtors	13	5,607,896	6,554,898
Cash at bank and in hand		8,548,787	4,578,104
		<u>14,942,251</u>	<u>12,792,743</u>
Creditors: amounts falling due within one year	14	<u>(5,096,239)</u>	<u>(6,543,828)</u>
Net current assets		<u>9,846,012</u>	<u>6,248,915</u>
Total assets less current liabilities		<u>76,178,529</u>	<u>69,215,220</u>
Creditors: amounts falling due after more than one year	15	<u>(64,507,692)</u>	<u>(59,505,296)</u>
Net assets		<u>11,670,837</u>	<u>9,709,924</u>
Capital and reserves			
Share capital	16	120	184
Revenue reserve	8	<u>11,670,717</u>	<u>9,709,740</u>
		<u>11,670,837</u>	<u>9,709,924</u>

The financial statements on pages 18 to 53 were authorised for issue by the Committee of Management on 9/8/2012 and were signed on its behalf by:

Chairperson:

Secretary:

Committee member:

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 £	Restated 2011 £
Net cash-flow from operating activities	1	5,149,399	3,303,472
Returns on investments and servicing of finance	2	(2,038,925)	(1,941,175)
Taxation	2	-	-
Capital Expenditure	2	<u>(3,995,342)</u>	<u>(8,541,109)</u>
Net cash (outflow) from operating activities		(884,868)	(7,178,812)
Financing	2	<u>4,713,526</u>	<u>9,080,101</u>
Increase in cash	4	<u>3,828,658</u>	<u>1,901,289</u>

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

ASSOCIATION CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 £	Restated 2011 £
Net cash-flow from operating activities	1	5,289,274	2,145,732
Returns on investments and servicing of finance	2	(2,038,925)	(1,941,176)
Taxation	2	-	-
Capital Expenditure	2	<u>(3,993,190)</u>	<u>(7,542,083)</u>
Net cash (outflow) from operating activities		(742,842)	(7,337,527)
Financing	2	<u>4,713,526</u>	<u>9,080,101</u>
Increase in cash	4	<u><u>3,970,684</u></u>	<u><u>1,742,574</u></u>

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2012

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

	2012	Restated
	£	2011
		£
Operating surplus	3,869,640	3,712,405
Depreciation	1,699,530	1,547,478
Increase in Stock	(1,568,573)	(72,021)
Decrease in debtors	2,252,278	(1,298,186)
Decrease in Creditors	(1,137,090)	(586,204)
Aborted Development Costs	7,637	-
Loss on disposal of Components	25,977	-
	<u>5,149,399</u>	<u>3,303,472</u>

2) Gross cash flows

Returns on investments and servicing of Finance

Interest received	15,698	5,814
Interest paid	<u>(2,054,623)</u>	<u>(1,946,989)</u>
	<u>(2,038,925)</u>	<u>(1,941,175)</u>

Investing activities

Purchase and development of housing properties	(10,409,966)	(12,064,672)
Component Replacements	(390,157)	(284,245)
HAG/other grants received	5,167,711	10,324,447
Payment for Properties for Sale	(3,021,888)	(5,387,380)
Fixed Asset Investments	-	(104,250)
Payments for other tangible fixed assets	(39,101)	(698,767)
Payments for Commercial Properties	(33,205)	(894,776)
Proceeds on disposal of Other Fixed Assets	5,935	-
Proceeds on Sale of New Build Properties	4,467,576	341,006
Proceeds on disposal of housing properties	<u>257,753</u>	<u>227,529</u>
	<u>(3,995,342)</u>	<u>(8,541,109)</u>

Financing

Net Issue of ordinary share capital	(64)	11
Loan finance received	<u>4,713,590</u>	<u>9,080,090</u>
	<u>4,713,526</u>	<u>9,080,101</u>

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2012

3) Analysis of Changes in Net Debt	At 1 April 2011	Cash Flow	Other Changes	At 31 March 2012
	£	£	£	£
Cash in hand, at bank	4,750,429	3,828,658	-	8,579,087
Debt due within 1 year	(3,372,513)	621,885	-	(2,750,628)
Debt due after 1 year	(58,092,911)	(5,335,475)	-	(63,428,386)
	<u>(56,714,995)</u>	<u>(884,932)</u>	-	<u>(57,599,927)</u>

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

	2012 £	2011 £
Increase for the year	3,828,658	1,901,289
Additional loans received	<u>(4,713,590)</u>	<u>(9,008,390)</u>
Change in net debt	(884,932)	(7,107,101)
Net debt at 1 April 2011	<u>(56,714,995)</u>	<u>(49,607,894)</u>
Net debt at 31 March 2012	<u>(57,599,927)</u>	<u>(56,714,995)</u>

CLYDE VALLEY HOUSING ASSOCIATION LIMITED
NOTES TO THE ASSOCIATION CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

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

	2012	Restated
	£	2011
		£
Operating surplus	3,767,913	3,497,234
Depreciation	1,699,530	1,547,478
Decrease in Stock	-	207,285
Decrease in debtors	947,007	(2,480,273)
Decrease in creditors	(1,158,790)	(625,992)
Prior Year Aborted Development Expenditure	7,637	-
Loss on disposal of Components	25,977	-
	<u>5,289,274</u>	<u>2,145,732</u>
2) Gross cash flows		
Returns on investments and servicing of Finance		
Interest received	15,698	5,814
Interest paid	(2,054,623)	(1,946,990)
	<u>(2,038,925)</u>	<u>(1,941,176)</u>
Investing activities		
Purchase and development of housing properties	(10,409,966)	(12,064,673)
Purchase and Development of housing for sale	(3,021,887)	(5,387,380)
Purchase and Development of Commercial property	(31,055)	
HAG/other grants received	5,167,711	10,324,447
Component Replacements	(390,157)	(284,245)
Payments for other tangible fixed assets	(39,101)	(698,767)
HAG repaid/abated	-	(268,319)
Proceeds on disposal of other assets	5,935	-
Proceeds on disposal of Homestake properties	-	341,006
Proceeds on sale of New Build Properties	4,467,576	-
Proceeds on disposal of housing properties	257,752	227,529
	<u>(3,993,190)</u>	<u>(7,542,083)</u>
Financing		
Net Issue of ordinary share capital	(64)	11
Loan finance received	4,713,590	9,080,090
	<u>4,713,526</u>	<u>9,080,101</u>

CLYDE VALLEY HOUSING ASSOCIATION LIMITED
NOTES TO THE ASSOCIATION CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

3) Analysis of Changes in Net Debt	At 1 April 2011	Cash Flow	Other Changes	At 31 March 2012
	£	£	£	£
Cash in hand, at bank	4,578,104	3,970,683	-	8,548,787
Debt due within 1 year	(3,372,513)	621,885	-	(2,750,628)
Debt due after 1 year	(58,092,911)	(5,335,475)	-	(63,428,386)
	<u>(56,887,320)</u>	<u>(742,907)</u>	-	<u>(57,630,227)</u>
4) Reconciliation of Net Cash Flow to Movement in Net Debt (Note 3)				
		2012	2011	
		£	£	
Increase for the year		3,970,683	1,742,574	
Additional loans received		<u>(4,713,590)</u>	<u>(9,008,390)</u>	
Change in net debt		(742,907)	(7,265,816)	
Net debt at 1 April 2011		<u>(56,887,320)</u>	<u>(49,621,504)</u>	
Net debt at 31 March 2012		<u>(57,630,227)</u>	<u>(56,887,320)</u>	

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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" 2010, and in accordance with applicable accounting standards.

Clyde Valley Housing Association are obliged by statute to prepare Group accounts, Clyde Valley Housing Association Consolidates the accounts of its subsidiary, Clyde Valley Property Services Limited, 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 2012

1. Accounting policies (continued)

(e) Housing Properties

Housing Properties are stated at cost less social housing and other public grants less accumulated depreciation.

Works to existing properties will generally be capitalised under the following circumstances:

Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or

Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing properties which fail to meet the above criteria are charged to the Income and expenditure account.

The adoption of component accounting represents a change in accounting policy. Previously the major components of the Association's housing properties were deemed to be land and buildings. The major components are now deemed to be Land, Buildings, Roof, Kitchen, Sanitaryware, Heating Boilers, Heating Carcass, Render, Rewiring and Windows and Doors. Each component has a substantially different economic life and is depreciated over this individual life. Depreciation rates are shown in Note 1(f). The new accounting policy is compliant with the SORP 2010.

Interest charged against developments funded by private finance is capitalised in accordance with the SORP.

(f) Depreciation

Depreciation is charged on a straight line basis over the expected economic useful lives of each major component that makes up the housing property as follows:

Land	N/A
Buildings	70 years
Kitchens	20 years
Sanitaryware	30 years
Heating Boilers	15 years
Heating Carcass	30 years
Roof	55 years
Windows and Doors	30 years
Render	30 years
Rewire	30 years

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

1. Accounting policies (continued)

(g) 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.

(h) 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.

(i) Lease Obligations

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

(j) 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.

(k) 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 2012

(l) 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.

(m) 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

(n) 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 is 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.

(o) 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.

(p) Financial Instruments

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

(q) Investment properties

These are valued at open market value/existing use every 5 years.

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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

	2012		2011 Restated	
	Turnover	Operating Costs	Turnover	Operating Costs
	£	£	£	£
Income and Expenditure				
From lettings				
Social Lettings	10,198,738	(6,329,015)	9,424,499	(5,916,822)
Other activities	12,113,594	(12,113,677)	2,837,177	(2,632,449)
	<u>22,312,332</u>	<u>(18,442,692)</u>	<u>12,261,676</u>	<u>(8,549,271)</u>
		3,869,640		3,712,405
				Operating Surplus/ (Deficit)

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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

Income and Expenditure From lettings	2012		2011 Restated	
	Turnover £	Operating Costs £	Turnover £	Operating Costs £
Social Lettings	10,198,738	(6,389,878)	9,424,499	(5,978,997)
Other activities	10,969,902	(11,010,849)	1,630,895	(1,579,163)
	<u>21,168,640</u>	<u>(17,400,727)</u>	<u>11,055,394</u>	<u>(7,558,160)</u>
				<u>3,497,234</u>
				<u>3,445,502</u>
				<u>51,732</u>

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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

	General Needs Housing £	Supported Housing £	Shared Ownership £	2012 Total £	Restated 2011 Total £
Income from rent and service charges					
Rent receivable net of service charges	10,224,600	-	12,033	10,236,633	9,465,227
Service charges	2,226	-	1,029	3,255	2,749
Gross income from rents and service charges	10,226,826	-	13,062	10,239,888	9,467,976
Less voids	(41,150)	-	-	(41,150)	(43,477)
Net income from rents and service charges	10,185,676	-	13,062	10,198,738	9,424,499
Grants from the Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
Total turnover from social letting activities	10,185,676	-	13,062	10,198,738	9,424,499
Expenditure					
Management and maintenance administration costs	2,826,673	-	-	2,826,673	2,312,114
Service charges	5,492	-	1,030	6,522	964
Planned cyclical maintenance including major repairs	941,184	-	-	941,184	1,137,070
Reactive maintenance costs	982,222	-	-	982,222	1,094,537
Bad debts – rents and service charges	51,129	-	-	51,129	18,626
Depreciation of social housing	1,521,285	-	-	1,521,285	1,353,511
Operating costs for social letting activities	6,327,985	-	1,030	6,329,015	5,916,822
Operating Surplus on letting activities, 2012	3,857,691	-	12,032	3,869,723	3,507,677
Operating Surplus on letting activities, 2011 Restated	3,496,219	-	11,458	3,507,677	

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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

	General Needs Housing £	Supported Housing £	Shared Ownership £	2012 Total £	Restated 2011 Total £
Income from rent and service charges					
Rent receivable net of service charges	10,224,600	-	12,033	10,236,633	9,465,227
Service charges	2,225	-	1,030	3,255	2,749
Gross income from rents and service charges	10,226,825	-	13,063	10,239,888	9,467,976
Less voids	(41,150)	-	-	(41,150)	(43,477)
Net income from rents and service charges	10,185,675	-	13,063	10,198,738	9,424,499
Grants from the Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
Total turnover from social letting activities	10,185,675	-	13,063	10,198,738	9,424,499
Expenditure					
Management and maintenance administration costs	2,621,689	-	-	2,621,689	2,374,289
Service charges	5,492	-	1,030	6,522	964,
Planned cyclical maintenance including major repairs	941,184	-	-	941,184	1,137,070
Reactive maintenance costs	1,248,069	-	-	1,248,069	1,094,537
Bad debts – rents and service charges	51,129	-	-	51,129	18,626
Depreciation of social housing	1,521,285	-	-	1,521,285	1,353,511
Operating costs for social letting activities	6,388,848	-	1,030	6,389,878	5,978,997
Operating Surplus on letting activities, 2012	3,796,827	-	12,033	3,808,860	3,445,502
Operating Surplus on letting activities, 2011 Restated	3,434,044	-	11,458	3,445,502	

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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)	
					2012	As restated 2011			2012	As restated 2011
	£	£	£	£	£	£	£	£	£	£
Wider role activities #	-	-	-	-	-	-	-	-	-	-
Care and repair of property	-	-	-	243,925	243,925	272,039	-	248,803	(4,878)	1,477
Factoring	-	-	-	370,844	370,844	534,052	26,362	156,259	188,223	170,545
Development and construction of property activities	-	-	-	384,185	384,185	-	-	359,000	25,185	-
Support activities	-	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	-	-	35,100	-	-	-	35,100
Other agency / management services	-	-	-	57,825	57,825	-	-	-	57,825	-
Developments for sale to RSLs	-	-	-	10,160,205	10,160,205	823,901	-	10,160,205	-	-
Development and improvements for sale to non RSLs	-	-	-	290,000	290,000	1,020,084	-	290,000	-	115,999
Wellwynd Community Hub	-	-	-	122,307	122,307	43,345	-	154,887	(32,580)	(37,368)
Other activities	-	-	-	484,303	484,303	108,656	-	718,161	(233,858)	(81,025)
Total from other activities, 2012	-	-	-	12,113,594	12,113,594	2,837,177	26,362	12,087,315	(83)	204,728

Total from other activities, 2011

-	3,000	-	2,834,177	-	2,837,177	4,248	2,628,201	204,728
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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 2012

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)	As Restated 2011
					2012	2011				
	£	£	£	£	£	£	£	£	£	£
Wider role activities #	-	-	-	-	-	-	-	-	-	-
Care and repair of property	-	-	-	243,925	243,925	272,039	-	248,803	(4,878)	1,637
Factoring	-	-	-	-	-	-	-	-	-	-
Development and construction of property activities	-	-	-	-	-	200,000	-	1,697	(1,697)	(7,285)
Support activities	-	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	-	-	-	-	-	-	-
Other agency / management services	-	-	-	-	-	35,100	-	-	-	35,100
Developments for sale to RSLs	-	-	-	10,160,205	10,160,205	823,901	-	10,160,205	-	-
Development and improvements for sale to non RSLs	-	-	-	-	-	-	-	-	-	-
Wellwynd Community Hub	-	-	-	122,307	122,307	43,345	-	154,887	(32,580)	(37,368)
Other activities	-	-	-	443,465	443,465	224,264	-	445,257	(1,792)	59,648
Total from other activities, 2012.	-	-	-	10,969,902	10,969,902	1,630,895	-	11,010,849	(40,947)	51,732
Total from other activities, 2011	-	3,000	-	1,627,895	1,630,895	1,630,895	-	1,579,163	51,732	

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 2012

	Group		Association	
	2012	2011	2012	2011
5. Interest receivable and other income				
	£	£	£	£
Interest receivable on deposits	15,698	5,814	15,698	5,814
6. Interest payable and similar charges				
On private loans	(2,054,623)	(1,946,990)	(2,054,623)	(1,946,990)

The figure shown for interest is after capitalising £66,281 for 31st March 2012 (£27,007 31st March 2011.)

	Opening Balance	Transfer	Closing Balance
	£	£	£
7. Restricted Reserves - Group			
Revaluation Reserve (Note 9c)	238,086	(42,954)	195,132

	Group		Association	
	2012	2011	2012	2011
	£	£	£	£
8. Revenue Reserves				
At 1 April as originally reported	1,956,795	-	2,184,319	-
Prior period adjustment (Note 29)	7,525,421		7,525,421	
At 1 April as restated	9,482,216	4,161,506	9,709,740	4,599,389
Surplus for the Year	2,042,552	1,932,423	1,960,977	1,722,064
Transfer from designated reserves	-	3,388,287	-	3,388,287
At 31 March 2012	11,524,769	9,482,216	11,670,717	9,709,740

CLYDE VALLEY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

9a. Tangible Fixed Assets – Group

	Housing Properties Held for Letting £	Housing Properties In Course of Construction £	Shared Ownership Held for Letting £	Total £
At start of year as previously reported	121,380,167	17,187,151	456,838	139,024,156
Prior period adjustment (Note 29)	10,827,493	-	-	10,827,493
At start of year	132,207,660	17,187,151	456,838	149,851,649
Additions during year	5,300,660	5,499,463	-	10,800,123
Transfers	13,425,272	(13,850,432)	-	(425,160)
Disposals	(130,431)	(7,637)	-	(138,068)
At end of year	150,803,161	8,828,545	456,838	160,088,544
Depreciation				
At start of year as previously reported	6,083,665	-	23,917	6,107,582
Prior period adjustment (Note 29)	3,377,639	-	-	3,377,639
At start of year	9,461,304	-	23,917	9,485,221
Provided during year	1,516,213	-	5,072	1,521,285
Eliminated on disposal	(28,748)	-	-	(28,748)
	10,948,769	-	28,989	10,977,758
Housing properties-cost less depreciator				
	139,854,392	8,828,545	427,849	149,110,786
HAG and Other Grants				
At start of year as previously reported	70,542,384	12,214,033	201,365	82,957,783
Prior period adjustment (Note 29)	(327,625)	-	-	(327,625)
At start of year	70,214,759	12,214,033	201,365	82,630,157
Received during year	2,970,211	2,312,798	-	5,283,009
Transfers	8,421,604	(8,421,604)	-	-
Eliminated on disposal	(44,008)	-	-	(44,008)
	81,562,566	6,105,227	201,365	87,869,158
Net Book Value				
At end of year	58,291,826	2,723,318	226,484	61,241,628
At start of year	52,531,598	4,973,118	231,536	57,736,271

Development administration costs capitalised amounted to £67,110 (2011 - £231,583) for which no Housing Association Grants were received in year end March 2012. (2011- £186,681) were received in the year. Of the total expenditure to housing properties available for letting in the year, £390,122 relates to replaced components and £10,409,966 relates to new housing developments and MTR additions. The Quarry Street Commercial Property was transferred to stock during the year £425,160. (Note 12)

CLYDE VALLEY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

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 as previously reported	121,380,167		17,187,151		456,838		139,024,156
Prior period adjustment (Note 29)	10,827,493		-		-		10,827,493
At start of year	132,207,660		17,187,151		456,838		149,851,649
Additions during year	5,300,660		5,499,463		-		10,800,123
Transfers	13,425,272		(13,850,432)		-		(425,160)
Disposals	(130,431)		(7,637)		-		(138,068)
At end of year	150,803,161		8,828,545		456,838		160,088,544
Depreciation							
At start of year as previously reported	6,083,665		-		23,917		6,107,582
Prior period adjustment (Note 29)	3,377,639		-		-		3,377,639
At start of year	9,461,304		-		23,917		9,485,221
Provided during year	1,516,213		-		5,072		1,521,285
Eliminated on disposal	(28,748)		-		-		(28,748)
	10,948,769		-		28,989		10,977,758
Housing properties-cost less depreciation							
	139,854,392		8,828,545		427,849		149,110,786
HAG and Other Grants							
At start of year as previously reported	70,542,384		12,214,033		201,365		82,957,783
Prior period adjustment (Note 29)	(327,625)		-		-		(327,625)
At start of year	70,214,759		12,214,033		201,365		82,630,157
Received during year	2,970,211		2,312,798		-		5,283,009
Transfers	8,421,604		(8,421,604)		-		-
Eliminated on disposal	(44,008)		-		-		(44,008)
	81,562,566		6,105,227		201,365		87,869,158
Net Book Value							
At end of year	58,291,826		2,723,318		226,484		61,241,628
At start of year	52,531,598		4,973,118		231,536		57,736,271

Development administration costs capitalised amounted to £67,110 (2011 - £231,583) for which no Housing Association Grants were received (2011 - £186,681) were received in the year. Of the total expenditure to housing properties available for letting in the year, £390,122 relates to replaced components and £10,409,966 relates to new housing developments and MTR additions. The Quarry Street Commercial Property was transferred to stock during the year £425,160. (Note 12)

CLYDE VALLEY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

9c. Investment Properties - Group	Lock-ups	Commercial Units	CV-Lets Brand	Total
Cost/Valuation	£	£	£	£
At start of year	190,000	575,819	1,137,635	1,903,454
Additions during year	-	-	2,150	2,150
Impairment	(42,000)	(60,820)	59,866	(42,954)
Disposals	-	-	-	-
At end of year	148,000	514,999	1,199,651	1,862,650

The Lock ups were revalued by DTZ in June 2012. Campbell Street Commercials were valued by Allied Scotland Chartered surveyors November 2011, Burnbank Centre was valued November 2010 and the CV Lets properties were valued by DM Hall Chartered Surveyors April 2012 on an open market existing use basis.

CLYDE VALLEY HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

10 Tangible Fixed Assets – Other assets - Group
a

	Land & Buildings	Leasehold Improvement	Motor Vehicles	Office Equipment		Plant & Other Equipment		Fixtures and Fittings		Computer	Total
				£	£	£	£	£	£		
Cost											
At start of year	4,563,319	3,598,365	39,291	262,886	11,921	41,728	411,105	8,928,615			
Additions during year	7,677	-	-	-	4,907	-	26,516	39,100			
Disposals	-	-	(28,580)	-	(2,783)	-	-	(31,363)			
	<u>4,570,996</u>	<u>3,598,365</u>	<u>10,711</u>	<u>262,886</u>	<u>14,045</u>	<u>41,728</u>	<u>437,621</u>	<u>8,936,352</u>			
Grants											
At start of year	-	2,908,981	-	10,868	-	41,728	8,531	2,970,108			
Additions during year	-	-	-	-	-	-	-	-			
Disposals	-	-	-	-	-	-	-	-			
	<u>-</u>	<u>2,908,981</u>	<u>-</u>	<u>10,868</u>	<u>-</u>	<u>41,728</u>	<u>8,531</u>	<u>2,970,108</u>			
Depreciation											
At start of year	142,389	22,979	39,153	132,487	11,741	-	379,725	728,474			
Provided during year	70,699	22,980	69	59,509	101	-	24,887	178,245			
Disposals	-	-	(28,580)	-	(2,783)	-	-	(31,363)			
	<u>213,088</u>	<u>45,959</u>	<u>10,642</u>	<u>191,996</u>	<u>9,059</u>	<u>-</u>	<u>404,612</u>	<u>875,356</u>			
Net Book Value											
At end of year	<u>4,357,908</u>	<u>643,425</u>	<u>69</u>	<u>60,021</u>	<u>4,987</u>	<u>-</u>	<u>24,478</u>	<u>5,090,888</u>			
At start of year	<u>4,420,930</u>	<u>666,405</u>	<u>138</u>	<u>119,531</u>	<u>182</u>	<u>-</u>	<u>22,848</u>	<u>5,230,033</u>			

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 2012

10b Tangible Fixed Assets – Other assets - Association

	Land & Buildings £	Leasehold Improvement £	Motor Vehicles £	Office Equipment £	Plant & Other Equipment £	Fixtures and Fittings £	Computer £	Total £
At start of year	4,563,319	3,598,365	39,291	262,886	11,921	41,728	411,105	8,928,615
Additions during year	7,677	-	-	-	4,907	-	26,516	39,100
Disposals	-	-	(28,580)	-	(2,783)	-	-	(31,363)
	4,570,996	3,598,365	10,711	262,886	14,045	41,728	437,621	8,936,352
Grants								
At Start of year	-	2,908,981	-	10,868	-	41,728	8,531	2,970,108
Additions during year	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
	-	2,908,981	-	10,868	-	41,728	8,531	2,970,108
Depreciation								
At start of year	142,389	22,979	39,153	132,487	11,741	-	379,725	728,474
Provided during year	70,699	22,980	69	59,509	101	-	24,887	178,245
Disposals	-	-	(28,580)	-	(2,783)	-	-	(31,363)
	213,088	45,959	10,642	191,997	9,059	-	404,612	875,356
Net Book Value								
At end of year	4,357,908	643,425	69	60,021	4,987	-	24,478	5,090,888
At start of year	4,420,930	666,405	138	119,531	182	-	22,848	5,230,033

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 2012

11a. Fixed Asset Investment - Homestake	Group		Association	
	2012	2011	2012	2011
	£	£	£	£
LIFT Loans made to owners	1,178,946	1,178,946	1,178,946	1,178,946
LIFT Grant	(1,178,946)	(1,178,946)	(1,178,946)	(1,178,946)
Shared Equity Investment	104,250	104,205	-	-
	<u>104,250</u>	<u>104,250</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	
	2012	2011	2012	2011
	£	£	£	£
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 2012, the capital and reserves of Clyde Valley Property Services were £49,181, with a taxable profit for the year of £58,773

12. Stock	Group		Association	
	2012	2011	2012	2012
Cost of developing properties	3,590,689	8,704,215	1,388,886	8,070,984
Grants received to develop properties	(603,318)	(6,411,243)	(603,318)	(6,411,243)
	<u>2,987,371</u>	<u>2,292,972</u>	<u>785,568</u>	<u>1,659,741</u>

13. Debtors	Group		Association	
	2012	2011	2012	2011
	£	£	£	£
Amounts falling due within one year:				
Rental arrears	604,459	725,546	602,745	723,168
Less: provision for bad debts	(219,615)	(221,517)	(219,615)	(221,517)
	<u>384,844</u>	<u>504,029</u>	<u>383,130</u>	<u>501,651</u>
Intercompany Debtors	-	-	4,134,338	2,957,960
Other debtors	557,115	1,161,210	361,300	876,245
Prepayments and accrued income	757,344	970,553	729,128	960,449
HAG receivable	-	1,258,593	-	1,258,593
	<u>1,699,303</u>	<u>3,894,385</u>	<u>5,607,896</u>	<u>6,554,898</u>

Prepayments include 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 £4,010,712 (2011: £2,532,487) This has formally been secured against the assets of Clyde Valley Property Services Ltd and repayments totalling £631,126 were made during the year. The working capital debtor £123,626 has been repaid post year-end. The loan accrued interest between 0.96% and 3.5%, for which £54,580 (2011: £45,059) was charged in the year.

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

14. Creditors – amounts falling due within one year	Group		Association	
	2012	2011	2012	2011
	£	£	£	£
Bank Loans & Overdrafts (Note 15)	2,750,628	3,372,513	2,750,628	3,372,513
Trade creditors	478,394	820,721	386,320	818,643
Other Tax and Social Security	20,152	26,206	-	6,676
Other creditors	448,434	151,844	9,796	46,944
Accruals and deferred income	1,440,080	2,032,362	1,749,719	2,016,686
Rent in advance	199,776	282,366	199,776	282,366
	<u>5,337,464</u>	<u>6,686,012</u>	<u>5,096,239</u>	<u>6,543,828</u>

15. Creditors – amounts falling due after more than one year	Group		Association	
	2012	2011	2012	2011
	£	£	£	£
Housing loans	63,428,386	58,092,910	63,428,386	58,092,910
Other Creditors	327,974	961,391	327,974	961,391
Retentions	751,332	450,995	751,332	450,995
	<u>64,507,692</u>	<u>59,505,296</u>	<u>64,507,692</u>	<u>59,505,296</u>

Loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest of 0.9574% to 3.5% (2011 – 0.9713% to 5.24%) in instalments due as follows:

	Group		Association	
	2012	2011	2012	2011
	£	£	£	£
Less than one year	2,750,628	3,372,513	2,750,628	3,372,513
Between one and two years	-	-	-	-
Between two and five years	-	-	-	-
In five years or more	63,428,386	58,092,910	63,428,386	58,092,910
	66,179,014	61,465,423	66,179,014	61,465,423
Less: Included in current liabilities	<u>(2,750,628)</u>	<u>(3,372,513)</u>	<u>(2,750,628)</u>	<u>(3,372,513)</u>
	<u>63,428,386</u>	<u>58,092,910</u>	<u>63,428,386</u>	<u>58,092,910</u>

16. Share Capital	Group		Association	
	2012	2011	2012	2011
	£	£	£	£
Shares of £1 each issued and fully paid				
At beginning of year	184	173	184	173
Issued during year	12	11	12	11
Shares forfeited in year	<u>(76)</u>	<u>-</u>	<u>(76)</u>	<u>-</u>
At end of year	<u>120</u>	<u>184</u>	<u>120</u>	<u>184</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 2012

17. Assured Tenancy Rents	Group		Association	
	2012 £	2011 £	2012 £	2011 £
Average assured tenancy rent for housing accommodation	<u>3524</u>	<u>3392</u>	<u>3524</u>	<u>3,392</u>
Number of units	<u>2933</u>	<u>2832</u>	<u>2914</u>	<u>2,818</u>
Percentage increase from previous year	<u>3.80%</u>	<u>3.00%</u>	<u>3.80%</u>	<u>3.00%</u>
 18. Directors' Emoluments				
Aggregate emoluments payable to directors (excluding pension contributions and benefits in kind)	<u>358,711</u>	<u>292,069</u>	<u>358,711</u>	<u>292,069</u>
Emoluments payable to highest paid director who received emoluments (excluding pension contributions) were:	88,954	87,645	88,954	87,645
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 £8,493 (2011 - £13,378)

Emoluments paid to Directors excluding pensions can be analysed as :

	No	No
£60,001 - £70,000	-	-
£70,001 - £80,000	3	3
£80,001 - £90,000	1	1
£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. Total pension contributions to Directors whose emoluments exceeded £60,000 was £27,522, (2011: £43,651)

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

19. Employee Information

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

	Group		Association	
	2012 No	2011 No	2012 No	2011 No
Office staff	49	47	49	47
Care & Repair	6	7	6	7
Wider Action	-	-	-	-
	<u>55</u>	<u>54</u>	<u>55</u>	<u>54</u>
	£	£	£	£
Staff costs (including directors' emoluments):	1,797,471	1,769,213	1,797,471	1,769,213
Social security costs	146,430	136,170	146,430	136,170
Pension costs (Note 24)	286,451	225,412	286,451	225,412
	<u>2,230,352</u>	<u>2,130,795</u>	<u>2,230,352</u>	<u>2,130,795</u>

20. Operating Surplus

Operating surplus is stated after charging:

Depreciation	1,699,530	1,052,715	1,699,530	1,052,715
External auditor's remuneration				
- In their capacity as auditors	17,125	15,223	12,107	11,998
- In respect of other services	10,351	1,925	6,640	1,069
Internal auditor's remuneration	7,268	8,782	7,268	8,782

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 to be donated to the Parent when they arise, however this year a decision was taken to retain profit in the subsidiary resulting in a tax charge of £20,152 (2011 £4,812)

22 Capital Commitments	Group		Association	
	2012 £	2011 £	2012 £	2011 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	8,589,732	11,292,140	8,589,732	11,292,140

Contracted Expenditure will be financed by £1,987,707 Housing Association Grants and £6,602,025 Private Finance.

23. Leasing Commitments

At 31 March 2012, 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 2012

24. Pensions

PENSION OBLIGATIONS NOTE – SFHA SCHEME STANDARD EMPLOYERS

Clyde Valley Housing Association 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 2011. 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 £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%.

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

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

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

24. Pensions Note (cont.)

Clyde Valley Housing Association 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 2011. As of this date the estimated employer debt for Clyde Valley Housing Association was £8,784,758.

Clyde Valley Housing Association have been noted by the Pensions Trust of the SHAPS scheme that past service deficit contributions payable for the year to 31 March 2013 is £162,673 and that further amounts may be payable of the next 14 years.

Clyde Valley Housing Association 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.
- 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 has elected to operate the final salary with a 1/60th accrual rate benefit option for active members at 1st April 2011 with also the option to switch to Care 1/80th and career average revalued earnings with a 1/80th accrual rate for new members (from 1 April 2011)

During the accounting period Clyde Valley Housing Association paid contributions at the rate of 6.6% to 9.6% of pensionable salaries. Member contributions varied between 6.6% and 9.6%

As at the balance sheet date there were 45 active members of the Scheme employed by Clyde Valley Housing Association. The annual pensionable payroll in respect of these members was £1,429,230

Clyde Valley Housing Association continues to offer membership of the Scheme to its employees.

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

24. Pensions Note (cont)

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

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 2012

25. Housing Stock

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

	Group Units under Management		Association Units under Management	
	2012	2011	2012	2011
Unimproved	1585	1,884	1581	1,870
New Build	1350	942	1340	942
Shared Ownership	6	6	6	6
	<u>2941</u>	<u>2,832</u>	<u>2927</u>	<u>2818</u>

The figures stated above relate to the number of houses under management by the Association, this provides 2,937 (2011: 2,828) units of accommodation once individual bedsplaces on the shared units are accounted for separately.

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.

The association has taken advantage of the FRS 8 exemption from disclosure of transactions with its wholly owned subsidiary, Clyde Valley Property Services Limited.

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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.

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.

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

29. **Prior period Adjustment**

The principle of component accounting is to account separately for each major component of a property asset with substantially different useful economic lives, and to depreciate them over their individual useful economic life. This change in accounting policy has resulted in major works expenditure written off in prior years being capitalised, and an additional depreciation charge now being recognised.

The effect of this change in accounting policy on the 31 March 2011 financial statements is shown below. 31 March 2011 opening reserves have been increased by £7,738,590 of which £2,822,877 relates to increased depreciation, £10,543,247 relates to major repairs previously written off to the Income and Expenditure Account now capitalised as components, £327,625 relating to a reduction in HAG and £255,055 relating to HAG received in advance in 2010/11.

The effect of this change on the comparative year's figures of 2011 has been to:

	£
Increase depreciation charge	(494,762)
Decrease major works charged against income	284,245
Mortgage to Rent/Other costs	(2,652)

Decrease in the surplus for the year	(£213,169)
	=====

In addition the effect upon the balance sheet has been to:

	£
Increase fixed asset cost	10,827,492
Increase fixed asset depreciation	(3,377,639)
Decrease in HAG	327,625
Increase in Prepayments	2,998
Increase in Deferred Income	(255,055)

Net movement in the balance sheet	£7,525,421
	=====

Therefore overall effect of prior period adjustment at March 2011 is £7,525,421.