

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**GROUP REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**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 2013**

	<b>Page</b>
<b>Report of the Committee of Management</b>	<b>1 – 12</b>
<b>Statement of Management Committee’s Responsibilities</b>	<b>13</b>
<b>Committee of Management Statement on Internal Financial Control</b>	<b>14</b>
<b>Report of the Independent Auditors</b>	<b>15</b>
<b>Group Income and Expenditure Account</b>	<b>16</b>
<b>Association Income and Expenditure Account</b>	<b>17</b>
<b>Group Balance Sheet</b>	<b>18</b>
<b>Association Balance Sheet</b>	<b>19</b>
<b>Group Cash Flow Statement</b>	<b>20</b>
<b>Association Cash Flow Statement</b>	<b>21</b>
<b>Notes to the Group Cash Flow Statement</b>	<b>22 – 23</b>
<b>Notes to the Association Cash Flow Statement</b>	<b>24 – 25</b>
<b>Notes to the Financial Statements</b>	<b>26- 52</b>

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**MEMBERS, EXECUTIVES AND ADVISERS**

**31 MARCH 2013**

**Board, Executives and Advisers**

**Members of Board**

The Members of the Committee of the Association during the year to 31 March 2013 were as follows:

**Board Membership 2012/13**

1. Campbell Boyd, Chairman
2. Gillian Houston
3. Tom Campbell
4. Helen Layden
5. John McBride, Secretary
6. John Gormley
7. Val Shield
8. John Dunlop, Vice Chairman \*
9. Linda Scott (appointed September 2012)
10. Jonathan Fair (appointed September 2012)
11. Allan Murray (appointed September 2012)
12. Elaine Troup (appointed September 2012)
13. Eileen Wilson (appointed September 2012)
14. Richard Maconachie (co-optee)

**Observers**

15. Councillor Thomas Lunny
16. Councillor Monica Lennon

**Resignations**

17. Graham Dobbie (resigned September 2012)

**Registered Office**

50 Scott Street  
Motherwell  
ML1 1PN

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**MEMBERS, EXECUTIVES AND ADVISERS**

**31 MARCH 2013**

**Board, Executives and Advisers (contd.)**

**Auditors**

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

**Bankers**

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

**Solicitors**

Brechin Tindal Oatts  
48 St Vincent Street  
Glasgow  
G2 5HS

**Corporate Management Team**

The Corporate Management Team of Clyde Valley Housing Association Ltd (CVHA) during the year to 31 March 2013 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 2013**

**Clyde Valley Housing Association  
Sub Committee Membership 2013**

<b>Name of Committee</b>	<b>Members</b>
Operations Committee (5 Places plus 3 Office Bearers*)	<ol style="list-style-type: none"> <li>1. Tom Campbell</li> <li>2. Helen Layden</li> <li>3. John Gormley</li> <li>4. Vacancy</li> <li>5. Vacancy</li> <li>6. John Dunlop*</li> <li>7. Campbell Boyd*</li> <li>8. John McBride*</li> </ol>
Finance Committee (5 Places plus 3 Office Bearers*)	<ol style="list-style-type: none"> <li>1. Gillian Houston</li> <li>2. Helen Layden</li> <li>3. Tom Campbell</li> <li>4. Allan Murray</li> <li>5. Vacancy</li> <li>6. John Dunlop*</li> <li>7. Campbell Boyd*</li> <li>8. John McBride*</li> </ol>
Investment Committee (5 Places plus 3 Office Bearers*)	<ol style="list-style-type: none"> <li>1. Tom Campbell</li> <li>2. Helen Layden</li> <li>3. Jonathan Fair</li> <li>4. Elaine Troup</li> <li>5. Vacancy</li> <li>6. John Dunlop*</li> <li>7. Campbell Boyd*</li> <li>8. John McBride*</li> </ol>
Corporate Services Committee (5 Places plus 3 Office Bearers*)	<ol style="list-style-type: none"> <li>1. Tom Campbell</li> <li>2. Helen Layden</li> <li>3. Val Shield</li> <li>4. Linda Scott</li> <li>5. Vacancy</li> <li>6. John Dunlop*</li> <li>7. Campbell Boyd*</li> <li>8. John McBride*</li> </ol>
Audit & Scrutiny Committee (Places not limited. CVHA Chair cannot be Chair of Audit and Scrutiny but 3 Office Bearers* can attend)	<ol style="list-style-type: none"> <li>1. Tom Campbell</li> <li>2. Helen Layden</li> <li>3. Val Shield</li> <li>4. Richard Maconachie</li> <li>5. John Gormley</li> <li>6. John Dunlop*</li> <li>7. Campbell Boyd*</li> <li>8. John McBride*</li> </ol>

# CLYDE VALLEY HOUSING ASSOCIATION LIMITED

## REPORT OF BOARD

31 MARCH 2013

### 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 Conduct 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 2013	31 Mar 2012
<b>Managed Property Numbers</b>		
Tenanted Property	2,996	2,935
Shared Ownership Properties	6	6
Total	3,002	2,941

The principle activity of the subsidiary, Clyde Valley Property Services Limited, during the year was the provision of factoring services, provision of consultancy services, 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 £2,583,147 (2012: £2,042,552) after a Corporate Tax deduction of £73,412, (2012 £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 2012/13 accounted for about 38% 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 undertook a stock condition survey in 2012/2013 which sampled 28% of our properties. Through a stratified survey sample and cloning this gives the organisation a robust data set to plan our stock investment. 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 £1,937,306 of which £1,438,732 was capitalised and £78,000 booked to Work in progress and £420,177 recognised in the Income and Expenditure account.

# CLYDE VALLEY HOUSING ASSOCIATION LIMITED

## REPORT OF BOARD

31 MARCH 2013 (contd.)

### Business Review

During 2012/13 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.*

<b>Delivered Best Value</b>	<i>Made optimum use of our resources, ensuring maximum efficiency.</i>
<b>Met Housing Needs</b>	<i>Met housing needs that improve quality of life.</i>
<b>Created Opportunities For Growth</b>	<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.*

<b>INNOVATION</b>	We value the importance of progress, ambition and continuous improvement.
<b>INTERGRITY</b>	We value a supportive, open, honest and positive culture.
<b>INCLUSION</b>	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 2013 (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"> <li>• Engagement – finding ways of connecting effectively with our customers.</li> <li>• Development – building capacity with our customers and within our communities to influence and address local issues, tackling inequalities and building sustainable relationships.</li> <li>• 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.</li> <li>• Transformation – enhancing our communities by making them safer, healthier, more inclusive, welcoming and enjoyable.</li> </ul>
Our Ambition.	<p>By 2016 we will have.....</p> <ul style="list-style-type: none"> <li>1.1 Made a significant contribution to meeting housing need.</li> <li>1.2 Sustainable and thriving communities.</li> <li>1.3 Diverse/mixed communities.</li> <li>1.4 Satisfied and engaged customers.</li> </ul>

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



**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**REPORT OF BOARD**

**31 MARCH 2013 (contd.)**

**Strategic Theme 3**

**Positive opportunities for growth and diversification**

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

**Clyde Valley Property Service Limited**

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

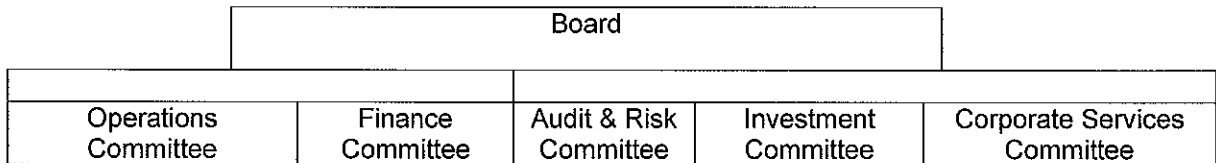
“Clyde Valley Property Services aims to provide a range of housing, regeneration, asset management and other related services that meet the needs of customers and communities within the areas where we operate.”

**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 2012/13 the Association undertook a detailed governance work resulting in targeted training and development for all members, specific Chairing responsibilities and an overhaul of its Audit and Risk Committee and function.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**REPORT OF BOARD**

**31 MARCH 2013 (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 31 March 2013 relating to the main activities undertaken by CVHA.

**Corporate Issues**

**Customer Engagement**

Tenant involvement and participation is fundamental to delivering CVHA's aims and objectives and this is set out within the Association's Customer Engagement 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 2012 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 and this was carried out during 2012, representing feedback from 70% of customers. This is in addition to monthly customer feedback which is measured independently. Feedback from customers has resulted in improved processes and procedures across the business, as well as the development of its new Customer Engagement Strategy and associated action plan which will be implemented and reviewed during 2013/14. In addition we also reviewed our Complaints Policy and aligned this to the Scottish Public Services Ombudsman (SPDO) Model Complaints Handling Guide for Housing Associations. This involved the creation of a new customer contact system, and quarterly reporting to customers as part of our You Said, We Did Programme.

**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 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. During 2012/13 a full review of the Risk Management Process was undertaken with enhancements of Risk Registers and monitoring of these.

**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 2012/13 key business support services in relation to 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 accounts for a significant proportion of our budget. 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 reviewed our Schedule of Rates with our Maintenance Contractor using a methodology informed by updated stock condition information. 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 2013 (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.

#### Development Issues

During the year 64 new 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 five years, void turnaround has reduced from 42 to 23 days and void rent loss from 0.66% to 0.40%. 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 five years, current tenant arrears have reduced from 3.01% to 2.09% against the backdrop of a challenging economic climate. A firm but fair approach is adopted to arrears recovery, including income maximisation 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. Preparation work has been carried out to identify and mitigate the risks associated with the roll out of UK Government's Welfare Reform agenda.

In terms of preventing homelessness and increasing stock numbers, CVHA actively participates in the Scottish Government's Mortgage to Rent scheme. By 31 March 2013, the Association had assisted 145 potentially homeless households through acquiring their properties, with subsidy being provided by the Scottish Government.

#### 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 2012/13 the Association continued 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 the year 23 work placements were secured for local unemployed people.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**REPORT OF BOARD**  
**31 MARCH 2013 (contd.)**

**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 2012/13 the Association commissioned an independent stock condition survey and this will be the planning tool for the next few years. 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 March 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 2012-15 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.
- (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.

## CLYDE VALLEY HOUSING ASSOCIATION LIMITED

### REPORT OF BOARD

31 MARCH 2013 (contd.)

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

- (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 introduction of Virtualisation, 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.

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

#### **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 (pre and post mitigation), 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 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 and links to the Risk Registers.

##### **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 work 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.

# CLYDE VALLEY HOUSING ASSOCIATION LIMITED

## REPORT OF BOARD

31 MARCH 2013 (contd.)

### Other Areas (contd.)

#### 1. 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 2012/13 rent increase was set at 5.0%.

#### 2. 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.

#### 3. 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 £13.025m was undrawn at 31<sup>st</sup> March 2013. 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 31<sup>st</sup> March 2013, CVHA had a mix of fixed and variable rate finance, which it considers appropriate at this time. Note 28 to the Financial Statements details the Financial Instruments held by CVHA as at 31<sup>st</sup> March 2013.

#### 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.

## CLYDE VALLEY HOUSING ASSOCIATION LIMITED

### REPORT OF BOARD

31 MARCH 2013 (contd.)

The total reserves position as at 31<sup>st</sup> March 2013 is a surplus of £10,012,504, including a revaluation reserve arising in respect of Investment Properties in the subsidiary included at valuation.

#### **Sales of housing properties**

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

#### **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 15<sup>th</sup> 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. The Association has an HR Strategy for the period 2011-2016 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.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**REPORT OF BOARD**

**31 MARCH 2013 (contd.)**

**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.

**Home Ownership**

CVHA sold only 5 properties under the Right to Buy (RTB) in the year to 31 March 2013, 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 £160m of development spend since it was formed and the provision of some 1,538 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. 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 as well as the delivery of projects with a mixed tenure. Another impact of the economic climate is that to date the Association has acquired 145 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.

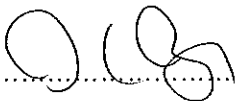
**Information for Auditors**

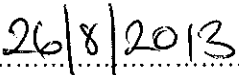
As far as the Committee members are aware there is no relevant audit information of which the auditors are unaware and the Committee members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such 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 2013**

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 2010 and the Determination of Accounting Requirements – April 2012. 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: 26/8/2013

 .....

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROL**

**31 MARCH 2013**

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 2013. 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: 26/8/2013.....

## 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 16 to 52. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **Respective responsibilities of the Board/Committee and auditor**

As explained more fully in the Committee's Responsibilities Statement set out on page 13, the Board/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 [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

#### **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 2013 and of the group's and the association's income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of Industrial and Provident Societies Acts 1965 to 2002, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – April 2012.
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing (Scotland) Act 2010 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 Act 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 with the Association; or
- we have not received all the information and explanations we require for our audit.



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

29 August 2013

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**GROUP INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

	Notes	2013 £	2012 £
<b>Turnover</b>	2a	15,844,129	22,312,332
Less: Operating costs	2a	(11,316,027)	(18,442,692)
<b>Operating surplus</b>	2a	4,528,102	3,869,640
Gain on disposal of fixed assets		94,341	231,989
Interest receivable and other income	5	31,166	15,698
Interest payable and similar charges	6	(2,070,453)	(2,054,623)
<b>Surplus on ordinary activities before taxation</b>		2,583,156	2,062,704
Tax on surplus on ordinary activities	21	73,412	20,152
<b>Surplus for the year</b>	8	2,509,744	2,042,552

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 2013**

**GROUP**

	Notes	2013 £	2012 £
Surplus for the year	8	2,509,744	2,042,552
Unrealised loss of revaluation of investment properties	7b	-	(42,954)
Total recognised surplus relating to the year		2,509,744	1,999,408

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**ASSOCIATION INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

	<b>Notes</b>	<b>2013 £</b>	<b>2012 £</b>
<b>Turnover</b>	2b	13,429,368	21,168,640
Less: Operating costs	2b	<u>(9,152,739)</u>	<u>(17,400,727)</u>
<b>Operating surplus</b>	2b	4,276,629	3,767,913
Gain on disposal of fixed assets		94,341	231,989
Interest receivable and other income	5	31,166	15,698
Interest payable and similar charges	6	<u>(2,095,822)</u>	<u>(2,054,623)</u>
<b>Surplus on ordinary activities before taxation</b>		2,306,314	1,960,977
Tax on surplus on ordinary activities	21	-	-
<b>Surplus for the year</b>	8	<u><u>2,306,314</u></u>	<u><u>1,960,977</u></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.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**GROUP BALANCE SHEET**

**AS AT 31 MARCH 2013**

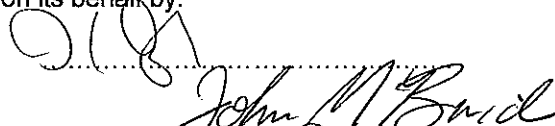
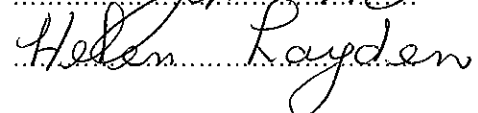
	<b>Notes</b>	<b>2013 £</b>	<b>2012 £</b>
<b>Tangible fixed assets</b>			
Housing properties – cost less depreciation	9a	154,423,073	149,110,786
Less HAG and other grants	9a	<u>(91,810,759)</u>	<u>(87,869,158)</u>
		62,612,314	61,241,628
Investment Properties	9c	2,099,129	1,862,650
Other fixed assets	10a	<u>4,888,838</u>	<u>5,090,888</u>
		<u>69,600,281</u>	<u>68,195,166</u>
<b>Investments</b>			
LIFT Loan	11a	1,178,946	1,178,946
LIFT Grant	11a	(1,178,946)	(1,178,946)
Shared Equity	11a	<u>104,250</u>	<u>104,250</u>
		<u>104,250</u>	<u>104,250</u>
<b>Current assets</b>			
Stock	12	1,139,730	2,987,371
Debtors	13	1,678,194	1,699,303
Cash at bank and in hand		<u>11,637,744</u>	<u>8,579,087</u>
		14,455,668	13,265,761
<b>Creditors: amounts falling due within one year</b>	14	<u>(2,370,385)</u>	<u>(5,337,464)</u>
<b>Net current assets</b>		<u>12,085,283</u>	<u>7,928,297</u>
<b>Total assets less current liabilities</b>		<u>81,789,814</u>	<u>76,227,713</u>
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(67,560,091)</u>	<u>(64,507,692)</u>
<b>Net assets</b>		<u>14,229,723</u>	<u>11,720,021</u>
<b>Capital and reserves</b>			
Share capital	16	78	120
Revaluation reserves	7	195,132	195,132
Pension Designated reserve		4,022,009	-
Revenue reserve	8	<u>10,012,504</u>	<u>11,524,769</u>
		<u>14,229,723</u>	<u>11,720,021</u>

The financial statements on pages 17 to 54 were authorised for issue by the Committee of Management on 26/8/2013 and were signed on its behalf by:

**Chairperson:**

**Secretary:**

**Committee member:**

  
 .....  
  
 .....

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**ASSOCIATION BALANCE SHEET**

**AS AT 31 MARCH 2013**

	Notes	2013 £	2012 £
<b>Tangible fixed assets</b>			
Housing properties – cost less depreciation	9b	154,468,420	149,110,786
Less HAG and other grants	9b	<u>(91,810,759)</u>	<u>(87,869,158)</u>
		62,657,661	61,241,628
Other fixed assets	10b	<u>4,888,839</u>	<u>5,090,888</u>
		<u>67,546,500</u>	<u>66,332,516</u>
<b>Investments</b>			
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		<u>-</u>	<u>-</u>
			-
<b>Investment in Subsidiary</b>	11b	1	1
<b>Current assets</b>			
Stock	12	145,000	785,568
Debtors	13	4,409,868	5,607,896
Cash at bank and in hand		<u>11,486,917</u>	<u>8,548,787</u>
		<u>16,041,785</u>	<u>14,942,251</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(2,079,934)</u>	<u>(5,096,239)</u>
<b>Net current assets</b>		<u>13,961,851</u>	<u>9,846,012</u>
<b>Total assets less current liabilities</b>		<u>81,508,352</u>	<u>76,178,529</u>
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(67,531,238)</u>	<u>(64,507,692)</u>
<b>Net assets</b>		<u>13,977,114</u>	<u>11,670,837</u>
<b>Capital and reserves</b>			
Share capital	16	78	120
Pension Designated Reserve		4,022,009	-
Revenue reserve	8	<u>9,955,027</u>	<u>11,670,717</u>
		<u>13,977,114</u>	<u>11,670,837</u>

The financial statements on pages 17 to 54 were authorised for issue by the Committee of Management on 26/8/2013 and were signed on its behalf by:

Chairperson:

*[Signature]*

Secretary:

*John M Bude*

Committee member:

*Helen Hayden*

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**GROUP CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2013**

	<b>Notes</b>	<b>2013</b>	<b>2012</b>
		<b>£</b>	<b>£</b>
<b>Net cash-flow from operating activities</b>	1	7,108,987	5,149,399
<b>Returns on investments and servicing of finance</b>	2	(2,039,287)	(2,038,925)
<b>Taxation</b>	2	-	-
<b>Capital Expenditure</b>	2	<u>(2,806,877)</u>	<u>(3,995,342)</u>
<b>Net cash (outflow) from operating activities</b>		2,262,823	(884,868)
<b>Financing</b>	2	<u>795,834</u>	<u>4,713,526</u>
<b>Increase in cash</b>	4	<u>3,058,657</u>	<u>3,828,658</u>



**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**ASSOCIATION CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

	Notes	2013 £	2012 £
<b>Net cash-flow from operating activities</b>	1	6,822,691	5,289,274
<b>Returns on investments and servicing of finance</b>	2	(2,064,656)	(2,038,925)
<b>Taxation</b>	2	-	-
<b>Capital Expenditure</b>	2	<u>(2,615,739)</u>	<u>(3,993,190)</u>
<b>Net cash (outflow) from operating activities</b>		2,142,296	(742,842)
<b>Financing</b>	2	<u>795,834</u>	<u>4,713,526</u>
<b>Increase in cash</b>	4	<u><u>2,983,130</u></u>	<u><u>3,970,684</u></u>

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE GROUP CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2013**

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

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Operating surplus	4,528,103	3,869,640
Depreciation	1,815,380	1,699,530
Decrease in Stock	1,207,074	(1,568,573)
Decrease in debtors	21,110	2,252,278
Decrease in Creditors	(783,969)	(1,137,090)
Aborted Development Costs	-	7,637
Stock Write down to NRV	286,552	-
Loss on disposal of Components	34,737	25,977
	<u>7,108,987</u>	<u>5,149,399</u>

**2) Gross cash flows**

**Returns on investments and servicing of Finance**

Interest received	31,166	15,698
Interest paid	<u>(2,070,453)</u>	<u>(2,054,623)</u>
	<u>(2,039,287)</u>	<u>(2,038,925)</u>

**Investing activities**

Purchase and development of housing properties	(5,673,514)	(10,409,966)
Component Replacements	(1,438,732)	(390,157)
HAG/other grants received	4,218,250	5,167,711
Payment for Properties for Sale	(307,246)	(3,021,888)
Payments for other tangible fixed assets	36,580	(39,101)
Payments for Commercial Properties	(236,479)	(33,205)
Proceeds on disposal of Other Fixed Assets	25	5,935
Proceeds on Sale of New Build Properties	422,520	4,467,576
Proceeds on disposal of housing properties	<u>171,719</u>	<u>257,753</u>
	<u>(2,806,877)</u>	<u>(3,995,342)</u>

**Financing**

Net Issue of ordinary share capital	(42)	(64)
Loan finance received	<u>795,876</u>	<u>4,713,590</u>
	<u>795,834</u>	<u>4,713,526</u>

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE GROUP CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2013**

<b>3) Analysis of Changes in Net Debt</b>	<b>At 1 April 2012</b>	<b>Cash Flow</b>	<b>Other Changes</b>	<b>At 31 March 2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash in hand, at bank	8,579,087	3,058,657	-	11,637,744
Debt due within 1 year	(2,750,628)	2,423,116	-	(327,512)
Debt due after 1 year	(63,428,386)	(3,218,992)	-	(66,647,378)
	<u>(57,599,927)</u>	<u>2,262,781</u>	<u>-</u>	<u>(55,337,146)</u>

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

	<b>2013 £</b>	<b>2012 £</b>
Increase for the year	3,058,657	3,828,658
Additional loans received	<u>(795,876)</u>	<u>(4,713,590)</u>
Change in net debt	2,262,781	(884,932)
<b>Net debt at 1 April 2012</b>	<u>(57,599,927)</u>	<u>(56,714,995)</u>
<b>Net debt at 31 March 2013</b>	<u>(55,337,146)</u>	<u>(57,599,927)</u>

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE ASSOCIATION CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

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

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Operating surplus	4,276,629	3,767,913
Depreciation	1,815,380	1,699,530
Decrease in Stock	-	-
Decrease in debtors	1,198,028	947,007
Decrease in creditors	(788,635)	(1,158,790)
Prior Year Aborted Development Expenditure	-	7,637
Write down of Stock to NRV	286,552	
Loss on disposal of Components	34,737	25,977
	<u>6,822,691</u>	<u>5,289,274</u>
<b>2) Gross cash flows</b>		
<b>Returns on investments and servicing of Finance</b>		
Interest received	31,166	15,698
Interest paid	(2,095,822)	(2,054,623)
	<u>(2,064,656)</u>	<u>(2,038,925)</u>
<b>Investing activities</b>		
Purchase and development of housing properties	(5,718,855)	(10,409,966)
Purchase and Development of housing for sale	(307,246)	(3,021,887)
Purchase and Development of Commercial property	-	(31,055)
HAG/other grants received	4,218,250	5,167,711
Component Replacements	(1,438,732)	(390,157)
Payments for other tangible fixed assets	36,580	(39,101)
Proceeds on disposal of other assets	25	5,935
Proceeds on sale of New Build Properties	422,520	4,467,576
Proceeds on disposal of housing properties	171,719	257,752
	<u>(2,615,739)</u>	<u>(3,993,190)</u>
<b>Financing</b>		
Net Issue of ordinary share capital	(42)	(64)
Loan finance received	795,876	4,713,590
	<u>795,834</u>	<u>4,713,526</u>

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE ASSOCIATION CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2013**

<b>3) Analysis of Changes in Net Debt</b>	<b>At 1 April 2012</b>	<b>Cash Flow</b>	<b>Other Changes</b>	<b>At 31 March 2013</b>
	£	£	£	£
Cash in hand, at bank	8,548,787	2,938,130	-	11,486,917
Debt due within 1 year	(2,750,628)	2,423,116	-	(327,512)
Debt due after 1 year	(63,428,386)	(3,218,992)	-	(66,647,378)
	<u>(57,630,227)</u>	<u>2,142,254</u>	<u>-</u>	<u>(55,487,973)</u>

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

	<b>2013 £</b>	<b>2012 £</b>
Increase for the year	2,938,130	3,970,683
Additional loans received	<u>(795,876)</u>	<u>(4,713,590)</u>
Change in net debt	2,142,254	(742,907)
<b>Net debt at 1 April 2012</b>	<u>(57,630,227)</u>	<u>(56,887,320)</u>
<b>Net debt at 31 March 2013</b>	<u>(55,487,973)</u>	<u>(57,630,227)</u>

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**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 Conduct Authority.

These financial statements are prepared in accordance with applicable accounting standards and statements of recommended practice, and comply with the requirements of the Determination of Accounting Requirements – April 2012 and the Statement of recommended Practice “Accounting by Registered Social Landlords” 2010, and in accordance with applicable accounting standards.

Clyde Valley Housing Association is 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 2013**

**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 major components are 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).

**(f) Depreciation**

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

**Housing Assets**

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

**Other Assets**

Land & Buildings	50 years
Leasehold Improvements	30 years
Fixtures & Fittings	4 years
Computer Equipment	4 years
Office Equipment	4 years

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**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.

**(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.



**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**(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 2013

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

	2013		Turnover	2012 Restated	
	Turnover	Operating Costs		Operating Costs	Operating Surplus
	£	£	£	£	£
<b>Income and Expenditure</b>					
<b>From lettings</b>					
Social Lettings	10,969,119	(7,167,037)	10,198,738	(6,329,015)	3,869,723
Other activities	4,875,010	(4,148,990)	12,113,594	(12,113,677)	(83)
	<u>15,844,129</u>	<u>(11,316,027)</u>	<u>22,312,332</u>	<u>(18,442,692)</u>	<u>3,869,640</u>

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

	2013		2012	
	Turnover £	Operating Costs £	Turnover £	Operating Costs £
Income and Expenditure From lettings				
Social Lettings	10,969,120	(7,228,211)	10,198,738	(6,389,878)
Other activities	2,460,248	(1,924,528)	10,969,902	(11,010,849)
	<u>13,429,368</u>	<u>(9,152,739)</u>	<u>21,168,640</u>	<u>(17,400,727)</u>
				Operating Surplus/ Deficit £
				3,808,860
				(40,947)
				<u>3,767,913</u>

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

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

	General Needs Housing £	Supported Housing £	Shared Ownership £	2013 Total £	2012 Total £
<b>Income from rent and service charges</b>					
Rent receivable net of service charges	10,986,329	-	12,454	10,998,783	10,236,633
Service charges	42,103	-	1,030	43,133	3,255
<b>Gross income from rents and service charges</b>	<b>11,028,432</b>	<b>-</b>	<b>13,484</b>	<b>11,041,916</b>	<b>10,239,888</b>
<b>Less voids</b>	<b>(72,797)</b>	<b>-</b>	<b>-</b>	<b>(72,797)</b>	<b>(41,150)</b>
<b>Net income from rents and service charges</b>	<b>10,955,635</b>	<b>-</b>	<b>13,484</b>	<b>10,969,119</b>	<b>10,198,738</b>
Grants from the Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
<b>Total turnover from social letting activities</b>	<b>10,955,635</b>	<b>-</b>	<b>13,484</b>	<b>10,969,119</b>	<b>10,198,738</b>
<b>Expenditure</b>					
Management and maintenance administration costs	3,107,693	-	-	3,107,693	2,826,673
Service charges	64,760	-	1,030	65,790	6,522
Planned cyclical maintenance including major repairs	1,051,563	-	-	1,051,563	941,184
Reactive maintenance costs	1,183,096	-	-	1,183,096	982,222
Bad debts – rents and service charges	108,984	-	-	108,984	51,129
Depreciation of social housing	1,649,911	-	-	1,649,911	1,521,285
<b>Operating costs for social letting activities</b>	<b>7,166,007</b>	<b>-</b>	<b>1,030</b>	<b>7,167,037</b>	<b>6,329,015</b>
<b>Operating Surplus on letting activities, 2013</b>	<b>3,789,628</b>	<b>-</b>	<b>12,454</b>	<b>3,802,082</b>	<b>3,869,723</b>
<b>Operating Surplus on letting activities, 2012</b>	<b>3,857,691</b>	<b>-</b>	<b>12,032</b>	<b>3,869,723</b>	

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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

	General Needs Housing £	Supported Housing £	Shared Ownership £	2013 Total £	2012 Total £
<b>Income from rent and service charges</b>					
Rent receivable net of service charges	10,986,329	-	12,454	10,998,783	10,236,633
Service charges	42,103	-	1,030	43,133	3,255
	11,028,432		13,484	11,041,916	10,239,888
<b>Gross income from rents and service charges</b>					
Less voids	(72,796)	-	-	(72,796)	(41,150)
<b>Net income from rents and service charges</b>	10,955,636	-	13,484	10,969,120	10,198,738
Grants from the Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
<b>Total turnover from social letting activities</b>	10,955,636	-	13,484	10,969,120	10,198,738
<b>Expenditure</b>					
Management and maintenance administration costs	3,168,867	-	-	3,168,867	2,621,689
Service charges	64,760	-	1,030	65,790	6,522
Planned cyclical maintenance including major repairs	1,051,563	-	-	1,051,563	941,184
Reactive maintenance costs	1,183,096	-	-	1,183,096	1,248,069
Bad debts – rents and service charges	108,984	-	-	108,984	51,129
Depreciation of social housing	1,649,911	-	-	1,649,911	1,521,285
	7,227,181	-	1,030	7,228,211	6,389,878
<b>Operating costs for social letting activities</b>					
	3,728,455	-	12,454	3,740,909	3,808,860
<b>Operating Surplus on letting activities, 2013</b>					
	3,796,828	-	12,032	3,808,860	

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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 £	£	£	2012 £
					2013 £			2013 £
Wider role activities #	-	-	-	-	-	-	-	-
Care and repair of property	-	-	-	-	243,925	-	-	(4,878)
Factoring	-	-	-	382,414	370,844	23,253	151,823	188,223
Development and construction of property activities	-	-	-	-	384,185	-	-	25,185
Support activities	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	-	-	-	-	-
Other agency / management services	-	-	-	-	57,825	-	-	57,825
Developments for sale to RSLs	-	-	-	1,264,578	10,160,205	-	1,264,758	(180)
Development and improvements for sale to non RSLs	-	-	-	1,965,725	290,000	-	1,798,512	167,213
Wellwynd Community Hub	-	8,096	-	90,459	122,307	-	158,770	(60,215)
Other activities	-	262,537	-	901,201	484,303	-	751,874	(233,858)
Total from other activities, 2013	-	270,633	-	4,604,377	12,113,594	26,253	4,125,737	(83)
Total from other activities, 2012				12,113,594	12,113,594	26,362	12,087,315	

# 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 2013

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	2013		2012		Operating costs - bad debts	Other operating costs	2012	
					£	£	£	£			£	£
Wider role activities #	-	-	-	-	-	-	-	-	-	-	-	-
Care and repair of property	-	-	-	-	-	-	243,925	-	-	-	-	(4,878)
Factoring	-	-	-	-	-	-	-	-	-	-	-	-
Development and construction of property activities	-	-	-	-	-	-	-	-	-	-	-	(1,697)
Support activities	-	-	-	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	-	-	-	-	-	-	-	-	-
Other agency / management services	-	-	-	-	-	-	-	-	-	-	-	-
Developments for sale to RSLs	-	-	-	1,264,578	1,264,578	10,160,205	-	-	1,264,578	-	-	-
Development and improvements for sale to non RSLs	-	-	-	-	-	-	-	-	-	-	-	-
Wellwynd Community Hub	-	8,096	-	90,459	98,554	122,307	-	-	158,770	-	(60,215)	(32,580)
Other activities	-	37,217	-	1,059,899	1,097,116	443,465	-	-	501,001	-	596,115	(1,792)
<b>Total from other activities, 2013</b>	-	45,313	-	2,414,936	2,460,248	10,969,902	-	-	1,924,528	-	535,900	(40,947)
<b>Total from other activities, 2012</b>	-	-	-	10,969,902	10,969,902	-	-	-	11,010,849	-	(40,947)	-

# 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 2013**

	Group		Association	
	2013	2012	2013	2012
<b>5. Interest receivable and other income</b>				
	£	£	£	£
Interest receivable on deposits	31,166	15,698	31,166	15,698
<b>6. Interest payable and similar charges</b>				
On private loans	(2,070,453)	(2,054,623)	(2,095,822)	(2,054,623)

The figure shown for interest is after capitalising £52,818 for 31<sup>st</sup> March 2013 (£66,281 31<sup>st</sup> March 2012.)

<b>7. Restricted Reserves - Group</b>	<b>Opening Balance</b>	<b>Transfer</b>	<b>Closing Balance</b>
	£	£	£
Revaluation Reserve (Note 9c)	195,132	-	195,132
<b>7.(b) Unrealised Loss of revaluation of investment properties - Group</b>	<b>Opening Balance</b>	<b>Movement</b>	<b>Closing Balance</b>
Revaluation of Investment Properties	(42,954)	-	(42,954)

	Group		Association	
	2013	2012	2013	2012
<b>8. Revenue Reserves</b>				
	£	£	£	£
At 1 April as originally reported	11,524,769	1,956,795	11,670,717	2,184,319
Prior period adjustment (Note 29)	-	7,525,421	-	7,525,421
At 1 April as restated	11,524,769	9,482,216	11,670,717	9,709,740
Surplus for the Year	2,509,744	2,042,552	2,306,319	1,960,977
Transfer to designated reserves	(4,022,009)	-	(4,022,009)	-
At 31 March 2013	10,012,504	11,524,769	9,955,027	11,670,717



**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**

**9a. Tangible Fixed Assets - GROUP**

	Housing Properties Held for Letting £	Housing Properties In Course of Construction £	Shared Ownership Held for Letting £	Total £
<b>Cost</b>				
At start of year	150,803,161	8,828,545	456,838	160,088,544
Additions during year	3,330,700	3,781,549	-	7,112,249
Transfers	6,325,242	(6,325,242)	-	-
Disposals	(200,815)	-	-	(200,815)
At end of year	<u>160,258,288</u>	<u>6,284,852</u>	<u>456,838</u>	<u>166,999,978</u>
<b>Depreciation</b>				
At Start of year	10,948,769	-	28,989	10,977,758
Additions during year	1,644,841	-	5,072	1,649,913
Eliminated on disposal	(50,766)	-	-	(50,766)
	<u>12,542,844</u>	<u>-</u>	<u>34,061</u>	<u>12,576,905</u>
	<b>147,715,444</b>	<b>6,284,852</b>	<b>422,777</b>	<b>154,423,073</b>
<b>Housing properties-cost less depreciation</b>				
At start of year	81,562,566	6,105,227	201,365	87,869,158
Received during year	1,964,506	2,015,004	-	3,979,510
Transfers	3,669,278	(3,669,278)	-	-
Eliminated on disposal	(37,909)	-	-	(37,909)
	<u>87,158,441</u>	<u>4,450,953</u>	<u>201,365</u>	<u>91,810,759</u>
<b>Net Book Value</b>				
At end of year	<u>60,557,003</u>	<u>1,833,899</u>	<u>221,412</u>	<u>62,612,314</u>
At start of year	<u>58,291,826</u>	<u>2,723,318</u>	<u>226,484</u>	<u>61,241,628</u>

Development administration costs capitalised amounted to £122,470 (2012 - £67,110) for which no Housing Association Grants were received in year end March 2013. (2012- £0). Of the total expenditure to housing properties available for letting in the year, £1,438,732 relates to replaced components and £5,718,860 relates to new housing developments and MTR additions.

The total value capitalised for 2013 was £9,655,942 in costs and £5,633,784 HAG was received and capitalised. The Disposals relate to RTB and other sales and the write off of components.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**

**9b. Tangible Fixed Assets - Association**

	Housing Properties Held for Letting £	Housing Properties In Course of Construction £	Shared Ownership Held for Letting £	Total £
<b>Cost</b>				
At start of year	150,803,161	8,828,545	456,838	160,088,544
Additions during year	3,376,046	3,781,550	-	7,157,596
Transfers	6,325,242	(6,325,242)	-	-
Disposals	(200,815)	-	-	(200,815)
At end of year	160,303,634	6,284,853	456,838	167,045,325

**Depreciation**

At start of year	10,948,769	-	28,989	10,977,758
Provided during year	1,644,841	-	5,072	1,649,913
Eliminated on disposal	(50,766)	-	-	(50,766)
	12,542,844	-	34,061	12,576,905

**Housing properties-cost less depreciation**

	147,760,791	6,284,853	422,777	154,468,420
--	-------------	-----------	---------	-------------

**HAG and Other Grants**

At start of year	81,562,566	6,105,227	201,365	87,869,158
Received during year	1,964,506	2,015,004	-	3,979,510
Transfers	3,669,278	(3,669,278)	-	-
Eliminated on disposal	(37,909)	-	-	(37,909)
	87,158,441	4,450,953	201,365	91,810,759

**Net Book Value**

At end of year	60,602,350	1,833,900	221,412	62,657,661
At start of year	58,291,826	2,723,318	226,484	61,241,628

Development administration costs capitalised amounted to £122,470 (2012 - £67,110) for which no Housing Association Grants were received in year end March 2013. (2012-£0). Of the total expenditure to housing properties available for letting in the year, £1,438,732 relates to replaced components and £5,718,860 relates to new housing developments and MTR additions.

The total value capitalised for 2013 was £9,655,942 in costs and £5,633,784 HAG was received and capitalised. The Disposals relate to RTB and other sales and the write off of components.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**

9c. Investment Properties - Group	Lock-ups	Commercial Units	CV-Lets Brand	Total
	£	£	£	£
<b>Cost/Valuation</b>				
At start of year	148,000	514,999	1,199,651	1,862,650
Additions during year	-	-	236,479	236,479
Impairment	-	-	-	-
Disposals	-	-	-	-
At end of year	148,000	514,999	1,436,130	2,099,129

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. The Directors are satisfied that the valuations are still reasonable.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**10a Tangible Fixed Assets – Other assets - Group**

	Land & Buildings £	Leasehold Improvement £	Motor Vehicles £	Office Equipment £	Plant & Other Equipment £	Fixtures and Fittings £	Computer £	Total £
At start of year	4,570,996	3,598,365	10,711	262,886	14,045	41,728	437,621	8,936,352
Additions during year	(1,477)	(40,332)	-	1,928	362	-	2,940	(36,579)
	4,569,519	3,558,033	10,711	264,814	14,407	41,728	440,561	8,899,773
<b>Grants</b>								
At Start of year	-	2,908,981	-	10,868	-	41,728	8,531	2,970,108
Additions during year	-	-	-	-	-	-	-	-
	-	2,908,981	-	10,868	-	41,728	8,531	2,970,108
<b>Depreciation</b>								
At start of year	213,088	45,959	10,642	191,996	9,059	-	404,612	875,356
Provided during year	70,670	21,635	69	59,959	1,397	-	11,739	165,469
	283,758	67,594	10,711	251,955	10,456	-	416,351	1,040,825
<b>Net Book Value</b>								
At end of year	4,285,761	581,458	-	1,991	3,951	-	15,679	4,888,840
At start of year	4,357,908	643,425	69	60,021	-	4,987	24,478	5,090,888

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. The negative addition in Leasehold improvements relates to an over accrued retention in the previous year. The negative addition to buildings relates to the annual capital goods adjustment in relation to VAT.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

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

<b>Cost</b>	<b>Land &amp; Buildings</b>	<b>Leasehold Improvement</b>	<b>Motor Vehicles</b>	<b>Office Equipment</b>	<b>Plant &amp; Other Equipment</b>	<b>Fixtures and Fittings</b>	<b>Computer</b>	<b>Total</b>
<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At start of year	4,570,996	3,598,365	10,711	262,886	14,045	41,728	437,621	8,936,352
Additions during year	(1,477)	(40,332)	-	1,928	362	-	2,940	(36,579)
	4,569,519	3,558,033	10,711	264,814	14,407	41,728	440,561	8,899,773
<b>Grants</b>								
At Start of year		2,908,981	-	10,868	-	41,728	8,531	2,970,108
Additions during year		-	-	-	-	-	-	-
		2,908,981	-	10,868	-	41,728	8,531	2,970,108
<b>Depreciation</b>								
At start of year	213,088	45,959	10,642	191,996	9,059	-	404,612	875,356
Provided during year	70,670	21,635	69	59,959	1,397	-	11,739	165,469
	283,758	67,594	10,711	251,955	10,456	-	416,351	1,040,825
<b>Net Book Value</b>								
At end of year	4,285,761	581,458	-	1,991	3,951	-	15,679	4,888,840
At start of year	4,357,908	643,425	69	60,021	4,987	-	24,478	5,090,888

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. The negative addition in Leasehold Improvements relates to an over accrued retention in the previous year. The negative addition to buildings relates to the annual capital goods adjustment in relation to VAT.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

11a. Fixed Asset Investment - Homestake	Group		Association	
	2013	2012	2013	2012
	£	£	£	£
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 Carmyle Development where we retained a 25% share.

11b. Investments	Group		Association	
	2013	2012	2013	2012
	£	£	£	£
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 2013, the capital and reserves of Clyde Valley Property Services were £371,370, with a taxable profit for the year of £322,190.

12. Stock	Group		Association	
	2013	2012	2013	2012
Cost of developing properties	1,139,730	3,590,689	145,000	1,388,886
Grants received to develop properties	-	(603,318)	-	(603,318)
	<u>1,139,730</u>	<u>2,987,371</u>	<u>145,000</u>	<u>785,568</u>

13. Debtors	Group		Association	
	2013	2012	2013	2012
	£	£	£	£
Amounts falling due within one year:				
Rental arrears	685,653	604,459	685,653	602,745
Less: provision for bad debts	(265,571)	(219,615)	(265,571)	(219,615)
	<u>420,082</u>	<u>384,844</u>	<u>420,082</u>	<u>383,130</u>
Intercompany Debtors	-	-	3,047,570	4,134,338
Other debtors	524,877	557,115	298,068	361,300
Prepayments and accrued income	733,234	757,344	644,148	729,128
	<u>1,678,193</u>	<u>1,699,303</u>	<u>4,409,868</u>	<u>5,607,896</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 £2,893,027 (2012: £4,010,712). This has formally been secured against the assets of Clyde Valley Property Services Ltd and repayments totalling £3,055,209 were made during the year. The working capital debtor £123,626 has been repaid post year-end. The loan accrued interest between 0.7674% and 3.2%, for which £53,964 (2012: £54,080) was charged of which £25,368 was charged in the year.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

14. Creditors – amounts falling due within one year	Group		Association	
	2013 £	2012 £	2013 £	2012 £
Bank Loans & Overdrafts (Note 15)	327,512	2,750,628	327,512	2,750,628
Trade creditors	383,949	478,394	380,942	386,320
Other Tax and Social Security	73,412	20,152	-	-
Other creditors	525,708	448,434	18,065	9,796
Accruals and deferred income	870,412	1,440,080	1,164,023	1,749,719
Rent in advance	189,392	199,776	189,392	199,776
	<u>2,370,385</u>	<u>5,337,464</u>	<u>2,079,934</u>	<u>5,096,239</u>

15. Creditors – amounts falling due after more than one year	Group		Association	
	2013 £	2012 £	2013 £	2012 £
Housing loans	66,647,378	63,428,386	66,647,378	63,428,386
Other Creditors	95,686	327,974	66,833	327,974
Retentions	817,028	751,332	817,027	751,332
	<u>67,560,091</u>	<u>64,507,692</u>	<u>67,531,238</u>	<u>64,507,692</u>

Loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest of 0.77% to 3.2% (2012 – 0.9574% to 3.5%) in instalments due as follows:

	Group		Association	
	2013 £	2012 £	2013 £	2012 £
Less than one year	327,512	2,750,628	327,512	2,750,628
Between one and two years	-	-	-	-
Between two and five years	-	-	-	-
In five years or more	<u>66,647,378</u>	<u>63,428,386</u>	<u>66,647,378</u>	<u>63,428,386</u>
	66,974,890	66,179,014	66,974,890	66,179,014
Less: Included in current liabilities	<u>(327,512)</u>	<u>(2,750,628)</u>	<u>(327,512)</u>	<u>(2,750,628)</u>
	<u>66,647,378</u>	<u>63,428,386</u>	<u>66,647,378</u>	<u>63,428,386</u>

16. Share Capital	Group		Association	
	2013 £	2012 £	2013 £	2012 £
Shares of £1 each issued and fully paid				
At beginning of year	120	184	120	184
Issued during year	8	12	8	12
Shares forfeited in year	<u>(50)</u>	<u>(76)</u>	<u>(50)</u>	<u>(76)</u>
At end of year	<u>78</u>	<u>120</u>	<u>78</u>	<u>120</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 2013**

17. <b>Scottish Assured Tenancy Rents</b>	<b>Group</b>		<b>Association</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Average assured tenancy rent for housing accommodation	<u>3693</u>	<u>3524</u>	<u>3693</u>	<u>3524</u>
Number of units	<u>2996</u>	<u>2933</u>	<u>2996</u>	<u>2914</u>
Percentage increase from previous year	<u>5.00%</u>	<u>3.80%</u>	<u>5.00%</u>	<u>3.80%</u>
 <b>18. Directors' Emoluments</b>				
Aggregate emoluments payable to directors (excluding pension contributions and benefits in kind)	<u>378,771</u>	<u>358,711</u>	<u>378,771</u>	<u>358,711</u>
Emoluments payable to highest paid director who received emoluments (excluding pension contributions) were:	91,960	88,954	91,960	88,954
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 pension contributions for the Director in the year amounted to £8,280 (2012-£8,493)

Emoluments paid to Directors excluding pensions can be analysed as:

	<b>No</b>	<b>No</b>
£60,001 - £70,000	-	3
£70,001 - £80,000	4	-
£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 were £28,573, (2012: £27,522)



**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**19. Employee Information**

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

	Group		Association	
	2013 No	2012 No	2013 No	2012 No
Office staff	53	47	53	49
Care & Repair	-	7	-	6
Wider Action	-	-	-	-
	<u>53</u>	<u>54</u>	<u>53</u>	<u>55</u>
	£	£	£	£
Staff costs (including directors' emoluments):	1,682,371	1,797,471	1,682,371	1,797,471
Social security costs	142,251	146,430	142,251	146,430
Pension costs (Note 24)	264,886	286,451	264,886	286,451
	<u>2,089,508</u>	<u>2,230,352</u>	<u>2,089,508</u>	<u>2,230,352</u>

**20. Operating Surplus**

Operating surplus is stated after charging:

Depreciation	1,815,380	1,699,530	1,699,530	1,699,530
External auditor's remuneration				
- In their capacity as auditors	16,382	17,125	12,564	12,107
- In respect of other services	(2,993)	10,351	(1,984)	6,640
Internal auditor's remuneration	12,761	7,268	12,761	7,268

**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 has not yet been made on gift aid so a provision for tax charge of £73,412 has been made. (2012 £20,152)

22 Capital Commitments	Group		Association	
	2013 £	2012 £	2013 £	2012 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	2,536,683	8,589,732	359,970	8,589,732

Contracted Expenditure will be financed by £2,536,683 of Private Finance.

**23. Leasing Commitments**

At 31 March 2013, 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 2013**

**24. Pensions**

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

Clyde Valley Housing Association Ltd participates in the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted-out of the State Pension scheme.

SHPS are a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the 'SHPS House Policies and Rules Employer Guide'.

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate until 31 March 2007. From April 2007 three defined benefit structures have been available, namely:

- 1.1. Final salary with a 1/60th accrual rate.
- 1.2. Final salary with a 1/70th accrual rate.
- 1.3. Career average revalued earnings (CARE) with a 1/60th accrual rate.

From April 2010 a further two defined benefit structures have been available, namely:

- 1.4. Final salary with a 1/80th accrual rate.
- 1.5. Career average revalued earnings (CARE) with a 1/80th accrual rate.

A defined contribution benefit structure was made available from 1 October 2010.

An employer can elect to operate different benefit structures for their active members and their new entrants. An employer can only operate one open defined benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Clyde Valley Housing Association Ltd currently operates the final salary with 1/60<sup>th</sup> accrual rate benefit option for active members with also the option to switch to Care 1/80<sup>th</sup> and career average revalued earnings with a 1/80<sup>th</sup> accrual rate for new members.

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, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate. From 1 April 2010 the requirement for employers to pay at least 50% of the total contribution rate no longer applies.

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

During the accounting period Clyde Valley Housing Association Ltd paid contributions at the rate of 6.6% to 9.6%, member contributions varied between 6.6% and 9.6%

## CLYDE VALLEY HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 MARCH 2013

#### 24. Pensions Note (cont.)

As at the balance sheet date there were 34 active members of the Scheme employed by Clyde Valley Housing Association Ltd. The annual pensionable payroll in respect of these members was £1,124,956. Clyde Valley Housing Association Ltd continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Scheme is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable. The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67.0%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2012. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The market value of the Scheme's assets at the date of the Actuarial Report was £2,327 million. The Actuarial Report revealed a shortfall of assets compared with the value of liabilities of £1,241 million, equivalent to a past service funding level of 56%.

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

<b>Valuation Discount Rates:</b>	<b>% p.a.</b>
Pre-Retirement	7.0
Non Pensioner Post Retirement	4.2
Pensioner Post Retirement	4.2
Pensionable Earnings Growth	2.5 per annum for 3 years, then 4.4
Price Inflation (RPI)	2.9
<b>Pension Increases:</b>	
Pre 88 GMP	0.0
Post 88 GMP	2.0
Excess Over GMP	2.4

Expenses for death-in-service insurance, administration and Pension Protection Fund (PPF) levy are included in the contribution rate.

The valuation was carried out using the following demographic assumptions:

Mortality pre-retirement – 41% SAPS S1 Male / Female All Pensioners (amounts), Year of Birth, CMI\_2009 projections with long term improvement rates of 1.5% p.a. for Males and 1.25% p.a. for Females.

Mortality post retirement – 97% SAPS S1 Male / Female All Pensioners (amounts), Year of Birth, CMI\_2009 projections with long term improvement rates of 1.5% p.a. for Males and 1.25% p.a. for Females.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**24. Pensions Note (cont.)**

The long-term joint contribution rates required from April 2013 from employers and members to meet the cost of future benefit accrual were assessed at:

<b>Benefit Structure</b>	<b>Long-term Joint Contribution Rate (% of pensionable salaries)</b>
Final salary with a 1/60th accrual rate	19.4
Final salary with a 1/70th accrual rate	16.9
Career average revalued earnings (CARE) with a 1/60th accrual rate	18.1
Final salary with a 1/80th accrual rate	14.8
Career average revalued earnings (CARE) with a 1/80th accrual rate	14.0
Career average revalued earnings (CARE) with a 1/120th accrual rate	9.7

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

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £1,035 million would be dealt with by the payment of deficit contributions as shown in the table below:

From 1 April 2013 to 30 September 2020	A cash amount(*) equivalent to 7.5% of Members' Earnings per annum (payable monthly and increasing by 4.7% per annum each 1 April)
From 1 October 2020 to 30 September 2023	A cash amount(*) equivalent to 3.1% of Members' Earnings per annum (payable monthly and increasing by 4.7% per annum each 1 April)
From 1 April 2013 to 30 September 2026	£30,640,000 per annum (payable monthly and increasing by 3% per annum each 1 April; first increase on 1 April 2014)

(\*) The contributions of 7.5% will be expressed in nominal pound terms (for each Employer), increasing each year in line with the Earnings growth assumption used in the 30 September 2008 valuation (i.e. 4.7% per annum). The contributions of 3.1% will be calculated by proportioning the nominal pound payment at the time of the change. Earnings at 30 September 2008 (for each Employer) will be used as the reference point for calculating these contributions.

These deficit contributions are in addition to the long-term joint contribution rates as set out in paragraph 14 above.

The Scheme Actuary will provide an approximate update on the funding position of the Scheme as at 30 September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The results of this approximate update will be available in Spring 2014 and will be included in next year's Disclosure Note.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).

# CLYDE VALLEY HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

### 24. Pensions Note (cont.)

Employers that have closed the defined benefit section of the Scheme to new entrants are required to pay an additional employer contribution loading of 2.5% to reflect the higher costs of a closed arrangement.

A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into SHPS.

New employers that do not transfer any past service liabilities to the Scheme pay contributions at the on-going future service contribution rate. This rate is reviewed at each valuation and new employers joining the Scheme between valuations up until 1 April 2010 do not contribute towards the deficit until two valuations have been completed after their date of joining. New employers joining the Scheme after 1 April 2010 will be liable for past service deficit contributions from the valuation following joining. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

A copy of the Recovery Plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to The Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or Recovery Plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Scheme liabilities and hence impact on the Recovery Plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the Recovery Plan). A response regarding the 30 September 2011 valuation is awaited.

As a result of pension scheme legislation 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 currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

#### **Potential employer debt is treated as a contingent liability**

Clyde Valley Housing Association Ltd has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme, based on the financial position of the Scheme as at 30 September 2012. At this date the estimated employer debt for Clyde Valley Housing Association Ltd was £8,862,255.

There is a further contingent liability as referred to in note 22 in respect of the past service deficit in the Scottish Housing Association's Pension Scheme. The present day value of the total commitment over the next 14.5 year discounted at 4% is £4.02m. The amount may be subject to change following the results of the next valuation however the current commitment to contributions has been set aside as designated reserve.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**25. Housing Stock**

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

	Group Units under Management		Association Units under Management	
	2013	2012	2013	2012
Unimproved	1599	1585	1599	1581
New Build	1408	1350	1391	1340
Shared Ownership	6	6	6	6
	<u>3013</u>	<u>2941</u>	<u>2996</u>	<u>2927</u>

**26. Legislative Provisions**

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

**27. Related Party Transactions**

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

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

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

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

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

**28. Financial Instruments**

In order to manage interest rate risk the Association has entered into the following hedging instruments, which are in place as at 31<sup>st</sup> March 2013.

On 19<sup>th</sup> August 2003, an extendible fixed rate arrangement with Barclays Bank for £4 million at a rate of 4.26 %. The arrangement commenced on 15 July 2006 for a 5-year term and 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 24<sup>th</sup> 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 11<sup>th</sup> October 2007, a callable SWAP agreement with Barclays Bank for £5 million at a rate of 4.23 %. The arrangement commenced on 15 October 2007 for a 30-year term however has an optional termination date of 15 October 2008 and thereafter quarterly if not called at that date.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

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

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

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

On 13<sup>th</sup> May 2008, a callable SWAP agreement with Bank of Scotland for £6.2 million at a rate of 5.24 %. This SWAP stepped up in value to £9.7m on 15<sup>th</sup> 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 20<sup>th</sup> August 2010 a forward fixed SWAP agreement with Bank of Scotland for £5 million at a rate of 4.18% commencing on 15<sup>th</sup> July 2015 and expiring on 15<sup>th</sup> July 2020.

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

**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	<u>(2,652)</u>
Decrease in the surplus for the year	<u>(£213,169)</u>

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2013**

**29. Prior period adjustment (contd.)**

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	<u>(255,055)</u>
Net movement in the balance sheet	<u>£7,525,421</u>

Therefore overall effect of prior period adjustment at March 2012 is £7,525,421.