

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**GROUP REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2014**

**FCA 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 2014**

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**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**MEMBERS, EXECUTIVES AND ADVISERS**

**31 MARCH 2014**

**Board, Executives and Advisers**

**Members of Board**

The Members of the Committee of the Association during the year to 31 March 2014 were as follows:

**Board Membership 2013/14**

1. Campbell Boyd, Chairman
2. Tom Campbell, Vice Chairman
3. John McBride, Secretary
4. John Gormley
5. Linda Scott
6. Jonathan Fair
7. Allan Murray
8. Richard Maconachie (appointed September 2013)
9. Edward Harkins (co-optee)
10. James Muir (co-optee)
11. Donna Higgins (co-optee)
12. Andrew McFarlane (co-optee)
13. Alex Baird (co-optee)

**Observers**

14. Councillor Thomas Lunny
15. Councillor Monica Lennon

**Resignations**

16. Eileen Wilson (resigned September 2013)
17. Helen Layden (resigned September 2013)
18. Gillian Houston (resigned September 2013)
19. Val Shield (resigned September 2013)
20. John Dunlop (resigned December 2013)
21. Elaine Troup (resigned February 2014)

**Registered Office**

50 Scott Street  
Motherwell  
ML1 1PN

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**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**MEMBERS, EXECUTIVES AND ADVISERS**

**31 MARCH 2014**

**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

**Leadership Team**

The Leadership Team of Clyde Valley Housing Association Ltd (CVHA) during the year to 31 March 2014 was as follows:

Tom Barclay  
Shirley MacDonald  
Stewart MacKenzie  
Nareen Owens  
John Turnbull

Chief Executive  
Finance Director  
Operations Director  
Corporate Services Director  
Investment Director

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**REPORT OF THE BOARD**

**31 MARCH 2014**

**Committee Membership 2014**

Name of Committee	Members
Finance Committee	<ol style="list-style-type: none"><li>1. Allan Murray</li><li>2. Donna Higgins</li><li>3. James Muir</li><li>4. John McBride</li><li>5. Andrew McFarlane</li></ol>
Investment and Operations Committee	<ol style="list-style-type: none"><li>1. Tom Campbell</li><li>2. John Gormley</li><li>3. Campbell Boyd</li><li>4. Jonathan Fair</li><li>5. Edward Harkins</li><li>6. Andrew McFarlane</li><li>7. Alex Baird</li></ol>
Corporate Services Committee	<ol style="list-style-type: none"><li>1. Tom Campbell</li><li>2. Linda Scott</li><li>3. Alex Baird</li><li>4. Donna Higgins</li></ol>
Audit & Risk 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. Richard Maconachie</li><li>2. Tom Campbell</li><li>3. John Gormley</li><li>4. Campbell Boyd</li><li>5. John McBride</li><li>6. Edward Harkins</li></ol>

# CLYDE VALLEY HOUSING ASSOCIATION LIMITED

## REPORT OF THE BOARD

31 MARCH 2014

### Principal activity

Clyde Valley Housing Association (CVHA) is a not for profit organisation which is 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 March 2014	31 March 2013
Tenanted Property	3,054	2,996
Shared Ownership Properties	6	6
<b>Total</b>	<b>3,060</b>	<b>3,002</b>

The principle activity of the subsidiary, Clyde Valley Property Services Limited, is 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 considered 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 services to our customers.

The Group Income and Expenditure Account is set out on page 16. The Group made a surplus of £2,655,383 (2013: £2,509,744) after providing for Corporation Tax of £46,324 set off by last year's overprovision of £43,404, (2013 provision £73,412 actual payment £30,008). 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 2013/14 accounted for about 32% 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 2013/2014 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 plan to ensure that we meet our requirements under the Scottish Housing Quality Standard (SHQS) and its target implementation date of 2015.

The total expenditure on works to existing properties was £1,238,269 of which £910,228 was capitalised and £328,041, recognised in the Income and Expenditure account.

## CLYDE VALLEY HOUSING ASSOCIATION LIMITED

### REPORT OF THE BOARD

31 MARCH 2014 (contd.)

#### **Business Review**

Each year the Group revises its Corporate Plan for 2011-2016, to ensure that it is still fit for purpose. The Plan outlines 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 THE BOARD**

**31 MARCH 2014 (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 THE BOARD**

**31 MARCH 2014 (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**

Board			
Finance Committee	Audit & Risk Committee	Investment and Operations Committee	Corporate Services Committee

Members of the Board of Management serve in a voluntary capacity, and in line with the Scottish Housing Regulators 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 2013/14 the Association undertook a robust recruitment process, resulting in the appointment of experienced and highly skilled individuals to lead the organisation.

## **CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD**

**31 MARCH 2014 (contd.)**

The Leadership Team of CVHA is responsible for achieving the strategy outlined by the Board, and undertaking the associated operational activities. This report details issues that have arisen during the year ended 31 March 2014 relating to the main activities undertaken by CVHA.

#### **Corporate Issues**

##### **Customer Engagement**

The introduction of the Scottish Social Housing Charter (the Charter) in April 2012 provides tenants and other customers with the opportunity to have greater influence and the ability to hold housing association and local authority landlords to account through their involvement in scrutiny activities. During 2013/14 the Clyde Valley Customer Panel was established to assist in the further development of this activity. Customer involvement and participation is fundamental to delivering CVHA's aims and objectives and the Panel comprises both tenants and factored homeowners. Their aim is to scrutinise the policies and services of Clyde Valley Housing Association in order to identify strengths and weaknesses and provide recommendations for improvement to the senior management team and Board.

During 2013/14 the Panel developed their Terms of Reference and a Code of Conduct for Panel members which was welcomed and approved by the Board. They have also considered the annual rent increase, provided recommendations for consideration by the Board in terms of the development of a strategy for the Douglas area and are in the process of looking into the Clyde Valley Housing Association's investment programme for all of its homes.

Overall, we hope that the Customer Panel will ensure that the needs and priorities of tenants and other customers will be at the heart of Clyde Valley decision making processes and that they will be able to influence policies and service standards and improve satisfaction levels across the organisation.

We continued to monitor complaints and sought independent customer feedback, with quarterly reporting to customers as part of our You Said, We Did programme.

##### **Performance Management**

Effective 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. During 2013/14 Committees reviewed 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 2013/14 a full review of the Risk Management Process was undertaken with enhancements to the Risk Management Policy, Risk Registers and monitoring of these.

# CLYDE VALLEY HOUSING ASSOCIATION LIMITED

## REPORT OF THE BOARD

31 MARCH 2014 (contd.)

### Best use of Resources

The Association regularly reviews its service delivery and takes 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. In 2013/14 key business support services in relation to insurance and external audit 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. 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, the Scottish Housing Best Value Network and the Lanarkshire Voluntary Housing Forum.

### Services

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

We 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, 55 new homes were completed with 46 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 meant that tenants with particular needs could remain in their own homes whilst getting a better quality of life. 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 re-let 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 24 to 20 days and void rent loss from 0.35% to 0.31%. 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 gone from 1.84% to 2.51% against the backdrop of a challenging economic climate and the roll out of the UK Government's Welfare Reform agenda. We adopt a firm but fair approach to arrears recovery, including income maximisation advice and legal action as a last resort. Rent payment methods are routinely reviewed and updated to optimise rent collection while promoting customer choice and minimising transactional costs. We continue to monitor and review the roll out of the UK Government's Welfare Reform agenda and seek to mitigate the associated risks.

## **CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD**

**31 MARCH 2014 (contd.)**

In terms of preventing homelessness and increasing stock numbers, CVHA actively participates in the Scottish Government's Mortgage to Rent scheme. By 31 March 2014, the Association had assisted 164 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 engage with the Customer Panel.

#### **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.

Through using independent stock condition survey as a planning tool, we have a clear understanding of assets and investment priorities. This has resulted 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 all aspects of the business and efficiently allows interfaces to be imported and exported with relevant information.

The Association has an IT Strategy in place for 2012-15. Implementation of the Associations IT Strategy has allowed operating costs to be reduced and processes to become more efficient.

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.

## CLYDE VALLEY HOUSING ASSOCIATION LIMITED

### REPORT OF THE BOARD

31 MARCH 2014 (contd.)

#### Other Areas

##### **Risk Management Policy**

The Association has a Risk Management Policy and 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 and Leadership Team. The Strategic Risk Register is monitored by the Board as well as Audit and Risk Committee. 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 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.

##### **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 2013/14 rent increase was set at 3.0%.

##### **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. There is 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 in controlling expenditure throughout the organisation. Approval procedures are in place in respect of major areas of risk, such as major contract tenders, expenditure and treasury management.

## **CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE BOARD**

**31 MARCH 2014 (contd.)**

#### **Treasury Management**

CVHA has an agreed loan facility of £80m with lenders Bank of Scotland (part of Lloyds banking group) and Barclays Bank, of which £13.025m was undrawn at 31 March 2014. 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 March 2014, CVHA had a mix of fixed and variable rate finance, which it considers appropriate at this time. Note 27 to the Financial Statements details the Financial Instruments held by CVHA as at 31 March 2014.

#### **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 2014 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.

The total reserves position as at 31 March 2014 is £16,885,028, including a revaluation reserve arising in respect of Investment Properties in the subsidiary included at valuation. The total reserves include £4,006,097 which the association has set aside representing the net present value of its agreed contribution over the coming years towards the pension deficit outlined in note 23 of these accounts.

#### **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 retention and development of its existing people, and this is demonstrated through its Recruitment Policy. Each member of staff compiles an Annual Activity Plan which is reviewed at monthly 1-1's with Managers. During 2013/14 we commenced a review of this and our annual appraisal process, with a group of staff who had gone through the Association's Future Managers Programme.

The Association continue to develop its Business School with the employment of 23 unemployed people during the year, including 6 housing apprentices. This has seen a number of permanent positions being secured as well as the attainment of formal qualifications and excellent experience and learning for all involved.

In its aspirations to become an Employer of Choice, the Association took part in the Best Companies Accreditation Scheme and has previously been awarded 3 Star Status, placing 15<sup>th</sup> on the Sunday Times Best UK Companies to Work For List.

## CLYDE VALLEY HOUSING ASSOCIATION LIMITED

### REPORT OF THE BOARD

31 MARCH 2014 (contd.)

#### Employee Engagement

The Association encourages staff involvement in initiatives and holds a Board/staff conference every 2 years, with an engagement event in between. 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. This is further complemented by bi-monthly Breakfast and Lunch Briefings, which allow teams to provide updates to their colleagues. Health and wellbeing activities during 2013/14 focused on mental health, culminating in the annual conference being shaped around motivation, attitude and stress management techniques.

#### 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 and this has been followed up by staff training.

#### Health and Safety

The Association is aware of its responsibilities on Health & Safety matters and has a detailed policy in place. Employees are provided with instruction, training and supervision to secure health and safety. The Association's Health and Safety Board meets quarterly and an annual action plan is developed and monitored. Interactive training was provided for all staff and board members during the year as well as role specific training where required.

#### Board and Officer Insurance

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

#### Home Ownership

CVHA sold 11 properties under the Right to Buy (RTB) in the year to 31 March 2014. The number of RTB sales has been relatively low in recent years. This has been due to the economic climate, limited availability of mortgage finance and a series of Scottish Government actions aimed at stemming the loss of affordable rented housing. The Association supports measures to limit the RTB, as this is consistent with our strategic aims in relation to stock growth and meeting housing needs. The current Housing Bill proposes the total abolition of the RTB, albeit this might result in a short-term increase in RTB enquiries.

#### Future Developments

The Association has a track record of development with over £170m of development spend since it was formed and the provision of over 1,600 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 164 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.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**REPORT OF THE BOARD**

**31 MARCH 2014 (contd.)**

**Information for Auditors**

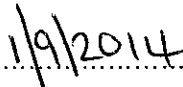
As far as the Committee members are aware there is no relevant audit information of which the auditors are unaware and the Committee members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such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

**31 MARCH 2014**

Statute requires the Board 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 Board are required to fulfil the following obligations:

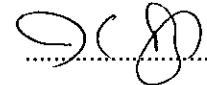
- select suitable accounting policies and apply them consistently;
- Observe the methods and principles in the RSL SORP
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained 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 Board confirm that the financial statements comply with the requirements.

The Board 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 Board

Date: 1/9/2014

  
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**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**BOARD STATEMENT ON INTERNAL FINANCIAL CONTROL**  
**31 MARCH 2014**

The Board 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:-

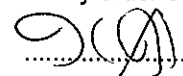
- The reliability of financial information used within the Association or for publication;
- The maintenance of proper accounting records; and
- The safeguarding of assets (against unauthorised use or disposition).

It is the Board'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 Board 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 2014. 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 Board

 .....

Date: 1/9/2014 .....

**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 50. 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 Part 7 of the Co-operative and Community Benefit Societies Act 2014. 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 Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

**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 2014 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 the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – April 2012.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 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.

*Baker Tilly UK Audit LLP*

BAKER TILLY UK AUDIT LLP

Statutory Auditor

Chartered Accountants

Breckenridge House

274 Sauchiehall Street

Glasgow

G2 3EH

*11/9/14*

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**GROUP INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2014**

	Notes	2014 £	2013 £
<b>Turnover</b>	2a	12,828,565	15,844,129
Less: Operating costs	2a	(8,384,087)	(11,316,027)
<b>Operating surplus</b>	2a	4,444,478	4,528,102
Gain on disposal of fixed assets		218,043	94,341
Interest receivable and other income	5	39,004	31,166
Interest payable and similar charges	6	(2,043,222)	(2,070,453)
<b>Surplus on ordinary activities before taxation</b>		2,658,303	2,583,156
Tax on surplus on ordinary activities	20	2,920	73,412
<b>Surplus for the year</b>	8	2,655,383	2,509,744

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 2014**

**GROUP**

	Notes	2014 £	2013 £
Surplus for the year	8	2,655,383	2,509,744
Unrealised loss of revaluation of investment properties	7b	-	
Total recognised surplus relating to the year		2,655,383	2,509,744

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**ASSOCIATION INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2014**

	Notes	2014 £	2013 £
<b>Turnover</b>	2b	12,352,895	13,429,368
Less: Operating costs	2b	<u>(7,757,851)</u>	<u>(9,152,739)</u>
<b>Operating surplus</b>	2b	4,595,044	4,276,629
Gain on disposal of fixed assets		218,043	94,341
Interest receivable and other income	5	39,004	31,166
Interest payable and similar charges	6	<u>(2,043,222)</u>	<u>(2,095,822)</u>
<b>Surplus on ordinary activities before taxation</b>		2,808,869	2,306,314
Tax on surplus on ordinary activities	20	-	-
<b>Surplus for the year</b>	8	<u>2,808,869</u>	<u>2,306,314</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 2014**

	Notes	2014 £	2013 £
<b>Tangible fixed assets</b>			
Housing properties – cost less depreciation	9a	162,663,475	154,423,073
Less HAG and other grants	9a	<u>(97,120,570)</u>	<u>(91,810,759)</u>
		65,542,905	62,612,314
Investment Properties	9c	2,079,129	2,099,129
Other fixed assets	10a	<u>4,776,932</u>	<u>4,888,838</u>
		<u>72,398,966</u>	<u>69,600,281</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	11a	<u>104,250</u>	<u>104,250</u>
		<u>104,250</u>	<u>104,250</u>
<b>Current assets</b>			
Stock	12	1,212,682	1,139,730
Debtors	13	4,295,378	1,678,194
Cash at bank and in hand		<u>8,940,180</u>	<u>11,637,744</u>
		14,448,240	14,455,668
<b>Creditors: amounts falling due within one year</b>	14	<u>(3,109,968)</u>	<u>(2,370,385)</u>
<b>Net current assets</b>		<u>11,338,272</u>	<u>12,085,283</u>
<b>Total assets less current liabilities</b>		<u>83,841,488</u>	<u>81,789,814</u>
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(66,956,372)</u>	<u>(67,560,091)</u>
<b>Net assets</b>		<u>16,885,116</u>	<u>14,229,723</u>
<b>Capital and reserves</b>			
Share capital	16	88	78
Revaluation reserves	7	195,132	195,132
Pension Designated reserve		4,006,097	4,022,009
Revenue reserve	8	<u>12,683,799</u>	<u>10,012,504</u>
		<u>16,885,116</u>	<u>14,229,723</u>

The financial statements on pages 17 to 50 were authorised for issue by the Committee of Management on 11/9/2014 and were signed on its behalf by:

Chairperson: .....

Secretary: .....

Committee member: .....

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**ASSOCIATION BALANCE SHEET**

**AS AT 31 MARCH 2014**

	Notes	2014 £	2013 £
<b>Tangible fixed assets</b>			
Housing properties – cost less depreciation	9b	162,879,779	154,468,420
Less HAG and other grants	9b	<u>(97,120,570)</u>	<u>(91,810,759)</u>
Other fixed assets	10b	65,759,209 <u>4,776,932</u>	62,657,661 <u>4,888,839</u>
		<u>70,536,141</u>	<u>67,546,500</u>
<b>Investments</b>			
LIFT Loan	11a	1,178,946	1,178,946
LIFT Grant	11a	1,178,946	<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	145,000
Debtors	13	7,134,526	4,409,868
Cash at bank and in hand		8,720,157	11,486,917
		<u>15,999,683</u>	<u>16,041,785</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(2,870,805)</u>	<u>(2,079,934)</u>
<b>Net current assets</b>		<u>13,128,878</u>	<u>13,961,851</u>
<b>Total assets less current liabilities</b>		<u>83,665,020</u>	<u>81,508,352</u>
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(66,879,027)</u>	<u>(67,531,238)</u>
<b>Net assets</b>		<u>16,785,993</u>	<u>13,977,114</u>
<b>Capital and reserves</b>			
Share capital	16	88	78
Pension Designated Reserve		4,006,097	4,022,009
Revenue reserve	8	<u>12,779,808</u>	<u>9,955,027</u>
		<u>16,785,993</u>	<u>13,977,114</u>

The financial statements on pages 17 to 50 were authorised for issue by the Committee of Management on 11/9/2014 and were signed on its behalf by:

Chairperson: .....

Secretary: .....

Committee member: .....

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**GROUP CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2014**

	<b>Notes</b>	<b>2014</b> <b>£</b>	<b>2013</b> <b>£</b>
<b>Net cash-flow from operating activities</b>	1	6,318,760	7,108,987
<b>Returns on investments and servicing of finance</b>	2	(2,004,218)	(2,039,287)
<b>Taxation</b>	2	(30,008)	-
<b>Capital Expenditure</b>	2	<u>(6,982,108)</u>	<u>(2,806,877)</u>
<b>Net cash (outflow)/inflow from operating activities</b>		(2,697,574)	2,262,823
<b>Financing</b>	2	<u>10</u>	<u>795,834</u>
<b>(Decrease)/Increase in cash</b>	4	<u>(2,697,564)</u>	<u>3,058,657</u>



**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**ASSOCIATION CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2014**

	Notes	2014 £	2013 £
Net cash-flow from operating activities	1	6,390,513	6,822,691
Returns on investments and servicing of finance	2	(2,004,218)	(2,064,656)
Taxation	2	-	-
Capital Expenditure	2	<u>(7,153,065)</u>	<u>(2,615,739)</u>
Net cash (outflow)/inflow from operating activities		(2,766,770)	2,142,296
Financing	2	<u>10</u>	<u>795,834</u>
(Decrease)/Increase in cash	4	<u>(2,766,760)</u>	<u>2,983,130</u>

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE GROUP CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2014**

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

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Operating surplus	4,444,478	4,528,103
Depreciation	1,825,248	1,815,380
(Increase)/Decrease in Stock	(72,952)	1,207,074
(Increase)/Decrease in debtors	(245,522)	21,110
Increase/(Decrease) in Creditors	162,951	(783,969)
Loss on disposal of Fixed Assets	30,384	-
Stock Write down to NRV	174,173	286,552
Loss on disposal of Components	-	34,737
	<u>6,318,760</u>	<u>7,108,987</u>

**2) Gross cash flows**

**Returns on investments and servicing of Finance**

Interest received	39,004	31,166
Interest paid	<u>(2,043,222)</u>	<u>(2,070,453)</u>
	<u>(2,004,218)</u>	<u>(2,039,287)</u>

**Taxation**

Taxation Paid	<u>(30,008)</u>	-
---------------	-----------------	---

**Investing activities**

Purchase and development of housing properties	(9,546,643)	(5,673,514)
Component Replacements	(910,228)	(1,438,732)
HAG/other grants received	3,072,057	4,218,250
Payment for Properties for Sale	-	(307,246)
Payments for other tangible fixed assets	7,605	36,580
Payments for Commercial Properties	-	(236,479)
Proceeds on disposal of Other Fixed Assets	1500	25
Proceeds on Sale of New Build Properties	-	422,520
Proceeds on disposal of housing properties	<u>393,601</u>	<u>171,719</u>
	<u>(6,982,108)</u>	<u>(2,806,877)</u>

**Financing**

Net Issue of ordinary share capital	10	(42)
Loan finance received	-	795,876
	<u>10</u>	<u>795,834</u>

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE GROUP CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2014**

<b>3) Analysis of Changes in Net Debt</b>	<b>At 1 April 2013</b>	<b>Cash Flow</b>	<b>Other Changes</b>	<b>At 31 March 2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash in hand, at bank	11,637,744	(2,697,564)	-	8,940,180
Debt due within 1 year	(327,512)	-	(398,866)	(726,378)
Debt due after 1 year	(66,647,378)	-	398,866	(66,248,512)
	<u>(55,337,146)</u>	<u>(2,697,564)</u>	<u>-</u>	<u>(58,034,710)</u>

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

	<b>2014 £</b>	<b>2013 £</b>
Decrease/Increase for the year	(2,697,564)	3,058,657
Additional loans received	-	(795,876)
Change in net debt	(2,697,564)	2,262,781
<b>Net debt at 1 April 2013</b>	<u>(55,337,146)</u>	<u>(57,599,927)</u>
<b>Net debt at 31 March 2014</b>	<u>(58,034,710)</u>	<u>(55,337,146)</u>

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE ASSOCIATION CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2014**

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

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Operating surplus	4,595,044	4,276,629
Depreciation	1,825,248	1,815,380
(Increase)/Decrease in Stock	-	-
(Increase)/Decrease in debtors	(352,995)	1,198,028
Increase/(Decrease) in Creditors	138,660	(788,635)
Loss on disposal of Fixed Assets	6,567	-
Write down of Stock to NRV	177,989	286,552
Loss on disposal of Components	-	34,737
	<b>6,390,513</b>	<b>6,822,691</b>

**2) Gross cash flows**

**Returns on investments and servicing of Finance**

Interest received	39,004	31,166
Interest paid	(2,043,222)	(2,095,822)
	<b>(2,004,218)</b>	<b>(2,064,656)</b>

**Investing activities**

Purchase and development of housing properties	(9,717,601)	(5,718,855)
Purchase and Development of housing for sale	-	(307,246)
Purchase and Development of Commercial property	-	-
HAG/other grants received	3,072,058	4,218,250
Component Replacements	(910,228)	(1,438,732)
Payments for other tangible fixed assets	7,605	36,580
Proceeds on disposal of other assets	1500	25
Proceeds on sale of New Build Properties	-	422,520
Proceeds on disposal of housing properties	393,601	171,719
	<b>(7,153,065)</b>	<b>(2,615,739)</b>

**Financing**

Net Issue of ordinary share capital	10	(42)
Loan finance received	-	795,876
	<b>10</b>	<b>795,834</b>

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE ASSOCIATION CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2014**

3) Analysis of Changes in Net Debt	At 1 April 2013	Cash Flow	Other Changes	At 31 March 2014
	£	£	£	£
Cash in hand, at bank	11,486,917	(2,766,760)	-	8,720,157
Debt due within 1 year	(327,512)	-	(398,866)	(726,378)
Debt due after 1 year	(66,647,378)	-	398,866	(66,248,512)
	<u>(55,487,973)</u>	<u>(2,766,760)</u>	<u>-</u>	<u>(58,254,733)</u>

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

	2014 £	2013 £
Decrease/Increase for the year	(2,766,760)	2,938,130
Additional loans received	<u>-</u>	<u>(795,876)</u>
Change in net debt	(2,766,760)	2,142,254
<b>Net debt at 1 April 2013</b>	<u>(55,487,973)</u>	<u>(57,630,227)</u>
<b>Net debt at 31 March 2014</b>	<u>(58,254,733)</u>	<u>(55,487,973)</u>

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2014**

**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 Government. 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 Government 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 Government. 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 Government, 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 2014**

**1. Accounting policies (contd.)**

**(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 2014**

**1. Accounting policies (contd.)**

**(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 23)**

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 2014**

**(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 2014**

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

	2014		2013	
	Turnover	Operating Costs	Turnover	Operating Costs
	£	£	£	£
<b>Income and Expenditure From lettings</b>				
Social Lettings	11,473,905	(6,745,824)	10,969,119	(7,167,037)
Other activities	1,354,660	(1,638,263)	4,875,010	(4,148,990)
	<u>12,828,565</u>	<u>(8,384,087)</u>	<u>15,844,129</u>	<u>(11,316,027)</u>
		4,444,478		4,528,102
				3,802,082
				<u>726,020</u>

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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

	2014		2013	
	Turnover £	Operating Costs £	Turnover £	Operating Costs £
Income and Expenditure From lettings				
Social Lettings	11,473,905	(6,829,768)	10,969,120	(7,228,211)
Other activities	878,990	(928,083)	2,460,248	(1,924,528)
	<u>12,352,895</u>	<u>(7,757,851)</u>	<u>13,429,368</u>	<u>(9,152,739)</u>
		4,595,044		4,276,629
				Operating Surplus/ Deficit £
		4,644,137		3,740,909
		(49,093)		535,720

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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

	General Needs Housing £	Supported Housing £	Shared Ownership £	2014 Total £	2013 Total £
<b>Income from rent and service charges</b>					
Rent receivable net of service charges	11,583,547	-	12,455	11,596,002	10,998,783
Service charges	65,088	-	-	65,088	43,133
<b>Gross income from rents and service charges</b>	<b>11,648,635</b>	<b>-</b>	<b>12,455</b>	<b>11,661,090</b>	<b>11,041,916</b>
<b>Less voids</b>	<b>(187,185)</b>	<b>-</b>	<b>-</b>	<b>(187,185)</b>	<b>(72,797)</b>
<b>Net income from rents and service charges</b>	<b>11,461,450</b>	<b>-</b>	<b>12,455</b>	<b>11,473,905</b>	<b>10,969,119</b>
Grants from the Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
<b>Total turnover from social letting activities</b>	<b>11,461,450</b>	<b>-</b>	<b>12,455</b>	<b>11,473,905</b>	<b>10,969,119</b>
<b>Expenditure</b>					
Management and maintenance administration costs	2,498,390	-	-	2,498,390	3,107,693
Service charges	67,980	-	-	67,980	65,790
Planned cyclical maintenance including major repairs	855,367	-	-	855,367	1,051,563
Reactive maintenance costs	1,306,898	-	-	1,306,898	1,183,096
Bad debts – rents and service charges	118,255	-	-	118,255	108,984
Depreciation of social housing	1,720,945	-	-	1,720,945	1,649,911
Impairment	177,989	-	-	177,989	-
<b>Operating costs for social letting activities</b>	<b>6,745,824</b>	<b>-</b>	<b>-</b>	<b>6,745,824</b>	<b>7,167,037</b>
<b>Operating Surplus on letting activities, 2014</b>	<b>4,715,626</b>	<b>-</b>	<b>12,455</b>	<b>4,728,081</b>	<b>3,802,082</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>	

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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

	General Needs Housing £	Supported Housing £	Shared Ownership £	2014 Total £	2013 Total £
<b>Income from rent and service charges</b>					
Rent receivable net of service charges	11,583,547	-	12,455	11,596,002	10,998,783
Service charges	65,088	-	-	65,088	43,133
<b>Gross income from rents and service charges</b>	11,648,635	-	12,455	11,661,090	11,041,916
Less voids	(187,185)	-	-	(187,185)	(72,796)
<b>Net income from rents and service charges</b>	11,461,450	-	12,455	11,473,905	10,969,120
Grants from the Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
<b>Total turnover from social letting activities</b>	11,461,450	-	12,455	11,473,905	10,969,120
<b>Expenditure</b>					
Management and maintenance administration costs	2,582,334	-	-	2,582,334	3,168,867
Service charges	67,980	-	-	67,980	65,790
Planned cyclical maintenance including major repairs	855,367	-	-	855,367	1,051,563
Reactive maintenance costs	1,306,898	-	-	1,306,898	1,183,096
Bad debts – rents and service charges	118,255	-	-	118,255	108,984
Depreciation of social housing	1,720,945	-	-	1,720,945	1,649,911
Impairment	177,989	-	-	177,989	-
<b>Operating costs for social letting activities</b>	6,829,768	-	-	6,829,768	7,228,211
<b>Operating Surplus on letting activities, 2014</b>	4,631,682	-	12,455	4,644,137	3,740,909
<b>Operating Surplus on letting activities, 2013</b>	3,728,455	-	12,454	3,740,909	

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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)
					2014	2013			
	£	£	£	£	£	£	£	£	£
Wider role activities #	-	-	-	-	-	-	-	-	-
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	398,723	398,723	382,414	7,246	136,979	254,498
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	-	-	-	-	-	-
Other agency / management services	-	-	-	-	-	-	-	-	-
Developments for sale to RSLs	-	-	-	-	-	1,264,578	-	-	(180)
Development and improvements for sale to non RSLs	-	-	-	233,939	233,939	1,965,725	-	258,699	(24,760)
Wellwynd Community Hub	-	-	-	122,003	122,003	98,555	-	152,458	(30,455)
Other activities	71,187	26,994	-	501,814	599,995	1,163,738	-	1,082,881	(482,886)
Total from other activities, 2014	71,187	26,994	-	1,256,479	1,354,660	4,875,010	7,246	1,631,017	(283,603)
Total from other activities, 2013	-	270,633	-	4,604,377	4,875,010	-	23,253	4,125,737	726,020

# 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 2014

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	2014	2013	Operating costs - bad debts	Other operating costs	2014	2013
	£	£	£	£	£	£	£	£	£	£
					Total Turnover				Operating surplus or (deficit)	
Wider role activities #	-	-	-	-	-	-	-	-	-	-
Care and repair of property	-	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-	-
Development and construction of property activities	-	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	-	-	-	-	-	-	-
Other agency / management services	-	-	-	-	-	-	-	-	-	-
Developments for sale to RSLs	-	-	-	-	-	1,264,578	-	-	-	-
Development and improvements for sale to non RSLs	-	-	-	62,050	62,050	-	-	64,524	(2,474)	-
Wellwynd Community Hub	-	-	-	122,003	122,003	98,554	-	152,458	(30,455)	(60,215)
Other activities	71,187	26,994	-	596,756	694,937	1,097,116	-	711,101	(16,164)	596,115
<b>Total from other activities, 2014</b>	<b>71,187</b>	<b>26,994</b>	<b>-</b>	<b>780,809</b>	<b>878,990</b>	<b>2,460,248</b>	<b>-</b>	<b>928,083</b>	<b>(49,093)</b>	<b>535,900</b>
<b>Total from other activities, 2013</b>	<b>-</b>	<b>45,313</b>	<b>-</b>	<b>2,414,936</b>	<b>2,460,248</b>	<b>-</b>	<b>-</b>	<b>1,924,528</b>	<b>535,720</b>	<b>-</b>

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

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2014**

	Group		Association	
	2014	2013	2014	2013
<b>5. Interest receivable and other income</b>				
	£	£	£	£
Interest receivable on deposits	39,004	31,166	39,004	31,166
<b>6. Interest payable and similar charges</b>				
On private loans	(2,043,222)	(2,070,453)	(2,043,222)	(2,095,822)

The figure shown for interest is after capitalising £nil for 31<sup>st</sup> March 2014 (£52,818 31<sup>st</sup> March 2013.)

<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	
	2014	2013	2014	2013
<b>8. Revenue Reserves</b>				
	£	£	£	£
At 1 April as originally reported	10,012,504	11,524,769	9,955,027	11,670,717
At 1 April as restated	10,012,504	11,524,769	9,955,027	11,670,717
Surplus for the Year	2,655,383	2,509,744	2,808,869	2,306,319
Transfer from/(to) designated reserves	15,912	(4,022,009)	15,912	(4,022,009)
At 31 March 2014	12,683,799	10,012,504	12,779,808	9,955,027



**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

**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	160,258,288	6,284,852	456,838	166,999,978
Additions during year	4,321,472	6,135,399	-	10,456,871
Transfers	2,891,810	(2,891,810)	-	-
Disposals	(392,887)	-	-	(392,887)
Impairment	(255,459)	-	-	(255,459)
At end of year	166,823,224	9,528,441	456,838	176,808,503
<b>Depreciation</b>				
At Start of year	12,542,844	-	34,061	12,576,905
Additions during year	1,715,874	-	5,072	1,720,946
Eliminated on disposal	(75,353)	-	-	(75,353)
Impairment	(77,470)	-	-	(77,470)
	14,105,895	-	39,133	14,145,028
<b>Housing properties-cost less depreciation</b>	<b>152,717,329</b>	<b>9,528,441</b>	<b>417,705</b>	<b>162,663,475</b>
<b>HAG and Other Grants</b>				
At start of year	87,158,441	4,450,953	201,365	91,810,759
Received during year	1,440,407	4,003,313	-	5,443,720
Transfers	1,294,000	(1,294,000)	-	-
Eliminated on disposal	(133,909)	-	-	(133,909)
	89,758,939	7,160,266	201,365	97,120,570
<b>Net Book Value</b>				
At end of year	62,958,390	2,368,175	216,340	65,542,905
At start of year	60,557,003	1,833,899	221,412	62,612,314

Development administration costs capitalised amounted to £56,341 (2013 - £122,470) for which no Housing Association Grants were received in year end March 2014. (2013- £nil). Of the total expenditure to housing properties available for letting in the year, £910,228 relates to replaced components and £9,546,643 relates to new housing developments and MTR additions.

The total value capitalised for 2014 was £10,456,871 in costs and £5,443,720 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 2014**

**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	160,303,634	6,284,853	456,838	167,045,325
Additions during year	4,492,429	6,135,399	-	10,627,828
Transfers	2,891,810	(2,891,810)	-	-
Disposals	(392,887)	-	-	(392,887)
Impairment	(255,459)	-	-	(255,459)
At end of year	167,039,527	9,528,442	456,838	177,024,807
<b>Depreciation</b>				
At start of year	12,542,844	-	34,061	12,576,905
Provided during year	1,715,874	-	5,072	1,720,946
Eliminated on disposal	(75,353)	-	-	(75,353)
Impairment	(77,470)	-	-	(77,470)
	14,105,895	-	39,133	14,145,028

**Housing properties-cost less depreciation**

	152,933,632	9,528,442	417,705	162,879,779
<b>HAG and Other Grants</b>				
At start of year	87,158,441	4,450,953	201,365	91,810,759
Received during year	1,440,407	4,003,313	-	5,443,720
Transfers	1,294,000	(1,294,000)	-	-
Eliminated on disposal	(133,909)	-	-	(133,909)
	89,758,939	7,160,266	201,365	97,120,570

**Net Book Value**

At end of year	63,174,693	2,368,176	216,340	65,759,209
At start of year	60,602,350	1,833,900	221,412	62,657,661

Development administration costs capitalised amounted to £56,341 (2013 - £122,470) for which no Housing Association Grants were received in year end March 2014. (2013- £nil). Of the total expenditure to housing properties available for letting in the year, £910,228 relates to replaced components and £9,717,601 relates to new housing developments and MTR additions.

The total value capitalised for 2014 was £10,627,829 in costs and £5,433,720 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 2014**

<b>9c. Investment Properties - Group</b>						
<b>Cost/Valuation</b>						<b>Total</b>
At start of year						£
Additions during year	148,000	514,999	1,436,130			2,099,129
Impairment	-	-	-			-
Disposals	3,816	-	-			3,816
	(23,816)	-	-			(23,816)
At end of year	128,000	514,999	1,436,130			2,079,129

The Lock ups were revalued by Jones Lang La Salle in May 2014; 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 2014

10a Tangible Fixed Assets – Other assets – Group

	Land & Buildings	Leasehold Improvement	Motor Vehicles	Office Equipment	Plant & Other Equipment	Fixtures and Fittings	Computer	Total
	£	£	£	£	£	£	£	£
<b>Cost</b>								
At start of year	4,569,519	3,558,033	10,711	264,814	14,407	41,728	440,561	8,899,773
Additions during year	(17,288)	-	-	3,521	-	-	6,161	(7,606)
Disposals	-	-	(10,711)	-	-	-	(6,567)	(17,278)
	4,552,231	3,558,033	-	268,335	14,407	41,728	440,155	8,874,889
<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	283,758	67,594	10,711	251,955	10,456	-	416,351	1,040,825
Provided during year	70,324	21,635	-	1,906	1,317	-	9,120	104,302
On disposals	-	-	(10,711)	-	-	-	(6,567)	(17,278)
	354,082	89,229	-	253,861	11,773	-	418,904	1,127,849
<b>Net Book Value</b>								
At end of year	4,198,149	559,823	-	3,606	2,634	-	12,720	4,776,932
At start of year	4,285,760	581,458	-	1,991	3,951	-	15,678	4,888,838

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 2014

10b Tangible Fixed Assets – Other assets - Association

Cost	Land & Buildings £	Leasehold Improvement £	Motor Vehicles £	Office Equipment £	Plant & Other Equipment £	Fixtures and Fittings £	Computer £	Total £
At start of year	4,569,519	3,558,033	10,711	264,814	14,407	41,728	440,561	8,899,773
Additions during year	(17,288)	-	-	3,531	-	-	6,161	(7,606)
Disposals	-	-	(10,711)	-	-	-	(6,567)	(17,278)
	4,552,231	3,558,033	-	268,335	14,407	41,728	440,155	8,874,889
<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	283,758	67,594	10,711	251,955	10,456	-	416,351	1,040,825
Provided during year	70,324	21,635	-	1,906	1,317	-	9,120	104,302
On disposals	-	-	(10,711)	-	-	-	(6,567)	(17,278)
	354,082	89,229	-	253,861	11,773	-	418,904	1,127,849
<b>Net Book Value</b>								
At end of year	4,198,149	559,823	-	3,606	2,634	-	12,720	4,776,932
At start of year	4,285,760	581,458	-	1,991	3,951	-	15,678	4,888,838

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 2014**

11a. Fixed Asset Investment - Homestake	Group		Association	
	2014	2013	2014	2013
	£	£	£	£
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	104,250	-	-
	<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	
	2014	2013	2014	2013
	£	£	£	£
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 2014, the capital and reserves of Clyde Valley Property Services were £361,753 with a taxable profit for the year of £20,391.

12. Stock	Group		Association	
	2014	2013	2014	2013
	£	£	£	£
Cost of developing properties	1,212,682	1,139,730	145,000	145,000
Grants received to develop properties	-	-	-	-
	<u>1,212,682</u>	<u>1,139,730</u>	<u>145,000</u>	<u>145,000</u>

13. Debtors	Group		Association	
	2014	2013	2014	2013
	£	£	£	£
Amounts falling due within one year:				
Rental arrears	618,337	685,653	618,337	685,653
Less: provision for bad debts	(176,731)	(265,571)	(176,731)	(265,571)
	<u>441,606</u>	<u>420,082</u>	<u>441,606</u>	<u>420,082</u>
Intercompany Debtors	-	-	3,064,234	3,047,570
Other debtors	444,615	524,877	248,833	298,068
Prepayments and accrued income	3,409,157	733,235	3,379,853	644,148
	<u>4,295,378</u>	<u>1,678,194</u>	<u>7,134,526</u>	<u>4,409,868</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 £2,847,783 (2013: £2,893,027). This has formally been secured against the assets of Clyde Valley Property Services Ltd and repayments totalling £2,089,062 were made during the year. The working capital debtor £216,451 has been repaid post year-end. The loan accrued interest between 0.76% and 3.11%, for which £30,932 (2013: £53,964) was charged of which £30,932 was charged in the year.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2014**

14. Creditors – amounts falling due within one year	Group		Association	
	2014	2013	2014	2013
	£	£	£	£
Bank Loans & Overdrafts (Note 15)	726,378	327,512	726,378	327,512
Trade creditors	998,652	383,949	969,135	380,942
Other Tax and Social Security	47,437	73,412	-	-
Other creditors	80,814	525,708	18,108	18,065
Accruals and deferred income	946,936	870,412	847,433	1,164,023
Rent in advance	309,751	189,392	309,751	189,392
	<u>3,109,968</u>	<u>2,370,385</u>	<u>2,870,805</u>	<u>2,079,934</u>

15. Creditors – amounts falling due after more than one year	Group		Association	
	2014	2013	2014	2013
	£	£	£	£
Housing loans	66,248,512	66,647,378	66,248,512	66,647,378
Other Creditors	595,396	817,028	543,272	817,027
Retentions	112,464	95,686	87,243	66,833
	<u>66,956,372</u>	<u>67,560,091</u>	<u>66,879,027</u>	<u>67,531,238</u>

Loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest of 0.76% to 3.11% (2013 – 0.77% to 3.2%) in instalments due as follows:

	Group		Association	
	2014	2013	2014	2013
	£	£	£	£
Less than one year	726,378	327,512	726,378	327,512
Between one and two years	-	-	-	-
Between two and five years	-	-	-	-
In five years or more	66,248,512	66,647,378	66,248,512	66,647,378
	66,974,890	66,974,890	66,974,890	66,974,890
Less: Included in current liabilities	<u>(726,378)</u>	<u>(327,512)</u>	<u>(726,378)</u>	<u>(327,512)</u>
	<u>66,248,512</u>	<u>66,647,378</u>	<u>66,248,512</u>	<u>66,647,378</u>

16. Share Capital	Group		Association	
	2014	2013	2014	2013
	£	£	£	£
Shares of £1 each issued and fully paid				
At beginning of year	78	120	78	120
Issued during year	19	8	19	8
Shares forfeited in year	<u>(9)</u>	<u>(50)</u>	<u>(9)</u>	<u>(50)</u>
At end of year	<u>88</u>	<u>78</u>	<u>88</u>	<u>78</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 2014**

	Group		Association	
17. Directors' Emoluments	2014 £	2013 £	2014 £	2013 £
Aggregate emoluments payable to directors (excluding pension contributions and benefits in kind)	<u>385,157</u>	<u>378,771</u>	<u>385,157</u>	<u>378,771</u>
Emoluments payable to highest paid director who received emoluments (excluding pension contributions) were:	93,725	91,960	93,725	91,960
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 £8,991 (2013-£8,280)

Emoluments paid to Directors excluding pensions can be analysed as:

	No	No
£60,001 - £70,000	-	-
£70,001 - £80,000	4	4
£80,001 - £90,000	-	1
£90,001 - £100,000	1	<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 £29,430, (2013: £28,573)

**18. Employee Information**

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

	Group		Association	
	2014 No	2013 No	2014 No	2013 No
Office staff	58	53	58	53
Care & Repair	-	-	-	-
Wider Action	-	-	-	-
	<u>58</u>	<u>53</u>	<u>58</u>	<u>53</u>
	£	£	£	£
Staff costs (including directors' emoluments):	1,803,164	1,682,371	1,803,164	1,682,371
Social security costs	152,234	142,251	152,234	142,251
Pension costs (Note 23)	<u>273,105</u>	<u>264,886</u>	<u>273,105</u>	<u>264,886</u>
	<u>2,228,503</u>	<u>2,089,508</u>	<u>2,228,503</u>	<u>2,089,508</u>



**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2014**

<b>19. Operating Surplus</b>	<b>Group</b>		<b>Association</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Operating surplus is stated after charging:				
Depreciation	1,825,248	1,815,380	1,825,248	1,699,530
External auditor's remuneration				
- In their capacity as auditors	17,310	16,382	12,360	12,564
- In respect of other services	-	(2,993)	-	(1,984)
Internal auditor's remuneration	<u>10,980</u>	<u>12,761</u>	<u>10,980</u>	<u>12,761</u>

**20. 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 £46,324 has been made. (2013 £73,412). The tax charge in the Income and Expenditure accounts for 2014 reflects the provision for the year net of an overprovision of £43,404 in the accounts for 2013 as actual tax paid was £30,008 (see cash flow) which was less than the original provision in relation to that year due to a decision to split the profits between the Parent and subsidiary.

<b>21. Capital Commitments</b>	<b>Group</b>		<b>Association</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>5,463,100</u>	<u>2,536,683</u>	<u>4,937,060</u>	<u>359,970</u>

Contracted Expenditure will be financed by £4,566,380 of Private Finance.

**22. Leasing Commitments**

At 31 March 2014, 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 2014

#### 23. Pensions Note

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

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

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2012 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £304 million, equivalent to a past service funding level of 56.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £470 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £272 million, equivalent to a past service funding level of 63.3%.

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

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted-out of the State Pension scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the 'SHAPS House Policies and Rules Employer Guide'.

The Scheme offers six benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.
- Career average revalued earnings with a 1/80th accrual rate.
- Career average revalued earnings with a 1/120th accrual rate, contracted-in.
- Defined Contribution (DC) option.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2014**

**23. Pensions Note (Cont)**

An employer can elect to operate different defined benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice.

Clyde Valley Housing Association Ltd elected to operate the final salary with a 1/60th accrual rate and the career average revalued earnings with a 1/80th accrual rate (from 1 April 2011) benefit options for active members as at 1 April 2012 and the career average revalued earnings with a 1/80th accrual rate (from 1 April 2011) benefit option for new entrants from 1 April 2012. During the accounting period Clyde Valley Housing Association Ltd paid contributions at the rate of 6.6% to 9.6% of pensionable salaries. Member contributions varied between 6.6% and 9.6%.

As at the balance sheet date there were 35 active members of the Scheme employed by Clyde Valley Housing Association Ltd. The annual pensionable payroll in respect of these members was £1,148,874.

Clyde Valley Housing Association Ltd has closed the Final Salary Scheme to future accrual from 1 April 2014 and now offers the DC Scheme only.

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

<b>2012 Valuation Assumptions</b>	<b>% p.a.</b>
Investment return pre retirement	5.3
Investment return post retirement - Non-pensioners	3.4
Investment return post retirement - Pensioners	3.4
Rate of salary increases	4.1
<b>Rate of pension increases</b>	
- Pension accrued pre 6 April 2005 in excess of GMP	2.0
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	1.7
Rate of price inflation	2.6

<b>Mortality Tables</b>	
Non-pensioners	44% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term improvement of 1.50% p.a. for males and 1.25% p.a. for females
Pensioners	90% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term rate of improvement of 1.50% p.a. for males and 1.25% p.a. for females

<b>Contribution Rates for Future Service (payable from 1 April 2014)</b>	<b>%</b>
Final salary 1/60ths	24.6
Career average revalued earnings 1/60ths	22.4
Career average revalued earnings 1/70ths	19.2
Career average revalued earnings 1/80ths	16.9
Career average revalued earnings 1/120ths	11.4

Additional deficit contributions are payable from 1 April 2014 and will increasing by 3% per annum each 1 April thereafter. Technical Provisions liabilities as at 30 September 2012 will be used as the reference point for calculating the additional contributions.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2014**

**23. Pensions Note (Cont)**

**Point of Note:**

FRC issued a new reporting standard early in 2013: FRS 102 is the Financial Reporting Standard (FRS) applicable in the UK and Republic of Ireland (known as new UK and Irish GAAP). The mandatory effective date for the new framework of reporting is for financial years beginning on or after 1 January 2015. Early adoption is available.

The standard directs that sponsoring employers should disclose the net present value of agreed deficit repayments on their balance sheets i.e. recognising the contingent liability. As a consequence the reader will see the immediate impact on the financial statements.

**Disclosure in Respect of Employer Debt**

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

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

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

Clyde Valley Housing Association Ltd has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2013. As of this date the estimated employer debt for Clyde Valley Housing Association Ltd was £8,147,784.

There is a further contingent liability as referred to in note 21 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 13.5 year discounted at 4% is £4.01m. 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 2014**

**24. Housing Stock**

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

	Group Units under Management		Association Units under Management	
	2014	2013	2014	2013
Unimproved	1609	1599	1609	1599
New Build	1462	1408	1445	1391
Shared Ownership	6	6	6	6
	<b>3077</b>	<b>3013</b>	<b>3060</b>	<b>2996</b>

**25. Legislative Provisions**

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

**26. Related Party Transactions**

Due to the nature of the Association's operations and the composition of the Board, 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 Board.

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

City Councillors who are observer members of the Board 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.

**27. 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 2014**

**27. 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 had an optional termination date of 15 April 2013 which was not taken up by the bank so this SWAP is now fixed.

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.