

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**GROUP REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

**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 2015**

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**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**MEMBERS, EXECUTIVES AND ADVISERS**

**31 MARCH 2015**

**Board, Executives and Advisers**

**Members of Board**

**Board, Executives and Advisers**

**Members of Board**

The Members of the Committee of the Association during the year to 31 March 2015 were as follows:

**Board Membership 2014/15**

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
9. Edward Harkins
10. Donna Valance
11. Andrew McFarlane
12. Alex Baird

**Observers**

13. Councillor Thomas Lunny
14. Councillor Monica Lennon

**Resignations**

15. James Muir

**Registered Office**

50 Scott Street  
Motherwell  
ML1 1PN

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**MEMBERS, EXECUTIVES AND ADVISERS**

**31 MARCH 2015**

**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 2015 was as follows:

Tom Barclay  
Shirley MacDonald  
Nareen Owens  
John Turnbull  
Stewart MacKenzie

Chief Executive  
Finance Director  
Corporate Services Director  
Investment Director  
Operations Director (resigned February 2015)

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**REPORT OF THE BOARD**

**31 MARCH 2015**

**Committee Membership 2015**

<b>Name of Committee</b>	<b>Members</b>
Finance Committee	<ol style="list-style-type: none"><li>1. Allan Murray, Chair</li><li>2. Donna Valance</li><li>3. Richard Maconachie</li><li>4. John McBride</li><li>5. Andrew McFarlane</li><li>6. Alex Baird</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. Edward Harkins, Chair</li><li>2. John Gormley</li><li>3. Tom Campbell</li><li>4. Campbell Boyd</li><li>5. John McBride</li><li>6. Alex Baird</li></ol>

# CLYDE VALLEY HOUSING ASSOCIATION LIMITED

## REPORT OF THE BOARD

31 MARCH 2015

### Principal activity

Clyde Valley Housing Association (CVHA) is the Group's parent company and also main operating company and was established in 1996. It sets the Group's overall direction and growth strategy and oversees Group performance. It delivers housing management services to all residents, as well as asset management and responsive repairs services. It also delivers central support services.

CVHA is registered under the Co-operative and Community Benefit Societies Act 2014 and also registered with the Office of the Scottish Charities Regulator (OSCR) and the Scottish Housing Regulator.

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

	31 March 2015	31 March 2014
Tenanted Properties	3,144	3,054
Shared Ownership Properties	5	6
<b>Total</b>	<b>3,149</b>	<b>3,060</b>

Clyde Valley Property Services (CVPS) is the Group's subsidiary property company. It provides homeowner services including property factoring and property letting, as well as consultancy support.

### Financial review

The Group has robust financial management policies and procedures in place with management of annual income and expenditure 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 Group 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 15. The Group made a surplus of £2,348,885 (2014: £2,655,383) after providing for Corporation Tax of £57,664 (2014: provision £46,324). 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 2014/15 accounted for about 34% 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 undertakes stock condition surveys which samples our properties. The most recent survey was carried out in 2012, with 28% of the stock being sampled, and the next survey is scheduled for 2016. 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).

The total expenditure on works to existing properties was £2,042,848 of which £1,272,246 was capitalised and £770,602 recognised in the Income and Expenditure account.

## CLYDE VALLEY HOUSING ASSOCIATION LIMITED

### REPORT OF THE BOARD

31 MARCH 2015 (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. During 2014/15 the Board commenced the review of this Plan leading up to the revised ambitions and objectives to 2020. This will be further considered during the forthcoming year, led by the Board, with input from customers, partners and staff.

#### **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>INTEGRITY</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**

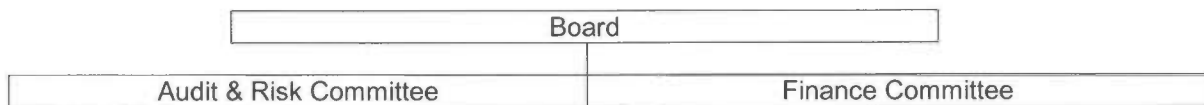
**31 MARCH 2015 (contd.)**

**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**



There are also ad-hoc Committees for Corporate Services in place which deals with staff and employment matters, as well as an Operations and Investment Committee which is responsible for all matters pertaining to housing, investment and asset management.

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.

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 2015 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 provided 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 2014/15 the Clyde Valley Customer Panel continued to scrutinise the policies and services of the Clyde Valley Group in order to identify strengths and weaknesses and provide recommendations for improvement to the senior management team and Board. Areas of consideration included rents and budgets, investment, the customer performance report and new website. 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.

The Association aims to deliver good quality and efficient services, and strives to achieve continuous improvement in what we do. Each month we seek independent customer feedback, look to benchmark examples of good practice from others and actively seek to engage with customers so that the Group can tailor service delivery that meets the changing needs and aspirations of our diverse customer base.

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



## CLYDE VALLEY HOUSING ASSOCIATION LIMITED

### REPORT OF THE BOARD

31 MARCH 2015 (contd.)

We also commenced our full Customer Satisfaction Survey for both tenants and homeowners and results will be published during Summer 2015. This will help reshape our Customer Engagement Strategy and develop a plan for action going forward.

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.

#### **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 2014/15 the Board refreshed its performance reporting process to ensure clearer data and further clarity on key areas of strategic importance. In addition to this a staff Group who completed the organisation's Future Managers programme undertook an exercise to review the staff performance management process. Each member of staff now has a revised Performance Development Review which is reviewed at monthly 1-1's. During 2014/15 CVHA was successful in being re-accredited under the Customer Services Excellence scheme, which demonstrates excellent engagement and service delivery.

Customers were also issued with our first Annual Performance Report in response to the Charter.

#### **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. During 2014/15 the Group's Procurement Strategy and Manual were reviewed to ensure that they were robust and consistent for all areas of spend.

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. This was enhanced during 2014/15 with the production of our Value for Money Statement for customers. This was developed in response to customer feedback to demonstrate efficiencies, spend plans and how funds are currently invested. Further work will be done to enhance this area during the coming year.

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.

#### **Development Issues**

During the year, 102 new homes were completed for 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.

## CLYDE VALLEY HOUSING ASSOCIATION LIMITED

### REPORT OF THE BOARD

31 MARCH 2015 (contd.)

#### **Housing Issues**

During the year we continued to monitor and review the roll out of the UK Government's Welfare Reform agenda and seek to mitigate the associated risks. Our Welfare Reform Working Party considered the potential impact and potential processes to response to the implementation of Universal Credit. Work continues in this area and was supported by an internal organisational structure review which saw our housing team be split into specialist areas of Revenue, Sustainment and Allocations. Competencies for roles were reviewed and these will continue to be developed over the coming year.

#### **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 and this has allowed compliance with the Scottish Housing Quality Standard (SHQS).

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.

#### **Information Technology**

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 2011-16. Implementation of the Association's IT Strategy has allowed operating costs to be reduced and processes to become more efficient.

During 2014/15 we continued to enhance our digital working through the introduction of handheld technology for frontline officers, undertook a review of our website, enhanced our investment module and also introduced a new reporting tool which will allow effective review of data to help shape future services for customers.

## CLYDE VALLEY HOUSING ASSOCIATION LIMITED

### REPORT OF THE BOARD

31 MARCH 2015 (contd.)

#### **Risk Management Policy**

The Group has a Risk Management Strategy and process to assess business risks and identify risk management mitigation measures. This involved identifying the types of risks the Group faces, prioritising them in terms of potential impact and likelihood of occurrence (pre and post mitigation), and identifying means of mitigating the risks. Our formal Strategic Risk Register is reviewed regularly by the Board and Audit and Risk Committee. Operational risk registers are reviewed by the Management Team and Leadership Team. The Association also has a three-year rolling Internal Audit programme, aimed at routinely reviewing the adequacy of the Association's current internal controls, the delivery of which was reviewed during the year.

#### **Volunteers**

The Association is grateful for the unstinting efforts of volunteers who are involved in the Board and Customer Panel. Every effort is made to encourage volunteering of tenants where possible, and the impact of the Customer Panel during the year has been valued by the Group overall.

#### **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 2014/15 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 2015 (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 £9.608m was undrawn at 31 March 2015. 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 2015, 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 2015.

#### **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 2015 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 2015 is £19,233,997 including a revaluation reserve arising in respect of Investment Properties in the subsidiary included at valuation. The total reserves include £3,834,898 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 a Performance Development Review which is reviewed at monthly 1-1's with Managers.

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.

## CLYDE VALLEY HOUSING ASSOCIATION LIMITED

### REPORT OF THE BOARD

31 MARCH 2015 (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 ad-hoc Breakfast and Lunch Briefings, which allow teams to provide updates to their colleagues. The organisation structure review involved extensive consultation with all staff to ensure all suggestions were incorporated which resulted in a successful implementation.

#### **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 an Equality Strategy, Policy and Action Plan in place.

#### **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.

#### **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 2015. 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 RTB scheme ends in August 2016, albeit this might result in a short-term increase in RTB enquiries.

#### **Future Developments**

The Association has a track record of development with over £185m of development spend since it was formed and the provision of over 1,700 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 174 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 2015 (contd.)**

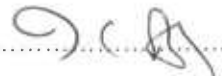
**Information for Auditors**

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: 3 September 2015

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**STATEMENT OF BOARD RESPONSIBILITIES**

**31 MARCH 2015**

**Statement of Board's responsibilities under the Co-operative and Community Benefit Societies Act 2014 for a registered social landlord**

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the RSL and of the surplus or deficit for that period. In preparing these financial statements, the board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- 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 RSL will continue in business.

The board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the RSL and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, The Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing. It has general responsibility for taking reasonable steps to safeguard the assets of the RSL and to prevent and detect fraud and other irregularities.

By order of the Board



.....

Date: 3/09/15

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**BOARD STATEMENT ON INTERNAL FINANCIAL CONTROL**

**31 MARCH 2015**

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:-

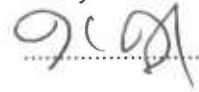
- The reliability of financial information used within the Association or for publication;
- The maintenance of proper accounting records; and
- The safeguarding of assets (against unauthorised use or disposition).

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 2015. 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: 3/09/15



**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

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

**ON INTERNAL FINANCIAL CONTROLS**

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 12 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

**Basis of Opinion**

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council through enquiry of certain members of the Management Committee and Officers of the Association and examination of relevant documents. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

**Opinion**

In our opinion the Statement on Internal Financial Control on page 12 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

*Baker Tilly UK Audit LLP*

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

*15/12/15*

**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 15 to 49. 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 and auditor**

As explained more fully in the Board's Responsibilities Statement set out on page 11, the Board 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 2015 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

15/4/15

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**GROUP INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2015**

	Notes	2015 £	2014 £
<b>Turnover</b>	2a	14,720,612	12,828,565
Less: Operating costs	2a	<u>(10,441,495)</u>	<u>(8,384,087)</u>
<b>Operating surplus</b>	2a	4,279,117	4,444,478
Gain on disposal of fixed assets		150,592	218,043
Interest receivable and other income	5	55,350	39,004
Interest payable and similar charges	6	<u>(2,078,510)</u>	<u>(2,043,222)</u>
<b>Surplus on ordinary activities before taxation</b>		2,406,549	2,658,303
Tax on surplus on ordinary activities	20	57,664	2,920
<b>Surplus for the year</b>	8	<u>2,348,885</u>	<u>2,655,383</u>

The results for the year relate wholly to continuing activities.

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

**STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

**GROUP**

	Notes	2015 £	2014 £
Surplus for the year	8	2,348,885	2,655,383
Unrealised loss of revaluation of investment properties	7b	<u>-</u>	<u>-</u>
Total recognised surplus relating to the year		<u>2,348,885</u>	<u>2,655,383</u>

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**ASSOCIATION INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2015**

	Notes	2015 £	2014 £
<b>Turnover</b>	2b	12,784,029	12,352,895
Less: Operating costs	2b	<u>(8,784,972)</u>	<u>(7,757,851)</u>
<b>Operating surplus</b>	2b	3,999,057	4,595,044
Gain on disposal of fixed assets		150,592	218,043
Interest receivable and other income	5	55,350	39,004
Interest payable and similar charges	6	<u>(2,078,510)</u>	<u>(2,043,222)</u>
<b>Surplus on ordinary activities before taxation</b>		2,126,489	2,808,869
Tax on surplus on ordinary activities	20	-	-
<b>Surplus for the year</b>	8	<u><u>2,126,489</u></u>	<u><u>2,808,869</u></u>

The results for the year relate wholly to continuing activities.

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

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**GROUP BALANCE SHEET**

**AS AT 31 MARCH 2015**

	Notes	2015 £	2014 £
<b>Tangible fixed assets</b>			
Housing properties – cost less depreciation	9a	179,174,111	162,663,475
Less HAG and other grants	9a	<u>(107,620,654)</u>	<u>(97,120,570)</u>
		71,553,457	65,542,905
Investment Properties	9c	2,076,129	2,079,129
Other fixed assets	10a	<u>4,747,816</u>	<u>4,776,932</u>
		<u>78,377,402</u>	<u>72,398,966</u>
<b>Investments</b>			
LIFT Loan	11a	1,128,873	1,178,946
LIFT Grant	11a	(1,128,873)	(1,178,946)
Shared Equity	11a	<u>97,250</u>	<u>104,250</u>
		<u>97,250</u>	<u>104,250</u>
<b>Current assets</b>			
Stock	12	1,532,256	1,212,682
Debtors	13	2,123,229	4,295,378
Cash at bank and in hand		<u>11,971,311</u>	<u>8,940,180</u>
		15,626,796	14,448,240
<b>Creditors: amounts falling due within one year</b>	14	<u>(4,049,143)</u>	<u>(3,109,968)</u>
<b>Net current assets</b>		<u>11,577,653</u>	<u>11,338,272</u>
<b>Total assets less current liabilities</b>		<u>90,052,305</u>	<u>83,841,488</u>
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(70,818,308)</u>	<u>(66,956,372)</u>
<b>Net assets</b>		<u>19,233,997</u>	<u>16,885,116</u>
<b>Capital and reserves</b>			
Share capital	16	84	88
Revaluation reserves	7	195,132	195,132
Pension Designated reserve		3,834,898	4,006,097
Revenue reserve	8	<u>15,203,879</u>	<u>12,683,799</u>
		<u>19,233,997</u>	<u>16,885,116</u>

The financial statements on pages 15 to 49 were authorised for issue by the Board on 3/09/15 and were signed on its behalf by:

Chairperson:

Secretary:

Committee member:


**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**ASSOCIATION BALANCE SHEET**

**AS AT 31 MARCH 2015**

	Notes	2015 £	2014 £
<b>Tangible fixed assets</b>			
Housing properties – cost less depreciation	9b	179,390,415	162,879,779
Less HAG and other grants	9b	<u>(107,620,654)</u>	<u>(97,120,570)</u>
Other fixed assets	10b	71,769,761 <u>4,747,816</u>	65,759,209 <u>4,776,932</u>
		<u>76,517,577</u>	<u>70,536,141</u>
<b>Investments</b>			
LIFT Loan	11a	1,128,873	1,178,946
LIFT Grant	11a	<u>(1,128,873)</u>	<u>(1,178,946)</u>
Shared Equity Investment		<u>-</u>	<u>-</u>
<b>Investment In Subsidiary</b>	11b	1	1
<b>Current assets</b>			
Stock	12	858,346	145,000
Debtors	13	4,139,190	7,134,526
Cash at bank and in hand		<u>11,887,980</u>	<u>8,720,157</u>
		<u>16,885,516</u>	<u>15,999,683</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(3,797,862)</u>	<u>(2,870,805)</u>
<b>Net current assets</b>		<u>13,087,654</u>	<u>13,128,878</u>
<b>Total assets less current liabilities</b>		<u>89,605,232</u>	<u>83,665,020</u>
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(70,692,754)</u>	<u>(66,879,027)</u>
<b>Net assets</b>		<u>18,912,478</u>	<u>16,785,993</u>
<b>Capital and reserves</b>			
Share capital	16	84	88
Pension Designated Reserve		3,834,898	4,006,097
Revenue reserve	8	<u>15,077,496</u>	<u>12,779,808</u>
		<u>18,912,478</u>	<u>16,785,993</u>

The financial statements on pages 15 to 49 were authorised for issue by the Board on 3/09/15 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 2015

	Notes	2015 £	2014 £
Net cash-inflow from operating activities	1	7,300,284	6,318,760
Returns on investments and servicing of finance	2	(2,023,160)	(2,004,218)
Taxation	2	(46,324)	(30,008)
Capital Expenditure	2	(5,617,060)	(6,982,108)
Net cash outflow from operating activities		(386,260)	(2,697,574)
Financing	2	3,417,391	10
Increase/(Decrease) in cash	4	3,031,131	(2,697,564)

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**ASSOCIATION CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2015**

	Notes	2015 £	2014 £
Net cash-inflow from operating activities	1	7,397,654	6,390,513
Returns on investments and servicing of finance	2	(2,023,160)	(2,004,218)
Taxation	2	-	-
Capital Expenditure	2	<u>(5,624,062)</u>	<u>(7,153,065)</u>
Net cash outflow from operating activities		(249,568)	(2,766,770)
Financing	2	<u>3,417,391</u>	<u>10</u>
Increase/(Decrease) in cash	4	<u><u>3,167,823</u></u>	<u><u>(2,766,760)</u></u>



**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE GROUP CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2015**

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

	2015 £	2014 £
Operating surplus	4,279,117	4,444,478
Depreciation	1,951,526	1,825,248
(Increase) in stock	(319,574)	(72,952)
(Increase) in debtors	(199,515)	(245,522)
Increase in creditors	1,372,376	162,951
Loss on disposal of fixed assets	-	30,384
Shared Equity write down to NRV	3,000	-
Stock write down to NRV	-	174,173
Loss on disposal of components	213,354	-
	<u>7,300,284</u>	<u>6,318,760</u>

**2) Gross cash flows**

**Returns on investments and servicing of finance**

Interest received	55,350	39,004
Interest paid	<u>(2,078,510)</u>	<u>(2,043,222)</u>
	<u>(2,023,160)</u>	<u>(2,004,218)</u>

**Taxation**

Taxation paid	<u>(46,324)</u>	<u>(30,008)</u>
---------------	-----------------	-----------------

**Investing activities**

Purchase and development of housing properties	(18,823,960)	(9,546,643)
Component replacements	(1,272,245)	(910,228)
HAG/other grants received	13,505,310	3,072,057
Purchase and Development of properties for sale	713,346	-
Payments for other tangible fixed assets	(96,000)	7,605
Proceeds on disposal of other fixed assets	-	1,500
Proceeds on disposal of housing properties	<u>356,489</u>	<u>393,601</u>
	<u>(5,617,060)</u>	<u>(6,982,108)</u>

**Financing**

Net Issue of ordinary share capital	(4)	10
Loan finance received	<u>3,417,395</u>	<u>-</u>
	<u>3,417,391</u>	<u>10</u>

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE GROUP CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2015**

3) Analysis of changes in net debt	At 1 April 2014	Cash Flow	Other Changes	At 31 March 2015
	£	£	£	£
Cash in hand, at bank	8,940,180	3,031,131	-	11,971,311
Debt due within 1 year	(726,378)	-	369,046	(357,332)
Debt due after 1 year	(66,248,512)	(3,417,395)	(369,046)	(70,034,953)
	<u>(58,034,710)</u>	<u>(386,264)</u>	<u>-</u>	<u>(58,420,974)</u>

**4) Reconciliation of net cash flow to movement in net debt (Note 3)**

	2015 £	2014 £
Increase/(Decrease) for the year	3,031,131	(2,697,564)
Additional loans received	<u>(3,417,395)</u>	<u>-</u>
Change in net debt	(386,264)	(2,697,564)
<b>Net debt at 1 April 2014</b>	<u>(58,034,710)</u>	<u>(55,337,146)</u>
<b>Net debt at 31 March 2015</b>	<u>(58,420,974)</u>	<u>(58,034,710)</u>

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE ASSOCIATION CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2015**

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

	2015 £	2014 £
Operating surplus	3,999,057	4,595,044
Depreciation	1,951,526	1,825,248
(Increase) in stock	(713,346)	-
Decrease in debtors	623,673	(352,995)
Increase in creditors	1,323,390	138,660
Loss on disposal of fixed assets	-	6,567
Write down of stock to NRV	-	177,989
Loss on disposal of components	213,354	-
	<u>7,397,654</u>	<u>6,390,513</u>

**2) Gross cash flows**

**Returns on investments and servicing of finance**

Interest received	55,350	39,004
Interest paid	(2,078,510)	(2,043,222)
	<u>(2,023,160)</u>	<u>(2,004,218)</u>

**Investing activities**

Purchase and development of housing properties	(18,830,960)	(9,717,601)
Purchase and development of housing for sale	713,346	-
HAG/other grants received	13,505,310	3,072,058
Component replacements	(1,272,247)	(910,228)
Payments for other tangible fixed assets	(96,000)	7,605
Proceeds on disposal of other assets	-	1,500
Proceeds on disposal of housing properties	356,489	393,601
	<u>(5,624,062)</u>	<u>(7,153,065)</u>

**Financing**

Net Issue of ordinary share capital	(4)	10
Loan finance received	3,417,395	-
	<u>3,417,391</u>	<u>10</u>

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE ASSOCIATION CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2015**

3) Analysis of changes in net debt	At 1 April 2014	Cash Flow	Other Changes	At 31 March 2015
	£	£	£	£
Cash in hand, at bank	8,720,157	3,167,823	-	11,887,980
Debt due within 1 year	(726,378)	-	369,046	(357,332)
Debt due after 1 year	(66,248,512)	(3,417,391)	(369,046)	(70,034,949)
	<u>(58,254,733)</u>	<u>(249,568)</u>	<u>-</u>	<u>(58,504,301)</u>

**4) Reconciliation of net cash flow to movement in net debt (Note 3)**

	2015 £	2014 £
Increase/(Decrease) for the year	3,167,823	(2,766,760)
Additional loans received	<u>(3,417,391)</u>	<u>-</u>
Change in net debt	(249,568)	(2,766,760)
<b>Net debt at 1 April 2014</b>	<u>(58,254,733)</u>	<u>(55,487,973)</u>
<b>Net debt at 31 March 2015</b>	<u>(58,504,301)</u>	<u>(58,254,733)</u>

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2015**

**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 Co-operative and Community Benefit Societies Act 2014 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 2015**

**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
Plant & Other Equipment	4 years

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2015**

**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 has the option to donate 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 2015**

**(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 2015

2a. Particulars of turnover, operating costs and operating surplus – GROUP

	2015		2014	
	Turnover £	Operating Costs £	Turnover £	Operating Costs £
<b>Income and Expenditure from lettings</b>				
Social lettings	12,114,726	(7,897,704)	11,473,905	(6,745,824)
Other activities	2,605,886	(2,543,791)	1,354,660	(1,638,263)
	<u>14,720,612</u>	<u>(10,441,495)</u>	<u>12,828,565</u>	<u>(8,384,087)</u>
		4,279,117		4,444,478
				4,728,081
				<u>(283,603)</u>
				4,444,478

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2015**

**2b. Particulars of turnover, operating costs and operating surplus – Association**

	2015		2014	
	Turnover £	Operating Costs £	Turnover £	Operating Costs £
<b>Income and Expenditure From lettings</b>				
Social lettings	12,114,726	(7,955,726)	11,473,905	(6,829,768)
Other activities	669,303	(829,246)	878,990	(928,083)
	<u>12,784,029</u>	<u>(8,784,972)</u>	<u>12,352,895</u>	<u>(7,757,851)</u>
				Operating Surplus/ Deficit £
				4,644,137
				(49,093)
				<u>4,595,044</u>

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

	General Needs Housing £	Supported Housing £	Shared Ownership £	2015 Total £	2014 Total £
<b>Income from rent and service charges</b>					
Rent receivable net of service charges	12,278,251	-	11,792	12,290,043	11,596,002
Service charges	58,671	-	-	58,671	65,088
<b>Gross income from rents and service charges</b>	<b>12,336,922</b>	<b>-</b>	<b>11,792</b>	<b>12,348,714</b>	<b>11,661,090</b>
<b>Less voids</b>	<b>(233,988)</b>	<b>-</b>	<b>-</b>	<b>(233,988)</b>	<b>(187,185)</b>
<b>Net income from rents and service charges</b>	<b>12,102,934</b>	<b>-</b>	<b>11,792</b>	<b>12,114,726</b>	<b>11,473,905</b>
Grants from the Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
<b>Total turnover from social letting activities</b>	<b>12,102,934</b>	<b>-</b>	<b>11,792</b>	<b>12,114,726</b>	<b>11,473,905</b>
<b>Expenditure</b>					
Management and maintenance administration costs	2,943,241	-	-	2,943,241	2,498,390
Service charges	66,646	-	-	66,646	67,980
Planned cyclical maintenance including major repairs	1,336,617	-	-	1,336,617	855,367
Reactive maintenance costs	1,369,456	-	-	1,369,456	1,306,898
Bad debts – rents and service charges	141,980	-	-	141,980	118,255
Depreciation of social housing Impairment	2,039,764	-	-	2,039,764	1,720,945
	-	-	-	-	177,989
<b>Operating costs for social letting activities</b>	<b>7,897,704</b>	<b>-</b>	<b>-</b>	<b>7,897,704</b>	<b>6,745,824</b>
<b>Operating surplus on letting activities, 2015</b>	<b>4,205,230</b>	<b>-</b>	<b>11,792</b>	<b>4,217,022</b>	<b>4,728,081</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>	

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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

	General Needs Housing £	Supported Housing £	Shared Ownership £	2015 Total £	2014 Total £
<b>Income from rent and service charges</b>					
Rent receivable net of service charges	12,278,251	-	11,792	12,290,043	11,596,002
Service charges	58,671	-	-	58,671	65,088
<b>Gross income from rents and service charges</b>	12,336,922	-	11,792	12,348,714	11,661,090
Less voids	(233,988)	-	-	(233,988)	(187,185)
<b>Net income from rents and service charges</b>	12,102,934	-	11,792	12,114,726	11,473,905
Grants from the Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
<b>Total turnover from social letting activities</b>	12,102,934	-	11,792	12,114,726	11,473,905
<b>Expenditure</b>					
Management and maintenance administration costs	3,001,263	-	-	3,001,263	2,582,334
Service charges	66,646	-	-	66,646	67,980
Planned cyclical maintenance including major repairs	1,336,617	-	-	1,336,617	855,367
Reactive maintenance costs	1,369,456	-	-	1,369,456	1,306,898
Bad debts – rents and service charges	141,980	-	-	141,980	118,255
Depreciation of social housing	2,039,764	-	-	2,039,764	1,720,945
Impairment	-	-	-	-	177,989
<b>Operating costs for social letting activities</b>	7,955,726	-	-	7,955,726	6,829,768
<b>Operating surplus on letting activities, 2015</b>	4,147,208	-	11,792	4,159,000	4,644,137
<b>Operating surplus on letting activities, 2014</b>	4,631,682	-	12,455	4,644,137	

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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) 2015	Operating surplus or (deficit) 2014
					2015	2014				
	£	£	£	£	£	£	£	£	£	£
Wider role activities	-	-	-	-	-	-	-	-	-	-
Care and repair of property	-	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	398,129	398,129	398,723	15,575	123,877	258,677	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	-	-	-	-	-	-	-	-	-	-
Development and improvements for sale to non RSLs	-	-	-	1,399,297	1,399,297	233,939	-	1,265,600	133,697	(24,760)
Wellwynd Community Hub	-	-	-	122,384	122,384	122,003	-	34,612	87,772	(30,455)
Other activities	-	-	-	686,076	686,076	599,995	-	1,104,127	(418,051)	(482,886)
Total from other activities, 2015	-	-	-	2,605,886	2,605,886	1,354,660	15,575	2,528,216	62,095	(283,603)
Total from other activities, 2014	71,187	26,994	-	1,256,479	1,354,660	-	7,246	1,631,017	(283,603)	-

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015

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	2015	2014	Operating costs – bad debts	Other operating costs	2015	2014
	£	£	£	£	£	£	£	£	£	£
					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	-	-	-	-	-	-	-	-	-	-
Development and improvements for sale to non RSLs	-	-	-	-	-	62,050	-	-	-	(2,474)
Wellwynd Community Hub	-	-	-	122,384	122,384	122,003	-	34,612	87,772	(30,455)
Other activities	-	-	-	546,919	546,919	694,937	-	794,634	(247,715)	(16,164)
<b>Total from other activities, 2015</b>	-	-	-	<b>669,303</b>	<b>669,303</b>	<b>878,990</b>	-	<b>829,246</b>	<b>(159,943)</b>	<b>(49,093)</b>
<b>Total from other activities, 2014</b>	-	-	-	<b>878,990</b>	<b>878,990</b>	-	-	<b>928,083</b>	<b>(49,093)</b>	-

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2015**

	Group		Association	
	2015	2014	2015	2014
<b>5. Interest receivable and other income</b>				
	£	£	£	£
Interest receivable on deposits	55,350	39,004	55,350	39,004
<b>6. Interest payable and similar charges</b>				
On private loans	(2,078,510)	(2,043,222)	(2,078,510)	(2,043,222)

The figure shown for interest is after capitalising £5,530 for 31<sup>st</sup> March 2015 (£nil 31<sup>st</sup> March 2014.)

<b>7. Restricted reserves – Group</b>	Opening Balance	Transfer	Closing Balance
	£	£	£
Revaluation reserve (Note 9c)	195,132	-	195,132

<b>8. Revenue Reserves</b>	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
At 1 April 2014	12,683,799	10,012,504	12,779,808	9,955,027
Surplus for the year	2,348,885	2,655,383	2,126,489	2,808,869
Transfer from designated reserves	171,199	15,912	171,199	15,912
At 31 March 2015	15,203,883	12,683,799	15,077,496	12,779,808

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

**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 beginning of year	166,823,223	9,528,442	456,838	176,808,502
Additions during year	2,123,491	18,030,913	-	20,154,406
Transfers	9,606,089	(9,606,089)	-	-
Disposals	(796,246)	(1,273,346)	(79,773)	(2,149,365)
Impairment	-	-	-	-
At end of year	177,756,557	16,679,920	377,065	194,813,542
<b>Depreciation</b>				
At beginning of year	14,105,895	-	39,133	14,145,028
Additions during year	1,822,469	-	3,941	1,826,410
Eliminated on disposal	(322,778)	-	(9,229)	(332,007)
Impairment	15,605,586	-	33,845	15,639,431
	<b>162,150,971</b>	<b>16,679,920</b>	<b>343,220</b>	<b>179,174,111</b>
<b>Housing properties-cost less depreciation</b>				
<b>HAG and Other Grants</b>				
At beginning of year	89,758,939	7,160,266	201,365	97,120,570
Received during year	276,496	10,891,476	-	11,167,972
Transfers	4,819,894	(4,819,894)	-	-
Eliminated on disposal	(73,565)	(560,000)	(34,323)	(667,888)
	94,781,764	12,671,848	167,042	107,620,654
<b>Net Book Value</b>				
At end of year 31 March 2015	67,369,207	4,008,072	176,178	71,553,457
At end of year 31 March 2014	62,958,391	2,368,176	216,340	65,542,905

Development administration costs capitalised amounted to £71,611 (2014 - £56,341) for which no Housing Association Grants were received in year end March 2015 (2014 - £nil). Of the total expenditure to housing properties available for letting in the year, £1,272,246 relates to replaced components and £18,823,960 relates to new housing developments and MTR additions.

The total value capitalised for 2015 was £20,096,206 in costs and £11,167,972 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 2015**

**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 beginning of year	167,039,527	9,528,442	456,838	177,024,807
Additions during year	2,123,491	18,030,913	-	20,154,404
Transfers	9,606,089	(9,606,089)	-	-
Disposals	(796,246)	(1,273,346)	(79,773)	(2,149,365)
Impairment	-	-	-	-
At end of year	177,972,861	16,679,920	377,065	195,029,846
<b>Depreciation</b>				
At start of year	14,105,895	-	39,133	14,145,028
Provided during year	1,822,469	-	3,941	1,826,410
Eliminated on disposal	(322,778)	-	(9,229)	(332,007)
Impairment	-	-	-	-
	15,605,586	-	33,845	15,639,431

**Housing properties-cost less depreciation**

	162,367,275	16,679,920	343,220	179,390,415
<b>HAG and Other Grants</b>				
At beginning of year	89,758,939	7,160,266	201,365	97,120,570
Received during year	276,496	10,891,476	-	11,167,972
Transfers	4,819,894	(4,819,894)	-	-
Eliminated on disposal	(73,565)	(560,000)	(34,323)	(667,888)
	94,781,764	12,671,848	167,042	107,620,654
<b>Net Book Value</b>				
At end of year 31 March 2015	67,585,511	4,008,072	176,178	71,769,761
At end of year 31 March 2014	63,174,693	2,368,176	216,340	65,759,209

Development administration costs capitalised amounted to £71,611 (2014 - £56,341) for which no Housing Association Grants were received in year end March 2015 (2014 - £nil). Of the total expenditure to housing properties available for letting in the year, £1,271,756 relates to replaced components and £18,831,452 relates to new housing developments and MTR additions.

The total value capitalised for 2015 was £20,103,208 in costs and £11,167,972 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 2015

9c. Investment properties – Group

	Lock-ups £	Commercial Units £	CV-Lets Brand £	Total £
<b>Cost/Valuation</b>				
At beginning of year	128,000	514,999	1,436,130	2,079,129
Additions during year	-	-	-	-
Impairment	(3,000)	-	-	(3,000)
Disposals	-	-	-	-
At end of year	125,000	514,999	1,436,130	2,076,129

The Lock ups were revalued by Jones Lang La Salle in May 2015; 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 2015

10a

	Land & Buildings £	Leasehold Improvement £	Office Equipment £	Plant & Other Equipment £	Fixtures and Fittings £	Computer £	Total £
<b>Cost</b>							
At beginning of year	4,552,231	3,558,033	268,335	14,407	41,728	440,155	8,874,889
Additions during year	-	11,491	581	-	-	83,928	96,000
Disposals	-	-	-	-	-	(3,277)	(3,277)
	4,552,231	3,569,524	268,916	14,407	41,728	520,806	8,967,612
<b>Grants</b>							
At beginning 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 beginning of year	354,082	89,229	253,861	11,773	-	418,904	1,127,849
Provided during year	70,324	22,018	1,508	1,317	-	29,949	125,116
On disposals	-	-	-	-	-	(3,277)	(3,277)
	424,406	111,247	255,369	13,090	-	445,576	1,249,688
<b>Net Book Value</b>							
At end of 31 March 2015	4,127,825	549,296	2,679	1,317	-	66,699	4,747,816
At end of 31 March 2014	4,198,149	559,823	3,606	2,634	-	12,720	4,776,932

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

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2015**

10b

<u>Cost</u>	Land & Buildings £	Leasehold Improvement £	Office Equipment £	Plant & Other Equipment £	Fixtures and Fittings £	Computer £	Total £
At beginning of year	4,552,231	3,558,033	268,335	14,407	41,728	440,155	8,874,889
Additions during year		11,491	581			83,928	96,000
Disposals	4,552,231	3,569,524	268,916	14,407	41,728	520,806	8,967,612
<u>Grants</u>							
At beginning 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
<u>Depreciation</u>							
At beginning of year	354,082	89,229	253,861	11,773	-	418,904	1,127,849
Provided during year	70,324	22,018	1,508	1,317	-	29,949	125,116
On disposals	-	-	-	-	-	(3,277)	(3,277)
	424,406	111,247	255,369	13,090	-	445,576	1,249,688
<u>Net Book Value</u>							
At end of 31 March 2015	4,127,825	549,296	2,679	1,317	-	66,699	4,747,816
At end of 31 March 2014	4,198,149	559,823	3,606	2,634	-	12,720	4,776,932

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

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2015**

11a. Fixed asset investment - Homestake	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
LIFT loans made to owners	1,128,873	1,178,946	1,128,873	1,178,946
LIFT grant	(1,128,873)	(1,178,946)	(1,128,873)	(1,178,946)
Shared equity investment	97,250	104,250	-	-
	<u>97,250</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 3 properties through our Carmyle Development where we retained a 25% share.

11b. Investments	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
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 2015, the capital and reserves of Clyde Valley Property Services were £537,822 with a taxable profit for the year of £280,058.

12. Stock	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
Cost of developing properties	1,532,256	1,212,682	858,346	145,000
Grants received to develop properties	-	-	-	-
	<u>1,532,256</u>	<u>1,212,682</u>	<u>858,346</u>	<u>145,000</u>

13. Debtors	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
Amounts falling due within one year:				
Rental arrears	1,218,072	618,337	1,218,072	618,337
Less: provision for bad debts	(147,748)	(176,731)	(147,748)	(176,731)
	<u>1,070,324</u>	<u>441,606</u>	<u>1,070,324</u>	<u>441,606</u>
Intercompany debtors	-	-	2,265,061	3,064,234
Other debtors	307,114	444,615	73,750	248,833
Prepayments and accrued income	745,791	3,409,157	730,055	3,379,853
	<u>2,123,229</u>	<u>4,295,378</u>	<u>4,139,190</u>	<u>7,134,526</u>

Prepayments include a swap buy out of £112,500 the cost of which is being 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 £2,102,073 (2014: £2,847,783). This has formally been secured against the assets of Clyde Valley Property Services Ltd and repayments totalling £1,515,276 were made during the year. The working capital debtor £162,989 has been repaid post year-end. The loan accrued interest between 0.78% and 3.12%, for which £22,774 (2014: £30,932) was charged in the year.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2015**

14. Creditors – amounts falling due within one year	Group		Association	
	2015 £	2014 £	2015 £	2014 £
Bank loans & overdrafts (Note 15)	357,332	726,378	357,332	726,378
Trade creditors	1,084,574	998,652	1,078,974	969,135
Other tax and social security	57,664	47,437	-	-
Other creditors	94,062	80,814	22,902	18,108
Accruals and deferred income	2,309,453	946,936	2,192,596	847,433
Rent in advance	146,058	309,751	146,058	309,751
	<u>4,049,143</u>	<u>3,109,968</u>	<u>3,797,862</u>	<u>2,870,805</u>

15. Creditors – amounts falling due after more than one year	Group		Association	
	2015 £	2014 £	2015 £	2014 £
Housing loans	70,034,953	66,248,512	70,034,953	66,248,512
Other creditors	553,965	595,396	428,411	543,272
Retentions	229,390	112,464	229,390	87,243
	<u>70,818,308</u>	<u>66,956,372</u>	<u>70,692,754</u>	<u>66,879,027</u>

Loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest of 0.78% to 3.12% (2014 – 0.76% to 3.11%) in instalments due as follows:

	Group		Association	
	2015 £	2014 £	2015 £	2014 £
Less than one year	357,332	726,378	357,332	726,378
Between one and two years	-	-	-	-
Between two and five years	4,000,000	-	4,000,000	-
In five years or more	66,034,953	66,248,512	66,034,953	66,248,512
	70,392,285	66,974,890	70,392,285	66,974,890
Less: Included in current liabilities	(357,332)	(726,378)	(357,332)	(726,378)
	<u>70,034,953</u>	<u>66,248,512</u>	<u>70,034,953</u>	<u>66,248,512</u>

16. Share capital	Group		Association	
	2015 £	2014 £	2015 £	2014 £
Shares of £1 each issued and fully paid				
At beginning of year	88	78	88	78
Issued during year	11	19	11	19
Shares forfeited in year	(15)	(9)	(15)	(9)
At end of year	<u>84</u>	<u>88</u>	<u>84</u>	<u>88</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 2015**

17. Directors' emoluments	Group		Association	
	2015 £	2014 £	2015 £	2014 £
Aggregate emoluments payable to directors (excluding pension contributions and benefits in kind)	<u>413,357</u>	<u>385,157</u>	<u>413,357</u>	<u>385,157</u>
Emoluments payable to highest paid director who received emoluments (excluding pension contributions) were:	96,861	93,725	96,861	93,725
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 highest paid Director in the year amounted to £9,198 (2014 - £8,991)

Emoluments paid to Directors excluding pensions can be analysed as:

	No	No
£60,001 - £70,000	-	-
£70,001 - £80,000	3	4
£80,001 - £90,000	-	-
£90,001 - £100,000	<u>2</u>	<u>1</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 £38,239 (2014: £29,430)

**18. Employee information**

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

	Group		Association	
	2015 No	2014 No	2015 No	2014 No
Office staff	56	58	56	58
Care & Repair	-	-	-	-
Wider Action	-	-	-	-
	<u>56</u>	<u>58</u>	<u>56</u>	<u>58</u>
	£	£	£	£
Staff costs (including directors' emoluments):	1,833,736	1,803,164	1,833,736	1,803,164
Social security costs	179,300	152,234	179,300	152,234
Pension costs (Note 23)	<u>449,552</u>	<u>273,105</u>	<u>449,552</u>	<u>273,105</u>
	<u>2,462,588</u>	<u>2,228,503</u>	<u>2,462,588</u>	<u>2,228,503</u>

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2015**

19. <b>Operating surplus</b>	<b>Group</b>		<b>Association</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Operating surplus is stated after charging:				
Depreciation	1,826,410	1,825,248	1,826,410	1,825,248
External auditor's remuneration				
- In their capacity as auditors	17,990	17,310	12,860	12,360
- In respect of other services	-	-	-	-
Internal auditor's remuneration	<u>9,012</u>	<u>10,980</u>	<u>9,012</u>	<u>10,980</u>

**20. Taxation**

The Association was granted charitable status on the 20<sup>th</sup> 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 £57,664 has been made. (2014 £46,324).

21. <b>Capital commitments</b>	<b>Group</b>		<b>Association</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</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>7,001,539</u>	<u>5,463,100</u>	<u>6,816,849</u>	<u>4,937,060</u>

Contracted expenditure will be financed by £4,836,045 of Private Finance.

**22. Leasing commitments**

At 31 March 2015, 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 2015

#### 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 2014. 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 £539 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £281 million, equivalent to a past service funding level of 66%.

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

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2015**

**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 1/60<sup>th</sup> accrual rate and the career average revalued earnings with a 1/80<sup>th</sup> accrual rate (from 1 April 2011) benefit options for active members as at 1 April 2012 and the career average revalued earnings with a 1/80<sup>th</sup> 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 44 active members of the Scheme employed by Clyde Valley Housing Association Ltd. The annual pensionable payroll in respect of these members was £1,430,374.

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 2015**

**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 2014. As of this date the estimated employer debt for Clyde Valley Housing Association Ltd was £10,630,360.

The present day value of the total commitment over the next 12.5 year discounted at 4% is £3.83m. 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 a designated reserve.

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2015**

**24. Housing Stock**

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

	Group Units under Management		Association Units under Management	
	2015	2014	2015	2014
Unimproved	1,597	1,609	1,597	1,609
New Build	1,564	1,462	1,547	1,445
Shared Ownership	5	6	5	6
	<u>3,166</u>	<u>3,077</u>	<u>3,149</u>	<u>3,060</u>

**25. Legislative provisions**

The association is registered under the Co-operative and Community Benefit Societies Act 2014.

**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 2015.

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 2015**

**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.