

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**  
**GROUP REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

## Clyde Valley Housing Association Limited

### Group Report and Financial Statements For the year ended 31 March 2016

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#### Registration Particulars:

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014 Registered Number SP2489RS
Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered Number 291
Scottish Registered Charity	Number SC037244

## **Clyde Valley Housing Association Limited**

### **Board, Executives and Advisers For the year ended 31 March 2016**

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#### **Members of Board**

The Members of the Board of the Association during the year to 31 March 2016 were as follows:

1. Campbell Boyd, Chairman
2. Allan Murray, Vice Chairman
3. John McBride, Secretary
4. John Gormley
5. Linda Scott
6. Jonathan Fair
7. Richard Maconachie
8. Donna Valance
9. Edward Harkins
10. Andrew McFarlane
11. Alex Baird
12. Kerr Luscombe (appointed September 2015)

#### **Observers**

13. Councillor Thomas Lunny
14. Councillor Monica Lennon

#### **Resignations**

15. Tom Campbell, Vice Chairman (resigned in September 2015)

#### **Registered Office**

50 Scott Street  
Motherwell  
ML1 1PN

#### **Auditor**

RMS UK Audit LLP  
Statutory Auditor  
Chartered Accountants  
Third Floor  
Centenary House  
69 Wellington Street  
Glasgow  
G2 6HG

#### **Bankers**

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

#### **Solicitors**

BTO Solicitors LLP  
48 St Vincent Street  
Glasgow  
G2 5HS

## Clyde Valley Housing Association Limited

### Board, Executives and Advisers

For the year ended 31 March 2016

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#### Leadership Team

The Leadership Team of the Association during the year to 31 March 2016 were as follows:

Tom Barclay	Chief Executive
Shirley MacDonald	Finance Director
John Turnbull	Investment Director
Nareen Owens	Customer Services Director

#### Committee Membership 2016

Finance Committee	Allan Murray, Chair Donna Valance Richard Maconachie John McBride Andrew McFarlane Alex Baird
Audit and Risk Committee	Edward Harkins, Chair John Gormley Campbell Boyd John McBride Alex Baird

## Clyde Valley Housing Association Limited

### Group Report of the Board For the year ended 31 March 2016

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The Board presents their report and audited financial statements for the year ended 31 March 2016.

#### Chairman's Report

It has been another busy and diverse year for the Clyde Valley Group.

Our Board started strategic discussions on our new Corporate Strategy: 2020 Vision and were successful in securing a new funding deal with our lending syndicate for a further £30million. These funds will be used to help deliver the Group's strategic objectives in relation to tackling the demand for social housing in Scotland.

A fundamental piece of work was the approval of a 5 Year Rental Strategy with customers. Following a period of detailed and extensive engagement, the strategy seeks to:

- Achieve financial sustainability
- Meet business and community objectives
- Deliver rental affordability
- Deliver best value and meet tenant expectations
- Cope with external operating environment
- Find new ways of meeting housing need

We also engaged with over 60% of our customers in relation to their service experiences and expectations and refreshed our Customer Engagement Strategy as a result. The key priorities identified by customers, and which are now embedded in our new Corporate Strategy are:

- Delivering an effective repairs service
- Improving homes
- Charge affordable rents
- Secure home environment
- Knowledgeable staff

The on-going challenges in the industry continue to challenge us as a business, but also allow us to think differently and look for new opportunities. We have a great experienced team of trustees, staff, contractors and partners and together we will continue to develop and grow and ultimately continue with our mission of "Providing Homes, Shaping Communities".



**Campbell Boyd**  
Chairman

## Clyde Valley Housing Association Limited

### Group Report of the Board For the year ended 31 March 2016

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#### Chief Executive's Report

This has been another year of positive change for the Clyde Valley Group.

In July we implemented the outcomes from our full organisation review. This was based on a comprehensive examination including consultation and engagement with all staff and an assessment of the external pressures facing the business to ensure that we could continue to offer a first rate service to customers and ensure the long term financial viability of the organisation.

As a result we aligned the business to 3 key areas; namely, People, Property and Finance. We are a customer focused business and this has allowed clearer definition of roles and responsibilities, as well as enhancement of roles for our people, more efficient and streamlined working practices, value for money and improved access to and quality of services.

This year will see further expansion of our customer service enhancement work through our "What does great look and feel like" programme and the review of our customer service standards. The work and engagement with our Customer Panel has been instrumental in hearing our customer's views, ideas and opinions across a number of areas, and we are looking to help support this even more going forward. This coupled with our monthly independent feedback has allowed lots of service improvements through our "You Said, We Did" ethos.

We recognise that a large number of our customers are vulnerable and these are testing times. By focusing our housing services to specialist teams of tenancy sustainment, revenue and lettings, we are looking to provide bespoke support to all customers as part of our new housing options model.

In addition, we have a significant programme of new supply which will continue to address the demand, not only for social housing, but other affordable tenures as well. With our new funding facility we will see just over 700 properties being developed across Lanarkshire. This coupled with our on-going planned programme renewal works ensures our customers have high quality, safe and secure homes.

Our new Corporate Strategy: 2020 Vision takes us into our 21<sup>st</sup> year as the leading social housing provider in Lanarkshire, and we will continue to strive to exceed customer expectations in all that we do.



**Tom Barclay**  
Chief Executive

## Clyde Valley Housing Association Limited

### Group Report of the Board For the year ended 31 March 2016

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#### Strategic Report Who We Are

The Clyde Valley Group (CVG) is a thriving social business recognised for innovative and partnership approaches to meeting community needs. Clyde Valley Housing Association (CVHA), the Group's main operating company, has a 20 year track record of delivering housing management, scheme development and high quality housing services for a diverse range of customers.

The Group's activities cover principally North Lanarkshire, South Lanarkshire, with interests in Glasgow and East Dunbartonshire. There are 2 principal companies in the Group:

- **Clyde Valley Housing Association Limited**  
The Group parent
- **Clyde Valley Property Services Limited (CVPS)**  
Its commercial property company (and wholly owned subsidiary of CVHA).

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

	31 March 2016	31 March 2015
Tenanted Properties	3,250	3,144
Shared Ownership Properties	5	5
<b>Total</b>	<b>3,255</b>	<b>3,149</b>

#### Principal Activities

We are a highly successful developer of new affordable housing and provide excellent services for a number of other associations and partners.

Clyde Valley Housing Association sets the Group's overall direction and growth strategy and oversees Group performance. It delivers housing management services to all customers, 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.

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

## Clyde Valley Housing Association Limited

### Group Report of the Board For the year ended 31 March 2016

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#### Objectives

Our new Corporate Strategy: 2020 Vision sets out the values, strategic themes and ambitions for the CVG.

#### Vision

Our 2020 vision is:

- To deliver an ambitious, expanded programme of high quality services that our customers want, in the way that they want to receive them, whilst improving the wellbeing of those who need extra support, through a bespoke Clyde Valley Housing Options model.
- To be a force for positive change by investing in our homes and local communities to reduce fuel poverty, support people into work and provide opportunities for young people.
- To increase the number of new homes that we build each year across the Group by 2020, enabling more people to rent or buy a home that they can afford.
- To give our employees rewarding careers by investing in them and enabling them to exceed the expectations of our customers.

Put simply: "Providing homes, shaping communities".

#### Values

Our values are important to us and underpin everything we do.

Innovation	We will look for innovative solutions to resolve problems, deliver positive outcomes and achieve value for money.
Integrity	We will deliver on our promises and be clear about what we can and cannot do. We will listen to and respect our customers and everyone we work with.
Inclusion	We believe we can achieve far more by working in partnership with others. We will work together to provide excellent services and products.

#### Strategic Themes

The strategic themes are a reflection of the scale of the Group's ambitions and our potential to achieve them.

1.	Provision of innovative solutions and appropriate support to improve health, wellbeing and tenancy sustainment.
2.	Well governed, delivering best value and ensuring efficiency.
3.	Supply of good quality housing across all tenures.
4.	Excellent services and opportunities for our people.
5.	Regeneration, investment and sustainability of homes and communities.



## Clyde Valley Housing Association Limited

### Group Report of the Board For the year ended 31 March 2016

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#### Strategy for Achieving Objectives

Figure 1 below illustrates the overarching strategies which are in place to ensure that ambitions are achieved and are at the core of all that we do.

Figure 1 – CVG Corporate Plan and Supporting Framework

Corporate Strategy: 2020 Vision		
30 Year Business Plan		
Activity Plans (Service and Individual)	Value for Money Statement and Performance Report	Asset Management Strategy
Corporate Social Responsibility Strategy	Customer Engagement Strategy	Equality Strategy
HR Strategy	ICT Strategy	Marketing and Communications Strategy
Procurement Strategy	Risk Strategy	Treasury Management Strategy

In establishing the Corporate Strategy the focus has been on making a clear connection between the activities and the contribution of the individual (Board, staff, customer and partners), and the strategic direction and focus of the Group over the 5 year period. This is called the *Golden Thread* linking strategy with delivery.

There are a number of operational tools which form the Golden Thread and some of these include:

- Service Activity Plans
- Individuals Activity Plans
- Action and Improvement Plans
- Training and Development Plans
- Value for Money Statement
- Performance Management Framework
- Risk Management Strategy and Registers
- Key Performance Indicators; and
- Benchmarking activities

The Corporate Strategy sets out our strategic direction and ambitions towards 2020. However business planning, management and assurances processes have the ability to respond to a volatile and uncertain business environment, which is likely to continue.

## Clyde Valley Housing Association Limited

### Group Report of the Board For the year ended 31 March 2016

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#### Operational Objectives

In terms of operational objectives during the year, this was implemented under our previous Corporate Plan and 3 difference strategy objectives. Key outcomes were:

1.	Sustainable services for customers and communities.
	<ul style="list-style-type: none"><li>- Undertook full Customer Satisfaction Survey with tenants and homeowners.</li><li>- Enhanced and implemented our Customer Engagement Strategy.</li><li>- Redesigned our housing team to offer specialist services in tenancy sustainment, revenue and lettings.</li><li>- Developed and implemented further initiatives to help customers manage impact of welfare reform and minimise risk for Association.</li><li>- Improved complaints policy and monitoring system.</li><li>- Achieved Customer Service Excellence re-accreditation.</li><li>- Worked with the Clyde Valley Customer Panel to review rents, investment, new website, repairs and communications.</li><li>- Sought monthly independent feedback from all customers who had received a service to monitor satisfaction and identify potential areas of service improvement.</li><li>- Produced our Value for Money Statement.</li><li>- Implemented substantial planned programme of major, cyclical and reactive works to ensure customers' homes remained safe and secure.</li><li>- Undertook medical adaptations to ensure customer could remain in their homes.</li></ul>
2.	Excellent services and opportunities for our people.
	<ul style="list-style-type: none"><li>- Undertook organisational review. Streamlined the business into 3 distinct areas; namely, People, Property and Finance.</li><li>- Reviewed roles and competencies.</li><li>- Further developed 1-1 and annual review process.</li><li>- Developed annual training plan.</li><li>- Developed a new Corporate Social Responsibility Action Plan.</li><li>- Promoted and supported volunteering amongst staff.</li><li>- Raised over £24,000 through employee payroll giving scheme and charitable events to benefit local charities and individuals.</li></ul>
3.	Positive opportunities for growth and diversification.
	<ul style="list-style-type: none"><li>- Finalised new refinancing deal which will see further £30m of investment in new homes.</li><li>- Built and handed over 119 new homes.</li><li>- Continued to improve insulation levels on non-traditional house types.</li><li>- Implemented innovative investment project with key partners to develop 14 new homes for mid-market rent in town centre locations.</li><li>- Provided managed lettings services for mid-market and market rent properties.</li><li>- Management of One Wellwynd community hub facility supporting 5 social enterprises and small local businesses employing over 60 people.</li><li>- Implemented the Clyde Valley Business School, getting 23 local unemployed people into work.</li></ul>

## Clyde Valley Housing Association Limited

### Group Report of the Board For the year ended 31 March 2016

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#### 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 25. The Group made a surplus of £2,624,377 (2015: £122,793) after providing for Corporation Tax of £42,452 (2015: £57,664). The largest operating cost areas in the Group are our planned investment programme, reactive maintenance and direct costs which in 2015/16 accounted for about 42% 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 £2,373,877 of which £1,864,118 was capitalised and £509,759 recognised in the Income and Expenditure account.

#### 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. Where creditors have shorter payment terms these are adhered to.

#### 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. 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 2015/16 rent increase was set at 3.0%.

In terms of future rental strategy, the Board in consultation with the tenants and tenants panel have approved a 5 year Rental strategy which is set at 3% per annum and be reviewed on a rolling basis after year 3. This process will take into account the Associations value for money strategy and cost pressures.

#### 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.

## **Clyde Valley Housing Association Limited**

### **Group Report of the Board For the year ended 31 March 2016**

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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.

#### Treasury Management

CVHA has an agreed loan facility of £110m with lenders Bank of Scotland (part of Lloyds banking group) and Barclays Bank, of which £33.9m was undrawn at 31 March 2016. 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 2016, CVHA had a mix of fixed and variable rate finance, which it considers appropriate at this time.

#### 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. This restricts the cash reserves that can be generated as the organisation is not for profit and a registered charity. However the 2016 Business Plan predicts that the Association will be in surplus during the next 30 years, which will allow full repayment of the agreed loan facility.

The total reserves position as at 31 March 2016 is £12,812,691. Some of these reserves are earmarked towards the Association's loan repayment schedule which commences in March 2019.

#### 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.

#### Home Ownership

CVHA sold 12 properties under the Right to Buy (RTB) in the year to 31 March 2016. 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.

#### New Accounting Legislation

The financial statements reflect the introduction of Financial Reporting Standard 102 ('FRS 102') and the Statement of Recommended Practice for Registered Social Landlords 2014 for the first time. Comparative figures have been updated accordingly. See note 27 to the financial statements for further detail.

## **Clyde Valley Housing Association Limited**

### **Group Report of the Board For the year ended 31 March 2016**

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#### Future New Supply Developments

The Association has a track record of New Supply development with over £210m of development spend since it was formed and the provision of over 1,900 new build properties either delivered or awaiting delivery. We plan to 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 Business Plan for 2016 includes the development of circa 700 units of residential accommodation with around £63m of capital expenditure associated with this development activity over the business plan period. Whilst this is largely Social Rented accommodation there is a provision for intermediate rented accommodation (known as Mid-Market Rent). This takes account of the fact that in the current economic climate there has been a change in the client group who may be seeking rented accommodation including customers who would traditionally have considered home ownership and not be eligible for social rented accommodation now seeking rented accommodation with rent levels between the social rented level and the open market level.

In addition the Association acknowledges that a more flexible approach to development and development funding in future will be required to deliver a range of projects accommodating mixed tenure and also coping with the changing housing needs of the Scottish population. The Association continues to work with Scottish Government and Strategic Housing Authorities to deliver the overall housing strategy.

## **Clyde Valley Housing Association Limited**

### **Group Report of the Board For the year ended 31 March 2016**

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#### **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.

#### **Development and Performance**

Effective service delivery is a high priority for the Association and it is important that this can be measured in the most appropriate way. During 2015/16 CVHA was successful in being re-accredited under the Customer Services Excellence scheme, which demonstrates excellent engagement and service delivery.

As well as undertaking our Customer Satisfaction Survey, with over 60% of tenants and homeowners, we issued with our Annual Performance Report in response to the Scottish Social Housing Charter.

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 2015/16 the Group's Procurement Strategy and Manual were reviewed and independently audited 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 commenced 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.

During 2015/16 we enhanced our Value for Money Strategy and issued a Value for Money Statement to all customers.

We also look beyond the organisation when measuring performance, including:

- benchmarking performance and carrying out peer work against other comparable organisations such as our G8 Benchmarking Club, and the Lanarkshire Voluntary Housing Forum.
- representation on the Nunspeet Group which is an international group of affordable housing chief officers.
- reviewing best practice within and beyond the industry through professional membership including CIPFA; the Governance Institute; the Institute of Directors; the Chartered Institute of Housing (CIH); the Royal Institution for Chartered Surveyors (RICS); Chartered Institute for Personnel and Development (CIPD); Chartered Institute for Management Accountants (CIMA).
- membership of the Scottish Housing Best Value Network (SHBVN), which is a consortium of local authority and housing association landlords working together to drive up performance, meet the demands of Best Value and deliver quality services by means of benchmarking, self-assessment, good practice exchange and information sharing.

We seek to measure performance in a number of ways and on a regular basis and we have a robust Performance Management Framework in place. This helps to build a rounded picture of our strengths and weaknesses, identify trends over time and allows us to address opportunities for improvement. Some of the methods used to measure performance include:

Method	Reported
Individual Activity Plans for all staff, linked to above.	→ Monitored at staff monthly 1-1's.
Key Performance Indicators (KPIs)	→ Reported quarterly to Board.
Strategic Risk Registers	→ Reported to Board and Audit and Risk Committee quarterly.
Operational Risk Registers	→ Monitored by Leadership and Management Team members through meetings and 1-1's.
Complaints and Compliments Monitoring	→ Reported to Board and Committees quarterly. Also reported to customers quarterly as part of You Said, We Did programme.
Independent Customer Feedback	→ Reported to Board and Committees quarterly. Also reported to customers quarterly as part of You Said, We Did programme.
Customer Satisfaction Survey	→ 3 yearly survey reported to Board. Also reported to customers quarterly as part of You Said, We Did programme.
Internal Audit Programme	→ 3 year rolling programme with reports and findings quarterly to Audit and Risk Committee.
Customer Panel Action Plan	→ Regular reports to Board for consideration.

## Clyde Valley Housing Association Limited

### Group Report of the Board For the year ended 31 March 2016

#### Future Prospects

In line with our new Corporate Strategy: 2020 Vision, we have developed our objectives in line with revised Strategic Objectives: Key activity over the coming year will include:

1.	Provision of innovative solutions and appropriate support to improve health, wellbeing and tenancy sustainment.
	<p>During 2016/17 we will continue to focus significant energy on implementing the UK Government's Welfare Reform Act 2012. Much of our income is derived from social rents, where a significant number of tenants currently receive Housing Benefit. Our Welfare Reform working party have already put in place a number of measures to mitigate the risks of these changes these will be continually reviewed. Additional support is being offered to those customers affected and this will continue to ensure all income is maximised. Through on-going discussions with local authority partners, fellow social housing providers, professional bodies and lenders we seek to be proactive in sharing knowledge and good practice and have developed good working relationships with the Department for Work and Pensions.</p> <p>As part of our work on Welfare Reform there is a significant commitment to managing the transition effectively ensuring accurate customer profiling, raising customer awareness, providing practical advice and assistance, and more significantly redesigning how we deliver services and reprioritising workloads amongst key frontline staff. During 2016/17 we will be defining the Clyde Valley Housing Options Model and see the implementation of this commence, including development and role enhancements for staff.</p> <p>We will continue to support our Customer Panel to develop their new action plan and review membership to ensure as wide a representation as possible.</p>
2.	Well governed, delivering best value and ensuring efficiency.
	<p>We will undertake a health check of the 5 Year Rental Strategy against current economic conditions.</p> <p>We will continue our commitment to effective performance management, service excellence and continuous improvement. We will seek to continue to perform well across many key indicators, comparing ourselves with G8 benchmarking partners. We will continue to implement our Performance Reporting Framework for the Board and ensure that these are consistent with the requirements of the Scottish Housing Charter and Scottish Housing Best Value Network.</p> <p>We will continue to review our governance arrangements and put a robust development plan in place for the succession of our new Vice Chairman to chair during 2017. New members will receive further mentoring and induction support. We will also ensure that all statutory internal and external requirements for governance are met.</p> <p>We will continue with our 3 year rolling programme of Internal Audit focusing on areas such as Energy Efficiency Standard for Housing, ARC Compliance, Business Planning, Duty of Care (Asbestos, Gas, Water Hygiene &amp; Fire Assessments), Payments, as well as a business process review of our finance systems.</p> <p>We will continue to review our Complaints Handling Process which is aligned to the Scottish Public Services Ombudsman Model Complaints Handling Guide for Housing Associations. We enhanced processes around our Complaints Monitoring System which is fully integrated with our core housing management system and allows effective recording and reporting for both internal and external customers, through our You Said, We Did programme.</p>



**Clyde Valley Housing Association Limited**

**Group Report of the Board  
For the year ended 31 March 2016**

	<p>We will continue to work with our auditors on the implementation of FRS102 and new SORP on our accounts.</p> <p>We will continue to explore partnerships with other local RSL's and will take a position as founder member of the Scottish Procurement Alliance to assist with delivering contracts and demonstrating excellent value for money.</p>
3.	Supply of good quality housing across all tenures.
	<p>We will ensure the effective delivery of our new supply development programme. CVG is currently the only locally based developer working within North and South Lanarkshire Council areas and continue with a very active development programme. By the end March 2017 we had assembled a land bank totalling 490 properties. These were all funded through subsidy from Scottish Government and reflect the support that we receive from both North and South Lanarkshire Councils and Scottish Government.</p> <p>The core social rent programme continues to deliver properties across a number of sites within the local key markets. As well as social rent, we also have a number of properties being developed for mid-market rent, across a number of sites.</p> <p>During 2016/17 we will implement our Energy Efficiency Standard for Social Housing (EESH) delivery programme, in line with approved budget. In addition we will arrange for an independent audit of this work later in the year.</p> <p>We will implement our Planned Programme Renewal works, in line with approved budget and work closely with contractors to ensure that these are finished to a high quality and meet customers' expectations.</p> <p>Over the course of 2016/17 we will commence the refreshing of the Stock Condition Survey.</p> <p>We will continue to seek funding partners to help deliver energy efficiency improvement works.</p>
4.	Excellent services and opportunities for our people.
	<p>Following the inclusion of the results from the 2015 customer satisfaction survey we will ensure the implementation of our Customer Engagement Strategy. This Strategy outlines our engagement methods and techniques for our internal, external customers and stakeholders. We will also review our customer services standards for the Group and consider enhancements to delivery of these.</p> <p>We will undertake further business process review work to identify where we can improve processes and make resource efficiencies. Consideration will also be given to the ICT opportunities to streamline tasks.</p> <p>Expansion work linked to the organisational review will be carried out, to ensure that all team structures are fit for purpose and adequate for future challenges and high levels of service provision.</p> <p>We will also undertake pro-active development work, in order to develop an effective communication and team culture framework going forward; and to allow all staff to be fully engaged and consider development opportunities.</p>

## Clyde Valley Housing Association Limited

### Group Report of the Board For the year ended 31 March 2016

5.	Regeneration, investment and sustainability of homes and communities.
	<p>We will review our IT Strategy to ensure that this is aligned to our new Corporate Strategy and that we are maximising all opportunities for service efficiency and enhancement in this area, along with managing cyber-crime and data protection risks to the business.</p> <p>We will promote stock growth and diversification in the most pressured housing market areas, including intermediate rent and enhance and expand our service offering in the private sector housing markets.</p> <p>We will continue to manage and utilise our new lending facility, achieving growth for the CVG and ensure there are adequate covenant controls in place.</p> <p>We will continue to consider other innovative funding models in relation to investment.</p> <p>We will seek to expand our service offering in the private and mid-market rented sectors.</p>

### Principal Risks and Uncertainties

As part of its approval of its new Corporate Strategy to 2020 the Board considered and approved its Risk Appetite. This provided a framework for executives on the amount of risk that the organisation is prepared to accept, tolerate or be exposed to at any point in time, in order to meet its strategic objectives. Key risks areas are summarised as:

- Compliance and Regulation
- Development and Regeneration
- Financial
- Operational/ Service Delivery
- People and Culture
- Reputation
- Strategic Transformational Change

### Risk Oversight and Management Framework

Specific strategic and operational risks arising from the delivery of the Corporate Strategy: 2020 Vision are developed by executives. These risks are managed and monitored as part of the Risk Strategy and specifically through both Strategic and Operational Risk Registers. These registers detail controls and provide assurance of management of risks. As a result these registers provide a proportionate and dynamic response with clear need to revisit when risk extends beyond agreed tolerances.

The aim of the Risk Management Strategy is not to remove all risks but to recognise that some level of risk will always exist. It is recognised that taking risks in a controlled manner is fundamental to innovation and the building of a 'can-do' culture which is fundamental to the continued success of the Clyde Valley Group.

Our Strategic Risk Register is reviewed regularly by the Board and Audit and Risk Committee.

Extensive operational risk registers are reviewed by the Management Team and Leadership Team.

Our operating environment is characterised by change and uncertainty. The past few years has seen unprecedented volatility in the economy and financial and housing markets. As a result, and leading from the Risk Appetite Statement, our main strategic risks are highlighted as:

- further impact of the roll out of UK Government's welfare reform agenda;
- changes to political landscape- both local and national government;

## **Clyde Valley Housing Association Limited**

### **Group Report of the Board**

**For the year ended 31 March 2016**

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- impact of the changes to regulation of social housing delivery and focus on value for money;
- greater regulation of the private rented sector;
- updated Local Housing Strategy priorities;
- increased need for effective treasury, cashflow and cost management;
- pressures on customers' income; and
- national and local government continued austerity measures.

In addition to the above the organisation also has a three-year rolling Internal Audit programme, aimed at routinely reviewing the adequacy of internal controls. For 2016/17 this will focus on:

- ARC Compliance
- Governance - Business Planning
- Finance Efficiency Work
- Payments
- Duty of Care
- EESSH

The Audit and Risk Committee considers all independent reports and agrees the future programme of audit, as well as the overall risk framework for the organisation.

**Clyde Valley Housing Association Limited**

**Group Report of the Board  
For the year ended 31 March 2016**

**Key Performance Indicators (financial and non-financial)**

The following performance summary table incorporates Scottish Social Housing Charter Indicators and shows how we compared year on year, and also against our peers in these areas.

Performance Indicator	Results for 2013/14	Results for 2014/15	Results for 2015/16	Performance Compared to Last Year	SHBVN RSL results 2015/16	Industry Results 2014/15
% of tenants satisfied with overall service provided.	90%	89%	90%	↑	90%	88.1%
% of stock meeting the Scottish Housing Quality Standard	92%	96%	96%	→	92%	91%
% of tenants satisfied with the standard of their home when moving in.	67%	74%	91%	↑	91%	86.1%
% of tenants satisfied with the quality of their home.	100%	100%	100%	→	87%	85.8%
Average length of time taken to complete emergency repairs (hours).	1.71	1.7	1.6	↑	3.5	5.9
Average length of time taken to complete non-emergency repairs (days).	6.41	6.47	6.6	→	5.5	7.9
% of reactive repairs completed right first time.	82%	93.65%	91.8%	↓	90%	88.5%
% of repairs appointments kept.	99.6%	99.4%	99.6%	→	94%	99.4%
% of tenants who feel the rent for their property represents good value for money.	65%	67%	67%	→	78%	76.7%

## Clyde Valley Housing Association Limited

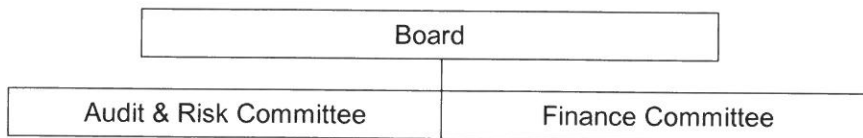
### Group Report of the Board For the year ended 31 March 2016

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#### 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



We also have an ad-hoc committee for Corporate Services which deals with staff and employment matters.

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. All Board members undertake an annual appraisal, which also links into the Board Development and Training Plan. During the year we refreshed our Board Skills, Composition and Recruitment Policy and were delighted to welcome a new member to the Board with expansive experience in the financial and risk industry. In addition the Board also elected a new Vice Chair as part of its Succession Plan, leading up to the end of the current Chairman's tenure in 2017.

The Leadership Team of CVHA is responsible for achieving the strategy outlined by the Board, and undertaking the associated operational activities.

The Group 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.

**Clyde Valley Housing Association Limited**

**Group Report of the Board  
For the year ended 31 March 2016**

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**Disclosure of Information to the Auditor**

The members of the Board at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

**Auditor**

A resolution for the reappointment of RSM UK Audit LLP, as auditors of the Association, will be proposed at the Annual General meeting.

By Order of the Board

  
Position: **CHAIRMAN**  
Date: **16/8/2016**

**Clyde Valley Housing Association Limited**

**Statement of Board's Responsibilities  
For the year ended 31 March 2016**

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The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to ensure that financial statements are prepared for each financial year, which give a true and fair view of the Association's state of affairs and of the surplus or deficit of the Association for that period. In preparing those financial statements, the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures being disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is not appropriate to presume that the Association will continue in business.

The Board is responsible for the keeping of proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Association. The Board must ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Housing Associations Determination of Accounting Requirements 2014. It is responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. 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

Position:

  
CHAIRMAN

Date:

16/8/2016

## Clyde Valley Housing Association Limited

### Board's Statement of Internal Financial Control For the year ended 31 March 2016

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The Board acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment 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 financial mis-statement or loss or failure to meet objectives. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the on-going documentation of key systems and rules relating to the delegation of authority which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- experienced and suitably qualified staff take responsibility for the important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the Leadership Team and Board to monitor the key business risks, financial objectives and progress being made towards achieving the financial plans set for the year and for the medium term;
- monthly/quarterly management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures through the Board;
- the Audit Committee/Board receives reports from management and from the external and internal auditors, to provide reasonable assurance that control procedures are in place and are being followed, and that a general review of the major risks facing the Association is undertaken; and
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal and external audit reports.

The effectiveness of the Association's system of internal financial control has been reviewed by the Audit Committee/Board for the year ended 31 March 2016. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in these financial statements or in the auditor's report on the financial statements.

By Order of the Board

Position:

  
CHAIRMAN

Date:

16/8/2016



**Clyde Valley Housing Association Limited**

**Independent Auditors' Report to the members of Clyde Valley Housing Association Limited on  
Corporate Governance Matters  
For the year ended 31 March 2016**

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In addition to our audit of the Financial Statements, we have reviewed your statement on page 24 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 Board 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 24 has provided the disclosures required by the relevant Regulator 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.

*RSM UK Audit LLP*

RSM UK Audit LLP  
Statutory Auditor  
Chartered Accountants  
Third Floor  
Centenary House  
69 Wellington Street  
Glasgow  
G2 6HG

*26/5/16*

## Clyde Valley Housing Association Limited

### Report of the Independent Auditors to the Members of Clyde Valley Housing Association Limited

For the year ended 31 March 2016

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We have audited the group and parent financial statements of Clyde Valley Housing Association Limited (the "financial statements" on pages 27-68). 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), including FRS102 The Financial Reporting Standard.

This report is made solely to the Association's member, 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 23, the Board are responsible for the preparation of the financial statement 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 2016 and of the group's and the association's income and expenditure for the year 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 Registered Housing Association Determination of Accounting Requirements – 2014.

#### Matters of 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.

*RSM UK Audit LLP*

RSM UK Audit LLP  
Statutory Auditor  
Chartered Accountants  
Third Floor  
Centenary House  
69 Wellington Street  
Glasgow, G2 6HG

*26/8/16*

Clyde Valley Housing Association Limited

Group Statement of Comprehensive Income  
For the year ended 31 March 2016

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	Notes	2016 £	2015 £
TURNOVER	2	17,807,075	16,173,691
Operating expenditure	2	<u>(12,449,816)</u>	<u>(11,301,459)</u>
OPERATING SURPLUS		5,357,259	4,872,232
Gain on disposal of property, plant and equipment		123,135	211,217
Interest receivable	6	38,383	55,350
Interest and financing costs	7	(2,737,999)	(2,207,510)
Movement in fair value of financial instruments		(128,949)	(2,466,832)
SURPLUS BEFORE TAX		<u>2,651,829</u>	<u>464,457</u>
Taxation		<u>42,452</u>	<u>57,664</u>
SURPLUS FOR THE YEAR		<u>2,609,377</u>	<u>406,793</u>
Actuarial gain /(Loss) in respect of pension schemes	25	15,000	(284,000)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>2,624,377</u></u>	<u><u>122,793</u></u>

The results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

**Clyde Valley Housing Association Limited**

**Statement of Comprehensive Income - Association  
For the year ended 31 March 2016**

---

	<b>Notes</b>	<b>2016 £</b>	<b>2015 £</b>
TURNOVER	2	16,905,099	14,237,108
Operating expenditure	2	<u>(11,552,992)</u>	<u>(9,644,936)</u>
OPERATING SURPLUS		5,352,107	4,592,172
Gain on disposal of property, plant and equipment		123,135	211,217
Interest receivable	6	38,383	55,350
Interest and financing costs	7	(2,737,999)	(2,207,510)
Movement in fair value of financial instruments		(128,949)	(2,466,832)
SURPLUS BEFORE TAX		<u>2,646,677</u>	<u>184,397</u>
Taxation		-	-
SURPLUS FOR THE YEAR		<u>2,646,677</u>	<u>184,397</u>
Actuarial gain /(Loss) in respect of pension schemes	25	15,000	(284,000)
TOTAL COMPREHENSIVE INCOME / (EXPENDITURE) FOR THE YEAR		<u><u>2,661,677</u></u>	<u><u>(99,603)</u></u>

The results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

Clyde Valley Housing Association Limited

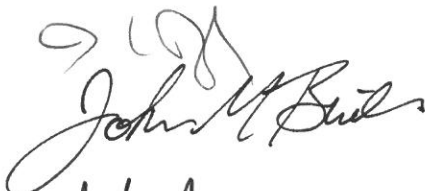
Group Statement of Financial Position  
For the year ended 31 March 2016

	Notes	2016 £	2015 £
<b>FIXED ASSETS</b>			
Housing properties	10.A	191,728,353	169,562,877
Other fixed assets	10.B	7,060,297	7,174,655
Investment properties	11	1,869,999	2,076,129
Fixed asset investments	12	2,000,002	-
Fixed asset investment - Homestake	13.A	38,750	97,250
		<u>202,697,401</u>	<u>178,910,911</u>
<b>CURRENT ASSETS</b>			
Properties held for sale	14	434,370	1,532,256
Trade and other debtors	15	2,575,719	2,123,229
Cash and cash equivalents		17,124,432	11,971,311
		<u>20,134,521</u>	<u>15,626,796</u>
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year	16	(9,307,587)	(5,338,817)
<b>NET CURRENT ASSETS</b>			
		<u>10,826,934</u>	<u>10,287,979</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>213,524,335</u>	<u>189,198,890</u>
Creditors: Amounts falling due after more than one year	17	(196,900,189)	(174,956,748)
Provisions for liabilities			
Pension provision	21	(3,811,361)	(4,053,744)
		<u>(200,711,550)</u>	<u>(179,010,492)</u>
<b>TOTAL NET ASSETS</b>			
		<u>12,812,785</u>	<u>10,188,398</u>
<b>RESERVES</b>			
Share Capital	22	94	84
Revaluation reserve		-	-
Income and Expenditure Reserve		12,812,691	10,188,314
<b>TOTAL RESERVES</b>			
		<u>12,812,785</u>	<u>10,188,398</u>

The financial statements on pages 25 to 66 were approved by the Board and authorised for issue on [date] and are signed on its behalf by:

16/8/2016

Chairperson



Secretary

Board Member



Clyde Valley Housing Association Limited

Statement of Financial Position - Association  
For the year ended 31 March 2016

	Notes	2016 £	2015 £
<b>FIXED ASSETS</b>			
Housing properties	10.A	191,944,657	169,779,180
Other fixed assets	10.B	7,060,297	7,174,655
Fixes asset investment	12	2,000,002	-
Investment in subsidiaries	13.B	1	1
		<u>201,004,957</u>	<u>176,953,836</u>
<b>CURRENT ASSETS</b>			
Properties held for sale	14	39,263	858,346
Trade and other debtors	15	4,153,608	4,139,190
Cash and cash equivalents		<u>17,125,587</u>	<u>11,887,980</u>
		<u>21,318,458</u>	<u>16,885,516</u>
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year	16	<u>(9,102,674)</u>	<u>(5,087,535)</u>
<b>NET CURRENT ASSETS</b>		<u>12,215,784</u>	<u>11,797,981</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>213,220,741</u>	<u>188,751,817</u>
Creditors: Amounts falling due after more than one year	17	<u>(196,880,814)</u>	<u>(174,831,194)</u>
Provisions for liabilities			
Pension provision	21	<u>(3,811,361)</u>	<u>(4,053,744)</u>
		<u>(200,692,175)</u>	<u>(178,884,938)</u>
<b>TOTAL NET ASSETS</b>		<u>12,528,566</u>	<u>9,866,879</u>
<b>RESERVES</b>			
Share Capital	22	94	84
Income and Expenditure Reserve		12,528,472	9,866,795
<b>TOTAL RESERVES</b>		<u>12,528,566</u>	<u>9,866,879</u>

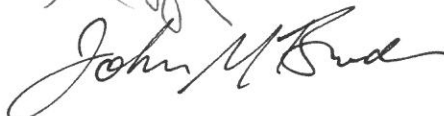
The financial statements on pages 25 to 66 were approved by the Board and authorised for issue on [date] and are signed on its behalf by:

16/8/2016

Chairperson



Secretary



Board Member



Clyde Valley Housing Association Limited

Group Statement of Changes in Equity  
For the year ended 31 March 2016

	Notes	Income and expenditure reserve £	Revaluation reserve £	Total £
<b>Balance at 1 April 2014</b>		9,870,389	195,132	10,065,521
Surplus for the year		122,793	-	122,793
Transfer from revaluation reserve to income and expenditure reserve		195,132	(195,132)	-
Transfer of restricted expenditure from unrestricted reserve		-	-	-
<b>Balance as at 31 March 2015</b>		10,188,314	-	10,188,314
Surplus for the year		2,624,377	-	2,624,377
Transfer from revaluation reserve to income and expenditure reserve		-	-	-
Transfer of restricted expenditure from unrestricted reserve		-	-	-
<b>Balance at 31 March 2016</b>		12,812,691	-	12,812,691

Clyde Valley Housing Association Limited

Statement of Changes in Equity  
For the year ended 31 March 2016

	Notes	Income and expenditure reserve £	Total £
<b>Balance at 1 April 2014</b>		9,966,398	9,966,398
Deficit for the year		(99,603)	(99,603)
Transfer from revaluation reserve to income and expenditure reserve		-	-
Transfer of restricted expenditure from unrestricted reserve		-	-
<b>Balance as at 31 March 2015</b>		9,866,795	9,866,795
Surplus for the year		2,661,677	2,661,677
Transfer from revaluation reserve to income and expenditure reserve		-	-
Transfer of restricted expenditure from unrestricted reserve		-	-
<b>Balance at 31 March 2016</b>		12,528,472	12,528,472



Clyde Valley Housing Association Limited

**Group Statement of Cashflows**  
**For the year ended 31 March 2016**

	Notes	2016 £	2015 £
Net cash generated from operating activities	23	11,990,647	7,253,960
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of tangible fixed assets		(25,303,387)	(18,823,960)
Purchase and Development of Housing for Sale		-	713,346
Capitalised component replacements		(1,864,118)	(1,272,245)
Purchase of other fixed assets		(122,153)	(96,000)
Fixed asset investment		(2,000,002)	-
Proceeds on disposal of commercial properties		175,000	-
Proceeds on disposal of residential properties		1,790,000	-
Proceeds on disposal of housing properties		448,115	356,489
Net issue of ordinary share capital		10	(4)
Grants received		16,962,267	13,505,310
Interest received		38,383	55,350
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(9,875,885)</b>	<b>(6,275,060)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Interest paid		(2,651,999)	(2,078,510)
Interest element of finance lease rental payments		-	-
New secured loans		5,690,358	3,417,395
Repayments of borrowings		-	-
Capital element of finance lease rental payments		-	-
Withdrawal from deposits		-	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>3,038,359</b>	<b>1,338,885</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(6,837,526)</b>	<b>(4,222,829)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>5,153,121</b>	<b>3,031,131</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>23</b>	<b>11,971,311</b>	<b>8,940,180</b>
		<b>17,124,432</b>	<b>11,971,311</b>

**Clyde Valley Housing Association Limited**

**Statement of Cashflows - Association  
For the year ended 31 March 2016**

	Notes	2016 £	2015 £
Net cash generated from operating activities	23	12,075,134	7,397,655
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of tangible fixed assets		(25,303,388)	(18,830,960)
Purchase and Development of Housing for Sale		-	713,346
Capitalised component replacements		(1,864,118)	(1,272,247)
Purchase of other fixed assets		(122,153)	(96,000)
Fixed asset investment		(2,000,002)	-
Proceeds on disposal of commercial properties		175,000	-
Proceeds on disposal of residential properties		1,790,000	-
Proceeds on disposal of housing properties		448,115	356,489
Net issue of ordinary share capital		10	(4)
Grants received		16,962,267	13,505,310
Interest received		38,383	55,350
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(9,875,886)</b>	<b>(6,282,062)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Interest paid		(2,651,999)	(2,078,510)
Interest element of finance lease rental payments		-	-
New secured loans		5,690,358	3,417,395
Repayments of borrowings		-	-
Capital element of finance lease rental payments		-	-
Withdrawal from deposits		-	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>3,038,359</b>	<b>1,338,885</b>
		<b>(6,837,821)</b>	<b>(4,943,177)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>5,237,607</b>	<b>3,167,823</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>11,887,980</b>	<b>8,720,157</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	23	<b>17,125,587</b>	<b>11,887,980</b>

## **Clyde Valley Housing Association Limited**

### **ACCOUNTING POLICIES**

**For the year ended 31 March 2016**

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#### ACCOUNTING POLICIES

The principal accounting policies of the Group and Association are set out in the paragraphs below.

#### LEGAL STATUS

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Financial Conduct Authority. The Association is also registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010.

The address of the Company's registered office and principal place of business is 50 Scott Street, Motherwell, ML1 1PN.

The Association's principal activities are providing social rented accommodation, factoring services, and fees or revenue grants receivable from local authorities and from The Scottish Government. CVPS provides accommodation at mid market rent, commercial rented properties and consultancy income.

Clyde Valley Housing Association Limited is a Public Benefit Entity.

#### BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2014 "Statement of Recommended Practice for Registered Housing Providers" and the comply with the Determination of Accounting Requirements 2015, and under the historical cost convention, modified to include certain financial instruments at fair value.

The financial statements are prepared in Sterling (£).

#### CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Preparation of the financial statements requires management to make critical judgements and estimates concerning the future. Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included below.

##### Valuation of Investment Property

The Association estimates the value of its investment properties with reference to surveys carried out by external qualified surveyors.

##### Components of Housing Properties

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

##### Recoverable Amount of Rent Arrears and Other Debtors.

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers payment history, arrangements in place and court actions.

## Clyde Valley Housing Association Limited

### ACCOUNTING POLICIES (continued) For the year ended 31 March 2016

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#### CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT (continued)

##### Obligations under a defined benefit pension scheme

The rate used to discount the past service deficit defined benefit obligations to their present value is based upon market yields for high quality corporate bonds with terms consistent with those of the benefit obligations. Our commitment to the SHAPS of £323,000 for the next 12 years has been discounted at a rate of 2.29% amounting to a net present value of £3,811,361 at 31 March 2016.

##### Categorisation of Housing Properties

In the judgement of the Board the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS102.

##### Identification of Cash Generating Units

The Association considers its cash generating units to be the schemes in which it manages its housing property for asset management purposes.

#### REDUCED DISCLOSURES

In accordance with FRS 102, the individual RSL has taken advantage of the exemptions from the following disclosure requirement in the individual financial statements of Clyde Valley Housing Association Limited;

- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches; and details of hedges and hedging fair value changes recognised in profit or loss and in other comprehensive income.

#### CHANGE IN ACCOUNTING POLICY

These financial statements are the first financial statements of Clyde Valley Housing Association Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Clyde Valley Housing Association Limited for the year ended 31 March 2015 were prepared in accordance with previous UK GAAP. Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP.

Consequently, the directors have amended certain accounting policies to comply with FRS 102. Comparative figures have been restated to reflect the adjustments made. Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) reserves at the date of transition to FRS 102; (ii) reserves at the end of the comparative period; and (iii) income or expenditure for the comparative period reported under previous UK GAAP are given in note 27.

**Clyde Valley Housing Association Limited**

**ACCOUNTING POLICIES (continued)**  
**For the year ended 31 March 2016**

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**GOING CONCERN**

The Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**TURNOVER AND REVENUE RECOGNITION**

Turnover comprises rental and service charge income receivable in the period, income from shared ownership first tranche sales, sale of properties built for sale, other services provided at the invoice value (excluding VAT) and revenue grants receivable in the period. The CVPS turnover represents the sale of Residential Properties, rent from commercial income and consultancy income.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the transaction.

**GOVERNMENT GRANTS**

Government grants include grants receivable from the Scottish Government, local authorities and other government bodies. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset and, where applicable, the individual components of the structure (excluding land) under the accruals model.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, then any unamortised grant remaining is derecognised as a liability and recognised as income. Where there is a requirement to repay a grant a liability is included in the Statement of Financial Position to recognise this obligation.

**OTHER GRANTS**

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

**OTHER INCOME**

*Interest income*

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

*Investment income*

Investment income is recognised on an accruals basis.

#### TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

Housing properties are properties for the provision of social housing or to otherwise provide social benefit and are principally properties available for rent and shared ownership.

Completed housing and shared ownership properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets, are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income;
- A material reduction in future maintenance costs; or
- A significant extension to the life of the property.

Shared ownership properties are split proportionally between fixed assets and current assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds are included in turnover.

The remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment. Where the first tranche has been sold prior to the acquisition of the properties, these are included in fixed assets only.

#### DONATED LAND AND OTHER ASSETS

Land or other assets which have been donated by a government source is added to cost of assets at the fair value of the land at the time of the donation. The difference between the fair value of the asset donated and the consideration paid is treated as a non-monetary government grant and included within the Statement of Financial Position as a liability. The terms of the donation are considered to be performance related conditions. Where the donation is not from a public source, the value of the donations less the consideration is included in income.

#### INVESTMENT PROPERTIES

Investment properties (including properties held under an operating lease) consist of commercial properties and properties not held for social benefit. These properties are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in income and expenditure.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS 102. The Board consider that, because investment properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view.

If this departure from the Companies Act 2006 had not been made in order to give a true and fair view, the surplus/deficit for the financial year would have been reduced by depreciation. However the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount relating to the depreciation of the property cannot be separately identified.

## Clyde Valley Housing Association Limited

### ACCOUNTING POLICIES (continued) For the year ended 31 March 2016

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#### DEPRECIATION OF HOUSING PROPERTIES

Freehold land or assets under construction are not depreciated.

The Association separately identifies the major components of its housing properties and charges depreciation so as to write-down the cost of each component to its estimated residual value, on a straight line basis over the following years:

Buildings	70 years
Land	Nil
Assets under construction	Nil
Windows & Doors	30 years
Kitchens	20 years
Sanitary Ware	30 years
Roof	55 years
Heating Boilers	15 years
Heating Carcass	30 years
Rewire	30 years
Render	30 years

#### IMPAIRMENTS OF FIXED ASSETS

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the RSL estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the income and expenditure account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in income and expenditure. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

#### OTHER TANGIBLE FIXED ASSETS

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Land & Buildings	50 years
Leasehold improvements	30 years
Plant and other equipment	4 years
Office equipment	4 years
Fixtures and fittings	4 years
Computer equipment	4 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

## Clyde Valley Housing Association Limited

### ACCOUNTING POLICIES (continued) For the year ended 31 March 2016

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#### BORROWING COSTS

General and specific borrowing costs directly attributable to the acquisition and construction of qualifying properties are added to the cost of those properties until such a time as the properties are ready for their intended use or sale.

All other borrowing costs are expensed as incurred.

#### STOCKS

Stocks are valued at the lower of cost and net realisable value. Work in progress comprises buildings under development and is valued on the basis of direct cost 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.

#### TAXATION

Clyde Valley Housing Association Limited has charitable status and is registered with the Office of Scottish Charities Regulator and is therefore exempt from paying Corporation Tax on 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.

#### VAT

The Group and the Association is VAT registered, and have a Group VAT structure, however a large proportion of income, namely rents, is exempt for VAT purposes therefore giving rise to a Partial Exemption calculation. Expenditure is shown inclusive of VAT.

#### LEASES

##### *Operating Leases*

All other leases are operating leases and the annual rentals are charged to income and expenditure on a straight line basis over the lease term.

#### EMPLOYEE BENEFITS

The costs of short-term employee benefits are recognised as a liability and an expense.

Employees are entitled to carry forward up to 5 days of any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the RSL is demonstrably committed to terminate the employment of an employee or to provide termination benefits.



## RETIREMENT BENEFITS

### *Defined contribution plans*

For defined contribution schemes the amount charged to income and expenditure is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

### *Defined benefit plans*

The Association participates in the Scottish Housing Association Pension Scheme (SHAPS). 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.

For the SHAPS, the Association accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS102. The present value of this liability has been recognised in the statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for the high quality corporate bond.

A liability is recognised for contributions arising from an agreement with the multi-employer plan that determines how the RSL will fund a deficit. Contributions are discounted when they are not expected to be settled wholly within 12 months of the period end.

## FINANCIAL INSTRUMENTS

The Association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument, and are offset only when the Association currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### **Financial assets**

#### *Debtors*

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income and expenditure.

FINANCIAL INSTRUMENTS (CONTINUED)

***Financial liabilities***

*Trade creditors*

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

*Borrowings*

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

*Derivatives*

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in profit or loss unless hedge accounting is applied and the hedge is a cash flow hedge.

To qualify for hedge accounting, the Association documents the hedged item, the hedging instrument and the hedging relationship between them, and the causes of hedge ineffectiveness (such as different maturities, nominal amounts or variable rates, and counterparty credit risk).

The Association elects to adopt hedge accounting for interest rate swaps where:

- the interest rate swap is a qualifying hedging instrument with an external party that hedges interest rate risk on a loan, part of the nominal amount of a loan, or a group of loans managed together that share the same risk and that qualify as a hedged item;
- the hedging relationship between the interest rate swap and the interest rate risk on the loan is consistent with the risk management objectives for undertaking hedges (i.e. to manage the risk that fixed interest rates become unfavourable in comparison to current market rates or the variability in cash flows arising from variable interest rates); and
- the change in the fair value of the interest rate swap is expected to move inversely to the change in the fair value of the interest rate risk on the loan.

*Fair value hedge - hedge of fixed interest rate risk*

Where an interest rate swap that converts fixed rate debt into variable rate debt qualifies for hedge accounting, it is accounted for as a fair value hedge and changes in the fair value of the interest rate swap are recorded in income and expenditure. The change in the fair value of the fixed rate debt that is attributable to the fixed interest rate risk is also recorded in income and expenditure and adjusts the carrying amount of the fixed rate debt. Net cash settlements on the interest rate swap are recognised in income and expenditure in the period(s) when the net settlements accrue.

When a fixed to floating interest rate swap expires, is sold, terminated or exercised, or when the conditions for hedge accounting are no longer met or the Association documents its election to discontinue hedge accounting, any cumulative fair value gains or losses adjusted against the carrying amount of the fixed rate debt are amortised to income and expenditure using the effective interest method.

**Clyde Valley Housing Association Limited**

**ACCOUNTING POLICIES (continued)**

**For the year ended 31 March 2016**

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**FINANCIAL INSTRUMENTS (CONTINUED)**

*Cash flow hedge - hedge of variable interest rate risk*

Where an interest rate swap that converts variable rate debt into fixed rate debt qualifies for hedge accounting, it is accounted for as a cash flow hedge. The cumulative change in the fair value of the interest rate swap is recognised in other comprehensive income up to the amount of the cumulative fair value movement on the variable rate debt that is attributable to the variable interest rate risk. Any excess fair value gains or losses on the interest rate swap not recognised in other comprehensive income are recognised in income and expenditure. The gains and losses recognised in other comprehensive income are recorded as a separate component of equity (the cash flow hedge reserve).

Net cash settlements on the interest rate swap are recognised in income and expenditure in the period(s) when the net cash settlements accrue. The cash flow hedge reserve is reclassified to income and expenditure when the variable rate interest is recognised in income and expenditure.

Hedge accounting is discontinued when a floating to fixed interest rate swap expires, is sold, terminated or exercised, or when the conditions for hedge accounting are no longer met or the Association documents its election to discontinue hedge accounting. Any fair value gains or losses accumulated in the cash flow hedge reserve are reclassified to income and expenditure, either when the variable interest rate expense is recognised in profit or loss, or immediately on discontinuation of hedge accounting if future variable interest rate cash flows are no longer expected to occur.

**PROVISIONS**

Provisions are recognised when the RSL has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2016

**2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT – GROUP**

	Notes	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	2015 Operating Surplus £
Affordable letting activities	3	14,280,263	(8,758,658)	5,521,605	4,810,137
Other activities	4	3,526,812	(3,691,158)	(164,346)	62,095
<b>Total</b>		<b>17,807,075</b>	<b>(12,449,816)</b>	<b>5,357,259</b>	<b>4,872,232</b>
<b>Total for previous reporting period</b>		<b>16,173,691</b>	<b>(11,301,459)</b>	<b>4,872,232</b>	<b>4,444,478</b>

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 March 2016

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT – ASSOCIATION

	Notes	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	2016 Operating Surplus / (Deficit) £	2015 Operating Surplus / (Deficit) £
Affordable letting activities	3	14,280,263	(8,758,659)	5,521,604	4,752,115	
Other activities	4	2,624,836	(2,794,333)	(169,497)	(159,943)	
<b>Total</b>		<b>16,905,099</b>	<b>(11,552,992)</b>	<b>5,352,107</b>	<b>4,592,172</b>	
<b>Total for previous reporting period</b>		<b>14,237,108</b>	<b>(9,644,936)</b>	<b>4,592,172</b>	<b>4,595,044</b>	

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 March 2016

3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES – GROUP

	General Needs Social Housing £	Supported Social Housing Accommodation £	Shared Ownership Housing £	Total 2016 £	Total 2015 £
Rent receivable net of service charges	12,950,079	-	9,691	12,959,770	12,290,043
Service charges	66,130	-	-	66,130	58,671
Gross income from rents and service charges	13,016,209	-	9,691	13,025,900	12,348,714
Less voids	(193,540)	-	-	(193,540)	(233,988)
<b>Net income from rents and service charges</b>	<b>12,822,669</b>	<b>-</b>	<b>9,691</b>	<b>12,832,360</b>	<b>12,114,726</b>
Grants released from deferred income	1,445,814	-	2,089	1,447,903	1,356,113
Revenue grants from Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
<b>Total turnover from affordable letting activities</b>	<b>14,268,483</b>	<b>-</b>	<b>11,780</b>	<b>14,280,263</b>	<b>13,470,839</b>
Management and maintenance administration costs	2,686,640	-	-	2,686,640	2,602,216
Service costs	67,831	-	-	67,831	66,646
Planned and cyclical maintenance including major repairs costs	1,074,198	-	-	1,074,198	1,336,617
Reactive maintenance costs	1,424,082	-	-	1,424,082	1,369,456
Bad debts - rents and service charges	278,786	-	-	278,786	141,980
Depreciation of affordable let properties	3,222,534	-	4,587	3,227,121	3,143,787
Impairment of affordable let properties	-	-	-	-	-
<b>Operating Costs for affordable letting activities</b>	<b>8,754,071</b>	<b>-</b>	<b>4,587</b>	<b>8,758,658</b>	<b>8,660,702</b>
<b>Operating surplus or deficit for affordable letting activities</b>	<b>5,514,412</b>	<b>-</b>	<b>7,193</b>	<b>5,521,605</b>	<b>4,810,137</b>
<b>Operating surplus or deficit or affordable letting activities for previous reporting period</b>	<b>4,798,345</b>	<b>-</b>	<b>11,792</b>	<b>4,810,137</b>	

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2016

**3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES – ASSOCIATION**

	General Needs Social Housing £	Supported Social Housing Accommodation £	Shared Ownership Housing £	Total 2016 £	Total 2015 £
Rent receivable net of service charges	12,950,079	-	9,691	12,959,770	12,290,043
Service charges	66,130	-	-	66,130	58,671
Gross income from rents and service charges	13,016,209	-	9,691	13,025,900	12,348,714
Less voids	(193,540)	-	-	(193,540)	(233,988)
<b>Net income from rents and service charges</b>	<b>12,822,669</b>	<b>-</b>	<b>9,691</b>	<b>12,832,360</b>	<b>12,114,726</b>
Grants released from deferred income	1,445,814	-	2,089	1,447,903	1,356,113
Revenue grants from Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
<b>Total turnover from affordable letting activities</b>	<b>14,268,483</b>	<b>-</b>	<b>11,780</b>	<b>14,280,263</b>	<b>13,470,839</b>
Management and maintenance administration costs	2,686,641	-	-	2,686,641	2,660,238
Service costs	67,831	-	-	67,831	66,646
Planned and cyclical maintenance including major repairs costs	1,074,198	-	-	1,074,198	1,336,617
Reactive maintenance costs	1,424,082	-	-	1,424,082	1,369,456
Bad debts - rents and service charges	278,786	-	-	278,786	141,980
Depreciation of affordable let properties	3,222,534	-	4,587	3,227,121	3,143,787
Impairment of affordable let properties	-	-	-	-	-
<b>Operating Costs for affordable letting activities</b>	<b>8,754,072</b>	<b>-</b>	<b>4,587</b>	<b>8,758,659</b>	<b>8,718,724</b>
<b>Operating surplus or deficit for affordable letting activities</b>	<b>5,514,411</b>	<b>-</b>	<b>7,193</b>	<b>5,521,604</b>	<b>4,752,115</b>
<b>Operating surplus or deficit or affordable letting activities for previous reporting period</b>	<b>4,738,583</b>	<b>-</b>	<b>13,532</b>	<b>4,752,115</b>	

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 March 2016

4. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT 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 £	Operating Surplus Or Deficit For previous Reporting Period £
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	-	-	-	-	-	-	-	-
Care and repair	-	-	-	-	-	-	-	-	-
Investment property activities	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	405,818	405,818	34,989	147,064	223,765	258,677
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Contracted out activities undertaken for registered social landlords	-	-	-	-	-	-	-	-	-
Contracted out services undertaken for other organisations	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	2,293,786	2,293,786	-	2,221,235	72,551	133,697
Developments and improvements for sale to other organisations	-	-	-	219,482	219,482	-	228,963	(9,481)	87,772
Wellwynd Community	-	-	-	607,726	607,726	-	1,058,907	(451,181)	(418,051)
Other activities	-	-	-	-	-	-	-	-	-
<b>Total from other activities</b>	-	-	-	3,526,812	3,526,812	34,989	3,656,169	(164,346)	62,095
<b>Total from other activities for the previous reporting period</b>	-	-	-	2,605,886	2,605,886	15,575	2,625,182	62,095	



Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 March 2016

4. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES – ASSOCIATION

	Grants From	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Operating Costs Bad debts	Other Operating Costs	Operating Surplus Or deficit	Operating Surplus Or Deficit For previous Reporting Period
	£	£	£	£	£	£	£	£	£
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	-	-	-	-	-	-	-	-
Care and repair	-	-	-	-	-	-	-	-	-
Investment property activities	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Contracted out activities undertaken for registered social landlords	-	-	-	-	-	-	-	-	-
Contracted out services undertaken for other organisations	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to other organisations	-	-	-	1,965,000	1,965,000	-	1,895,797	69,203	-
Wellwynd Community	-	-	-	219,482	219,482	-	228,963	(9,481)	87,772
Other activities	-	-	-	440,354	440,354	-	669,573	(229,219)	(247,715)
<b>Total from other activities</b>	-	-	-	2,624,836	2,624,836	-	2,794,333	(169,497)	(159,943)
<b>Total from other activities for the previous reporting period</b>	-	-	-	766,269	766,269	-	926,212	(159,943)	

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 March 2016

5. ACCOMMODATION IN MANAGEMENT

	Group Units Under Management		Association Units Under Management	
	2016	2015	2016	2015
General needs housing	3,267	3,161	3,250	3,144
Shared ownership	5	5	5	5
<b>Total units in management</b>	<b>3,272</b>	<b>3,166</b>	<b>3,255</b>	<b>3,149</b>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Group		Association	
	2016	2015	2016	2015
	£	£	£	£
Interest on bank deposits	38,383	55,350	38,383	55,350

7. INTEREST PAYABLE AND SIMILAR CHARGES

	Group		Association	
	2016	2015	2016	2015
	£	£	£	£
Interest arising on:				
Bank loans and overdrafts	2,613,919	2,084,040	2,613,919	2,084,040
Defined benefit pension charge	86,000	129,000	86,000	129,000
Amortisation of issue costs of bank loan	45,000	-	45,000	-
	2,744,919	2,213,040	2,744,919	2,213,040
Less: Interest capitalised on housing properties under construction	6,920	5,530	6,920	5,530
	<b>2,737,999</b>	<b>2,207,510</b>	<b>2,737,999</b>	<b>2,207,510</b>

Interest costs directly attributable to the financing of housing property developments were capitalised at the weighted average cost of the related borrowings (see note 10.A).

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 March 2016

8. OPERATING SURPLUS OR DEFICIT

	Group		Association	
	2016 £	2015 £	2016 £	2015 £
Operating surplus is stated after charging/(crediting):				
Depreciation of housing properties	3,227,121	3,143,787	3,227,121	3,143,787
Depreciation of other tangible fixed assets (note 10.B) - Owned	236,511	222,082	236,511	222,082
Impairment of housing properties	58,500	-	-	-
(Surplus)/deficit on disposal of tangible fixed assets	123,135	-	123,135	-

Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:

	Group		Association	
	2016 £	2015 £	2016 £	2015 £
Audit services - statutory audit of the Association	17,940	15,391	14,820	11,128
<i>Other services:</i>				
Taxation compliance services	1,715	2,985	780	2,160
Other assurance services	-	-	-	-
All other non-audit services	2,653	4,176	2,341	3,726

9. EMPLOYEES

	Group		Association	
	2016 No.	2015 No.	2016 No.	2015 No.
The average monthly number of full time equivalent persons (including key management personnel) employed by the Association during the year was:				
Office and Management/Administration	49	56	49	56
	2016 £	2015 £	2016 £	2015 £
Staff costs for the above persons:				
Wages and salaries	1,720,696	1,833,736	1,720,696	1,833,736
Social security costs	173,248	179,300	173,248	179,300
Defined contribution pension cost	155,614	145,296	155,614	145,296
	<u>2,049,558</u>	<u>2,158,332</u>	<u>2,049,558</u>	<u>2,158,332</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2016**

**9. EMPLOYEES (continued)**

The number of key management personnel who received emoluments (excluding employers' pension contributions) in excess of £60,000 during the reporting period fell within the following bands:

	Group		Association	
	No.	No.	No.	No.
£60,000 - £70,000	0	0	0	0
£70,001 - £80,000	3	3	3	3
£80,001 - £90,000	0	0	0	0
£90,001 - £100,000	1	2	1	2

	Group		Association	
	2016 £	2015 £	2016 £	2015 £
Aggregate emoluments for the above key management personnel (excluding pension contributions)	324,601	413,357	324,601	413,357
The emoluments of the Chief Executive (excluding pension contributions)	97,328	96,861	97,328	96,861
Aggregate pension contributions in relation to the above key management personnel	30,556	38,239	30,556	38,239

No payment or fees or other remuneration was made to the Board members during the year.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2016

**10.A TANGIBLE FIXED ASSETS – HOUSING PROPERTIES – GROUP**

	Social housing properties held for letting £	Housing properties for letting under construction £	Completed shared ownership housing properties £	Total housing properties £
<b>Cost</b>				
1 April 2015	177,756,557	16,679,920	377,065	194,813,542
Additions	-	25,313,655	-	25,313,655
Works to existing properties	1,853,851	-	-	1,853,851
Schemes completed	13,707,478	(14,542,565)	-	(835,087)
Disposals	(1,043,666)	(448,993)	-	(1,492,659)
31 March 2016	<u>192,274,220</u>	<u>27,002,017</u>	<u>377,065</u>	<u>219,653,302</u>
<b>Depreciation and impairment</b>				
1 April 2015	25,177,700	-	72,966	25,250,666
Depreciation charged in year	3,222,534	-	4,587	3,227,121
Released on disposal	(552,838)	-	-	(552,838)
31 March 2016	<u>27,847,396</u>	<u>-</u>	<u>77,553</u>	<u>27,924,949</u>
<b>Net book value</b>				
31 March 2016	<u>164,426,824</u>	<u>27,002,017</u>	<u>299,512</u>	<u>191,728,353</u>
31 March 2015	<u>152,578,858</u>	<u>16,679,920</u>	<u>304,099</u>	<u>169,562,877</u>

**EXPENDITURE ON WORKS TO EXISTING PROPERTIES**

	2016 £	2015 £
Improvement work capitalised	805,743	851,245
Replacement component spend capitalised	1,058,375	1,272,246
Amounts charged to income and expenditure	509,759	770,602
Total major repairs spend	<u>2,373,877</u>	<u>2,894,093</u>

**FINANCE COSTS**

	2016 £	2015 £
Aggregate amount of finance costs included in the cost of housing properties	<u>6,920</u>	<u>5,530</u>

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 March 2016

10.A TANGIBLE FIXED ASSETS – HOUSING PROPERTIES - ASSOCIATION	Social housing properties held for letting £	Housing properties for letting under construction £	Completed shared ownership housing properties £	Total housing properties £
<b>Cost</b>				
1 April 2015	177,972,861	16,679,920	377,065	195,029,846
Additions	-	25,313,655	-	25,313,655
Works to existing properties	1,853,851	-	-	1,853,851
Schemes completed	13,707,478	(14,542,565)	-	(835,087)
Disposals	(1,043,666)	(448,993)	-	(1,492,659)
31 March 2016	<u>192,490,524</u>	<u>27,002,017</u>	<u>377,065</u>	<u>219,869,606</u>
<b>Depreciation and impairment</b>				
1 April 2015	25,177,700	-	72,966	25,250,666
Depreciation charged in year	3,222,534	-	4,587	3,227,121
Released on disposal	(552,838)	-	-	(552,838)
31 March 2016	<u>27,847,396</u>	<u>-</u>	<u>77,553</u>	<u>27,924,949</u>
<b>Net book value</b>				
31 March 2016	<u>164,643,128</u>	<u>27,002,017</u>	<u>299,512</u>	<u>191,944,657</u>
31 March 2015	<u>152,795,161</u>	<u>16,679,920</u>	<u>304,099</u>	<u>169,779,180</u>

EXPENDITURE ON WORKS TO EXISTING PROPERTIES

	2016 £	2015 £
Improvement work capitalised	805,743	851,245
Replacement component spend capitalised	1,058,375	1,272,246
Amounts charged to income and expenditure	509,759	770,602
Total major repairs spend	<u>2,373,877</u>	<u>2,894,093</u>

FINANCE COSTS

	2016 £	2015 £
Aggregate amount of finance costs included in the cost of housing properties	<u>6,920</u>	<u>5,530</u>

Clyde Valley Housing Association Limited considers individual schemes to be separate cash generating units when assessing for impairment, in accordance with SORP 2014.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2016**

**10.B TANGIBLE FIXED ASSETS – OTHER - GROUP**

	Land and Buildings	Leasehold Improvement	Office Equipment	Fixtures and fittings	Plant and Other Equipment	Computer Equipment	Total
<b>Cost</b>							
1 April 2015	4,552,231	3,569,524	268,916	41,728	14,407	520,806	8,967,612
Additions	40,947	-	1,193	-	-	80,013	122,153
Disposals	-	-	-	-	-	-	-
31 March 2016	<u>4,593,178</u>	<u>3,569,524</u>	<u>270,109</u>	<u>41,728</u>	<u>14,407</u>	<u>600,819</u>	<u>9,089,765</u>
<b>Depreciation and impairment</b>							
1 April 2015	424,406	593,389	266,237	41,728	13,090	454,107	1,792,957
Depreciation charged in year	71,143	118,984	1,806	-	1,317	43,261	236,511
Released on disposal	-	-	-	-	-	-	-
31 March 2016	<u>495,549</u>	<u>712,373</u>	<u>268,043</u>	<u>41,728</u>	<u>14,407</u>	<u>497,368</u>	<u>2,029,468</u>
<b>Net book value</b>							
31 March 2016	<u>4,097,629</u>	<u>2,857,151</u>	<u>2,066</u>	<u>-</u>	<u>-</u>	<u>103,451</u>	<u>7,060,297</u>
31 March 2015	<u>4,127,825</u>	<u>2,976,135</u>	<u>2,679</u>	<u>-</u>	<u>1,317</u>	<u>66,699</u>	<u>7,174,655</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2016

**10.B TANGIBLE FIXED ASSETS – OTHER - ASSOCIATION**

	Land and Buildings £	Leasehold Improve- ment £	Office Equip- ment £	Furniture, fixtures and fittings £	Plant an and Other Equip- ment £	Computer £	Total £
<b>Cost</b>							
1 April							
2015	4,552,231	3,569,524	268,916	41,728	14,407	520,806	8,967,612
Additions	40,947	-	1,193	-	-	80,013	122,153
Disposals	-	-	-	-	-	-	-
31 March							
2016	<u>4,593,178</u>	<u>3,569,524</u>	<u>270,109</u>	<u>41,728</u>	<u>14,407</u>	<u>600,819</u>	<u>9,089,765</u>
<b>Depreciation and impairment</b>							
1 April 2015	424,406	593,389	266,237	41,728	13,090	454,107	1,792,957
Depreciation charged in year	71,143	118,984	1,806	-	1,317	43,261	236,511
Released on disposal	-	-	-	-	-	-	-
31 March							
2016	<u>495,549</u>	<u>712,373</u>	<u>268,043</u>	<u>41,728</u>	<u>14,407</u>	<u>497,368</u>	<u>2,029,468</u>
<b>Net book value</b>							
31 March							
2016	<u>4,097,629</u>	<u>2,857,151</u>	<u>2,066</u>	<u>-</u>	<u>-</u>	<u>103,451</u>	<u>7,060,297</u>
31 March							
2015	<u>4,127,825</u>	<u>2,976,135</u>	<u>2,679</u>	<u>-</u>	<u>1,317</u>	<u>66,699</u>	<u>7,174,655</u>

**11. INVESTMENT PROPERTIES - GROUP**

	2016 £	2015 £
At 1st April	2,076,129	2,070,129
Additions		
Decrease in value	(206,130)	(3,000)
At 31 March	<u>1,869,999</u>	<u>2,076,129</u>

Investment properties were valued as at 31 March 2016 by Allied Surveyors Scotland Chartered Surveys and DM Hall Chartered Surveyors. The valuation of the Association's properties was carried out in accordance with the Royal Institute of Chartered Surveyors ("RICS") Appraisal and Valuation Manual. A report has been provided for each property that has been valued by the Surveyors.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2016

**12. FIXED ASSET INVESTMENTS**

	GROUP		ASSOCIATION	
	Shares in trade investments	Total	Shares in trade investments	Total
Cost or valuation:	£	£	£	£
1 April 2015	-	-	-	-
Additions	2,000,002	2,000,002	2,000,002	2,000,002
31 March 2016	2,000,002	2,000,002	2,000,002	2,000,002

Clyde Valley Housing Association Ltd owns 2,000,002 ordinary £1 shares in Innov8 Housing Solutions Ltd. This represents a 42% shareholding in Innov8 Housing Solutions Ltd, a company registered in Scotland, whose principal activity is that of provision of rented residential accommodation at intermediate market levels.

**13a. Fixed asset investment - Homestake**

	Group		Association	
	2016	2015	2016	2015
	£	£	£	£
Shared equity investment	38,750	97,250	-	-
	<u>38,750</u>	<u>97,250</u>	<u>-</u>	<u>-</u>

The Shared Equity Investment relates to 3 properties developed by Clyde Valley Property Services in Carmyle on a shared equity basis where the group retain a 25% share.

13b. Investments	Group		Association	
	2016	2015	2016	2015
	£	£	£	£
Investment in subsidiary undertaking	-	-	1	1
	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>

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 2016, the capital and reserves of Clyde Valley Property Services were £534,947 with a taxable profit for the year of £5,152.

**14. PROPERTIES FOR SALE**

	GROUP		ASSOCIATION	
	2016	2015	2016	2015
	£	£	£	£
Completed properties	-	1,139,049	-	858,346
Work in progress	434,370	393,207	39,263	-
	<u>434,370</u>	<u>1,532,256</u>	<u>39,263</u>	<u>858,346</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2016

**15. DEBTORS**

Amounts falling due within one year:	GROUP		ASSOCIATION	
	2016 £	2015 £	2016 £	2015 £
Rent and service charges receivable	1,282,640	1,218,072	1,282,640	1,218,072
Less: provision for bad and doubtful debts	(283,380)	(147,748)	(283,380)	(147,748)
	999,260	1,070,324	999,260	1,070,324
Other debtors	698,282	307,114	502,561	73,750
Prepayments and accrued income	878,177	745,791	859,866	730,055
Amounts due from Group undertakings	-	-	1,791,922	2,265,061
	<u>2,575,719</u>	<u>2,123,229</u>	<u>4,153,608</u>	<u>4,139,190</u>

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	GROUP		ASSOCIATION	
	2016 £	2015 £	2016 £	2015 £
Debt (note 19)	-	357,332	-	357,332
Rent and service charges received in advance	180,774	146,058	180,774	146,058
Deferred capital grants (note 18)	1,545,567	1,289,675	1,545,567	1,289,675
Trade creditors	3,794,631	1,084,574	3,792,392	1,078,974
Corporation tax	40,769	57,664	-	-
Other creditors	99,598	94,061	22,494	22,900
Accruals and deferred income	3,646,248	2,309,453	3,561,447	2,192,596
	<u>9,307,587</u>	<u>5,338,817</u>	<u>9,102,674</u>	<u>5,087,535</u>

**17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	GROUP		ASSOCIATION	
	2016 £	2015 £	2016 £	2015 £
Debt (note 19)	76,082,643	70,034,953	76,082,643	70,034,953
Deferred capital grant (note 18)	110,948,369	97,295,953	110,948,369	97,295,953
Retentions	449,956	229,390	449,956	229,390
Interest Rate SWAPS	6,971,435	6,842,486	6,971,435	6,842,486
Other Creditors	2,447,786	553,966	2,428,411	428,412
	<u>196,900,189</u>	<u>174,956,748</u>	<u>196,880,814</u>	<u>174,831,194</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2016

**18. DEFERRED CAPITAL GRANT**

	GROUP		ASSOCIATION	
	2016 £	2015 £	2016 £	2015 £
As at 1 April	98,585,628	89,441,657	98,585,628	89,441,657
Grant received in the year	16,962,267	11,167,972	16,962,267	11,167,972
On disposals	(710,213)	(667,888)	(710,213)	(667,888)
Transferred	(798,877)	-	(798,877)	-
Capital grant released	(1,544,869)	(1,356,113)	(1,544,869)	(1,356,113)
As at 31 March	112,493,936	98,585,628	112,493,936	98,585,628
Amounts to be released within one year	1,545,567	1,289,675	1,545,567	1,289,675
Amounts to be released in more than one year	110,948,369	97,295,953	110,948,369	97,295,953
	112,493,936	98,585,628	112,493,936	98,585,628

**19. DEBT ANALYSIS - BORROWINGS**

	GROUP		ASSOCIATION	
	2016 £	2015 £	2016 £	2015 £
Creditors: amounts falling due within one year:				
Bank loans	-	357,332	-	357,332
Creditors: amounts falling due after more than one year:				
Bank loans	76,082,643	70,034,953	76,082,643	70,034,953
<b>Total</b>	<b>76,082,643</b>	<b>70,392,285</b>	<b>76,082,643</b>	<b>70,392,285</b>

Borrowings are denominated and repaid in pounds sterling, have contractual interest rates that are either fixed rates or variable rates linked to LIBOR that are not leveraged, and do not contain conditional returns or repayment provisions other than to protect the lender against credit deterioration or changes in relevant legislation or taxation.

Bank Borrowings of £76,082,643 (2015 £70,392,643) are secured against the Associations Housing properties.

Bank Borrowings of £10,000,000 bear average fixed-rate coupons of 4.93% per annum (2015: nil) per annum. Bank Borrowings of £63,682,643 bear average variable-rate coupons of 0.60% above LIBOR (2015: 0.30%). Bank Borrowings of £2,400,000 bear average variable-rate coupons of 1.75% above LIBOR (2015: nil)

Variable rate borrowings are underpinned by financial hedging instruments as outlined in section 20.

Bank borrowings are part of a £110m facility with a repayment schedule in place up to 2032 and are subject to review annually as part of the Groups Business Planning Process.

**Clyde Valley Housing Association Limited**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2016**

**19. DEBT ANALYSIS – BORROWINGS (continued)**

	GROUP		ASSOCIATION	
	2016	2015	2016	2015
	£	£	£	£
Based on the lender's earliest repayment date, borrowing are repayable as follows:				
Due within one year	-	357,332	-	357,332
Due in one year or more but less than two years	-	-	-	-
Due between two and five years	4,000,000	4,000,000	4,000,000	4,000,000
Due more than five years	72,082,643	66,034,953	70,082,643	66,034,953
	<u>76,082,643</u>	<u>70,392,285</u>	<u>76,082,643</u>	<u>70,392,285</u>

**20. FINANCIAL INSTRUMENTS**

	GROUP		ASSOCIATION	
	2016	2015	2016	2015
	£	£	£	£
Financial liabilities:				
Measured at fair value through income and expenditure				
- Other financial liabilities	6,971,435	6,842,486	6,971,435	6,842,486

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 2016.

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2016

**20. FINANCIAL INSTRUMENTS (CONTINUED)**

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.

**21. PROVISIONS**

	GROUP		ASSOCIATION	
	SHAPS Pension £	Total £	SHAPS Pension £	Total £
1 April 2015	4,053,744	4,053,744	4,053,744	4,053,744
Utilised in the year	(313,383)	(313,383)	(313,383)	(313,383)
Unwinding of discount	86,000	86,000	86,000	86,000
Increase due to change in discount rate	(15,000)	(15,000)	(15,000)	(15,000)
31 March 2016	<u>3,811,361</u>	<u>3,811,361</u>	<u>3,811,361</u>	<u>3,811,361</u>

**Pension**

The SHAPS provision represents the net present value of the commitment to the multi-employer pension scheme in respect of past deficits.

**22. SHARE CAPITAL**

The Association is limited by guarantee and consequently has no share capital. Each of the Association's members agrees to contribute £1 in the event of the Association winding up.

	GROUP		ASSOCIATION	
	2016 Number	2015 Number	2016 Number	2015 Number
Number of members				
1 April 2015	84	88	84	88
Joined during the year	11	11	11	11
Left during year	(1)	(15)	(1)	(15)
31 March 2016	<u>94</u>	<u>84</u>	<u>94</u>	<u>84</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 March 2016

23. RECONCILIATION OF SURPLUS TO NET CASH GENERATED FROM OPERATIONS – GROUP

	2016 £	2015 £
Surplus for the year	5,357,259	4,872,232
Adjustments for non-cash items	-	-
Depreciation of tangible fixed assets	3,463,632	3,055,549
Impairment losses on Fixed Asset investments	58,500	-
Fair value losses on investment properties	206,130	3,000
Defined benefit pension schemes	(313,383)	(304,256)
Amortisation of Grants	(1,544,869)	(1,356,113)
(Gain)/loss on disposal of tangible fixed assets	(123,135)	213,354
Taxation	(59,348)	(46,324)
<b>Operating cash flows before movements in working capital</b>	<b>7,044,786</b>	<b>6,437,442</b>
Decrease/(increase) in stock	1,097,886	(319,574)
Increase in trade and other debtors	(452,490)	(199,515)
Increase in trade and other creditors	4,300,465	1,335,607
<b>Cash generated from operations</b>	<b>11,990,647</b>	<b>7,253,960</b>

**Cash and Cash Equivalents (Group)**

	2016 £	2015 £
Cash and Cash Equivalents represent:-		
Cash at Bank	17,124,432	11,971,311
Short Term Deposits	-	-
Overdraft	-	-
	<b>17,124,432</b>	<b>11,971,311</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
For the year ended 31 March 2016

**23. RECONCILIATION OF SURPLUS TO NET CASH GENERATED FROM OPERATIONS - ASSOCIATION**

	2016 £	2015 £
Surplus for the year	5,352,107	4,592,172
Adjustments for non-cash items	-	-
Depreciation of tangible fixed assets	3,463,632	3,152,515
Impairment losses on tangible fixed assets	-	-
Impairment losses on investments	-	-
Fair value (gains)/losses on investment properties	-	-
Defined benefit pension schemes	(313,383)	(304,256)
Fair value (gains)/losses on financial instruments	-	-
Amortisation of Grants	(1,544,869)	(1,453,079)
(Gain)/loss on disposal of tangible fixed assets	(123,135)	176,586
Interest receivable		
Interest payable		
Taxation		
<b>Operating cash flows before movements in working capital</b>	<u>6,834,352</u>	<u>6,163,938</u>
Decrease/(increase) in stock	819,083	(713,346)
(Increase )/Decrease in trade and other debtors	(13,331)	623,673
Increase/(decrease) in trade and other creditors	4,435,030	1,323,390
<b>Cash generated from operations</b>	<u>12,075,134</u>	<u>7,397,655</u>

**Cash and Cash Equivalents (Association)**

	2016 £	2015 £
Cash at Bank	17,125,587	11,887,980
Short Term deposits	-	-
Overdraft	-	-
	<u>17,125,587</u>	<u>11,887,980</u>

**24. CAPITAL COMMITMENTS AND OTHER CONTRACTUAL OBLIGATIONS**

	GROUP		ASSOCIATION	
	2016 £	2015 £	2016 £	2015 £
Capital expenditure contracted for but not provided in the financial statements	15,180,562	7,001,539	15,180,562	6,816,849

The above commitments will be funded through private finance facilities which are currently in place.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2016**

**25. RETIREMENT BENEFITS**

From 1<sup>st</sup> April 2014 the Association has participated in a defined contribution pension scheme for all qualifying employees. There are 44 employees currently participating in the scheme.

The assets of the scheme are held separately from those of the Company in an independently administered fund. The contributions payable by the Association charged to income and expenditure amounted to £144,845 (2015: £134,528).

No other post-retirement benefits are provided. The schemes are fully funded schemes.

For the period up to 31<sup>st</sup> March 2014 the Association participated in the Scottish Housing Association Pension Scheme ("SHAPS"). That scheme is a multi-employer defined benefit scheme. The Defined Benefit scheme within CVHA is closed for future accrual and there is insufficient information to account for the scheme as a defined benefit scheme so it is accounted for as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pension Regulator and the Technical Actuarial Standards issued by the Financial Reporting Council, set out the Framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a "last-man standing arrangement". Therefore the company is potentially liable for other participating employers obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial 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%. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the Scheme with the Recovery plan contributions allocated to each participating employer in line with their estimated share of the liabilities. This obligation has been recognised in terms of para 28 11A of FRS 102.

Recovery Plan contributions -SHAPS

The Association has agreed to pay into the recovery plan, under the current Formal valuation, to make additional deficit payments to SHAPS at the rate of £322,785 per year for 11.5 years. This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of a high quality corporate bond with a similar term. The discount rate used was 2.29%. A liability based upon discounted net present value of £3,811,361 has been recognised within provisions for the contribution obligations.

	£
At 1 April 2015	4,053,744
Increase in provision	-
Releases in the year	<u>(242,383)</u>
At 31 March 2016	<u>3,811,361</u>



**Clyde Valley Housing Association Limited**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2016**

**25. RETIREMENT BENEFITS (Continued)**

Amounts recognised in income and expenditure in respect of the defined benefit schemes are as follows:

	<b>2016</b>	<b>2015</b>
Current service cost	10,769	10,769
Net interest on the net defined benefit pension liability	86,000	129,000
Benefit changes, (gain)/loss on curtailment and (gain)/loss on settlement*	(15,000)	284,000
	<u>81,769</u>	<u>423,769</u>

Changes in the present value of the defined benefit obligation:

Defined benefit obligation at 1 April	4,053,744
Current service cost	(313,383)
Interest cost	86,000
Contributions by scheme participants	-
Actuarial losses/(gains)	(15,000)
Liabilities assumed in a business combination	-
Plan introductions, changes, curtailments and settlements	-
Benefits paid	-
Defined benefit obligation at 31 March	<u>3,811,361</u>

**26. RELATED PARTY TRANSACTIONS**

Members of the Board are related parties of the Association as defined by FRS102. The related party relationships of the members of the Board is summarised as

1 member is a tenant of the Association.

Those members that are tenants of the Association have tenancies that are on the Associations normal tenancy terms and they cannot use their positions to their advantage.

Any transactions between the Association and any entity with which a Board member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Board members (and their close family) were as follows:

Rent Received from Tenants on the Board - £4,066

At the year-end total rent arrears owed by the tenant members of the Board were £113.

Councillors who are observer members of the Board declare their interests relating to relevant decisions taken by the Board of the local authority.

Innov8 housing solutions is a 42% owned Joint Venture of Clyde Valley Housing association. During the year, CVHA sold goods and services, in the normal course of business activities, to Innov8 Housing solutions Limited amounting to £10,125 (2015: Nil). In April 2015 CVHA sold Land, housing properties and fixed assets to the value of £1,790,000 to Innov8 Housing solutions Limited, (2015: nil) The balance owed to the CVHA at the balance sheet date was £Nil (2015: £nil).

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2016**

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**27. FIRST TIME ADOPTION OF FRS102**

The financial statements have been prepared in accordance with FRS102 for the year ended 31 March 2016. The transition to FRS102 has impacted on the following accounting policies adopted and as such the comparative figures have been restated accordingly.

**A – Grant Accounting**

Previously all capital grants received were netted off against the cost of housing properties. In line with FRS102 and SORP 2014 capital government grants are now treated under the accrual model and as such are shown as deferred income and amortised to income over the expected useful life of the housing property structure.

**B – Depreciation of Housing Properties**

Previously depreciation on housing properties was calculated on the net cost of properties after capital grant. In line with FRS102, and as noted above in A, grants are no longer netted off against the cost of housing properties and as such depreciation is now calculated on the gross cost of housing properties.

**C – SHAPS Pension Scheme**

The Association participates in the multi-employer defined benefit Scottish Housing Association Pension Scheme (SHAPS). Under FRS102 a contractual agreement under a multi-employer defined benefit pension scheme to fund a past deficit should be accrued for as a liability discounted to net present value. As at 31 March 2015 this liability was calculated as amounting to £4,053,744.

**D – Designated Reserves**

Under FRS 102, designated reserves are no longer allowed. Previous Designated reserves all related to the pension deficit liability and as at 31 March 2015 this reserve was transferred to general reserves.

**E – Financial Instruments**

Under previous UK GAAP fair value gains/losses on interest rate swaps were disclosed, but not recognised, in the financial statements. Under FRS 102, these instruments are recognised as assets or liabilities, with a total asset of £6,842,486 being recognised at 1 April 2015 and a corresponding adjustment to reserves.

**F – Holiday Pay Accrual**

Under FRS 102, costs relating to staff leave days carried forward require to be accrued into the year the leave was due. £36,769 required to be accrued in 2013/14 as these costs had not been accrued and subsequent years were already accrued by the Association.

**G – Revaluation Reserve**

Under FRS 102, Investment properties require to be valued at fair value in the accounts so the Group Statement of Financial Position reflect these values and the revaluation reserve is no longer required and has been released to Income and Expenditure Reserve.

Under FRS 102, the Statement of Cash Flows presents changes in cash and cash equivalents (which include cash in hand, deposits repayable on demand and overdrafts and short-term, highly liquid investments), showing changes arising from operating activities, investing activities and financing activities separately. Under previous UK GAAP, the Cash Flow Statement presented changes in cash (which includes cash in hand, deposits repayable on demand and overdrafts) under the headings of operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, acquisitions and disposals, equity dividends paid, management of liquid resources, and financing.

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 March 2016

<b>RECONCILIATION OF RESERVES - GROUP</b>	<b>Notes</b>	<b>1 April 2014</b>	<b>31 March 2015</b>
		<b>£</b>	<b>£</b>
Reserves as previously reported under UK GAAP		12,683,799	15,203,883
Grant Accounting	<b>A</b>	10,575,391	12,005,133
Depreciation	<b>B</b>	(9,037,475)	(10,154,502)
SHAPS Pension	<b>C</b>	(3,945,000)	(4,053,744)
Designated reserves	<b>D</b>	4,006,097	3,834,898
Financial Instruments	<b>E</b>	(4,375,654)	(6,842,486)
Holiday Pay Accrual	<b>F</b>	(36,769)	-
Revaluation Reserves	<b>G</b>		195,132
Reserves reported under FRS 102		<u>9,870,389</u>	<u>10,188,314</u>

<b>RECONCILIATION OF SURPLUS OR DEFICIT</b>	<b>Notes</b>	<b>Year ended</b>
		<b>31 March</b>
		<b>2015</b>
		<b>£</b>
Surplus or deficit as previously reported under UK GAAP		2,348,885
Grant Accounting	<b>A</b>	1,429,742
Depreciation	<b>B</b>	(1,117,027)
SHAPS Pension	<b>C</b>	(108,744)
Designated reserves	<b>D</b>	-
Financial Instruments	<b>E</b>	(2,466,832)
Holiday Pay Accrual	<b>F</b>	36,769
Surplus or deficit reported under FRS 102		<u>122,793</u>

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 March 2016

27. FIRST TIME ADOPTION OF FRS102 (CONTINUED)

RECONCILIATION OF RESERVES - ASSOCIATION	Notes	1 April 2014 £	31 March 2015 £
Reserves as previously reported under UK GAAP		12,779,808	15,077,496
Grant Accounting	A	10,575,391	12,005,133
Depreciation	B	(9,037,475)	(10,154,502)
SHAPS Pension	C	(3,945,000)	(4,053,744)
Designated reserves	D	4,006,097	3,834,898
Financial Instruments	E	(4,375,654)	(6,842,486)
Holiday Pay Accrual	F	(36,769)	-
Reserves reported under FRS 102		<u>9,966,398</u>	<u>9,866,795</u>

RECONCILIATION OF SURPLUS OR DEFICIT	Notes	Year ended 31 March 2015 £
Surplus or deficit as previously reported under UK GAAP		2,126,489
Grant Accounting	A	1,429,742
Depreciation	B	(1,117,027)
SHAPS Pension	C	(108,744)
Designated reserves	D	-
Financial Instruments	E	(2,466,832)
Holiday Pay Accrual	F	36,769
Surplus or deficit reported under FRS 102		<u>(99,603)</u>