

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

GROUP REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

Clyde Valley Housing Association Limited

Group Report and Financial Statements For the year ended 31 March 2017

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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 2017

Members of Board

The Members of the Board of the Association during the year to 31 March 2017, and up to the date of signing of these financial statements were as follows:

1. Campbell Boyd. Chairman
2. Allan Murray, Vice Chairman
3. Jonathan Fair
4. Edward Harkins
5. Andrew McFarlane
6. Alex Baird
7. Kerr Luscombe
8. Susan Lafferty (appointed 13/03/17)

Resignations

11. John McBride (resigned 05/09/16)
12. John Gormley (resigned 05/09/16)
13. Linda Scott (resigned 05/09/16)
14. Richard Maconachie (resigned 05/12/16)
15. Donna Vallance (resigned 05/09/16)

Registered Office

50 Scott Street
Motherwell
ML1 1PN

Auditor

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

Bankers

Barclays Bank plc
Aurora
1st 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 2017

Leadership Team

The Leadership Team of the Association during the year to 31 March 2017, and up to the date of signing these financial statements were as follows:

Lynn Wassell	Chief Executive (appointed 27 February 2017)
Shirley MacDonald	Finance Director
John Turnbull	Investment Director
Nareen Owens	Customer Services Director
Tom Barclay	Chief Executive (resigned 3 October 2016)

Committee Membership 2017

Finance Committee	Allan Murray, Chair Andrew McFarlane Alex Baird Kerr Luscombe Susan Lafferty
Audit and Risk Committee	Edward Harkins, Chair Campbell Boyd Alex Baird Allan Murray

Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2017

The Board presents their report and audited financial statements for the year ended 31 March 2017.

Chairman's Report

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

Our Board ensured the continuing implementation of the Group's Corporate Strategy: 2020 Vision. One of our significant achievements was meeting the delivery targets for our new supply capital programme to help meet the Group's strategic objectives in relation to tackling the demand for social housing in Scotland. As well providing much needed homes for social rent we also provided other tenures in the form of private sector, mid-market rental properties. We also continued to ensure that we invested in our existing customers' homes with a planned and reactive programme of works of £4m.

We had some changes in Board membership and I would like to take this opportunity to thank those members who stood down at the Annual General Meeting for the support, dedication and commitment to the Association over the year. The input and expertise from our volunteer trustees is vital to the Association's growth, viability and ongoing success. We continue to build on our strengths through our Board Excellence Plan. In addition, I would also like to extend my thanks to our staff team for another successful year of positive results and achievements.

We continued to engage with our customers in relation to their service experiences and expectations. Customers' key priorities are embedded in our Corporate Strategy and are detailed below and we will continue to successfully engage with the Clyde Valley Customer Panel to ensure that these are delivered:

- Delivering an effective repairs service
- Improving homes
- Charging 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 ultimate 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 2017

Chief Executive's Report

I joined Clyde Valley Housing Association as Chief Executive in February 2017.

We recently celebrated our 21 Birthday and it was a privilege for me to represent the Association. Most importantly, I heard some of our customers' reflections on the ways in which we have been able to support them and provide outstanding services.

Our customers and teams have seen us grow and develop during those 21 years; listening to what customers need, thinking about how we can continue to engage, improve and provide value for money.

So I am delighted to be here and to lead the next chapter of our story. We know there are significant challenges that many of our customers are facing along with all sorts of economic pressures, political change and uncertainty. The problems are very real - fuel poverty, poor health outcomes, access to high quality affordable homes, welfare reform, digital inclusion and social justice in a fast changing world. CVHA will continue to work closely with our Local Authorities and other partners to tackle these issues and seek innovative solutions.

We recognise that a large number of our customers are vulnerable and these are testing times. By restructuring our housing services into 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 Strategy. Customer insight will drive our priorities.

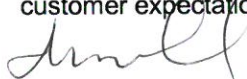
We also need to ensure we continue to think ahead of 2020 and work with customers to meet their needs and those of the next generation.

This year will see further expansion of our customer service development 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 customers' views, ideas and opinions across a number of areas, and we are looking to help support this even more going forward. Our monthly exercise of seeking independent customer feedback has also resulted in significant service improvements.

CVHA has an exceptional track record and reputation in the delivery of new homes as one of the top 10 RSL developers in Scotland. We have risen to Scottish Government's challenge for unprecedented investment in new homes. In 2016/17 we invested £31.4m; the most we have ever invested in one year including securing nearly £19m of this through Scottish Government grant. We will continue to deliver a significant programme of new supply to address the demand for housing for social rent and other affordable types of tenure. We are in the process of securing additional funding facility to achieve this, as well as investing another £4m in planned programme renewal works to ensure our customers have high quality, safe and secure homes.

CVHA remains in a strong financial position with great performance this year reporting turnover of £16m (2016 £18m) and surplus before tax of £6m (2016 £3m). Our business plan reflects our robust and prudent approach to treasury management and we ensure we are responsive and alert to economic and financial impacts on a daily basis.

Our Corporate Strategy: 2020 Vision takes us into our 21st year as the leading social housing provider in Lanarkshire, and we will continue in our aim to grow, develop new services, as well as striving to exceed customer expectations in all that we do.



**Lynn Wassell
Chief Executive**

Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2017

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 providing services to over 7000 customers:

- **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 2017	31 March 2016
Tenanted Properties	3,441	3,250
Shared Ownership Properties	5	5
Total	3,446	3,255

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 and registered factor. It provides homeowner services to more than 3,000 customers including property factoring and property letting, as well as providing consultancy services and development of housing for sale.

Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2017

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.

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 2017

Operational Objectives

The Association has a Corporate Strategy in place for the 5 years to 2020 which sets out the values, aims and ambitions of the Association. In terms of operational objectives to meet our objectives during the year key outcomes were:

1.	Provision of new solutions and appropriate support to improve health, wellbeing and tenancy sustainment
	<ul style="list-style-type: none">- Implemented our Housing Options Strategy and 3 Year Action Plan.- Redesigned our housing team to offer specialist services in tenancy sustainment, revenue and lettings, including provision of additional resources for frontline teams.- Reviewed procedures and policies in relation to private sector lettings in light of changes to regulations.- Reviewed customer profile data to consider service enhancements.- Developed and implemented further initiatives to help customers manage impact of welfare reform and minimise risk for Association.- Improved complaints policy and monitoring system.- Achieved Customer Service Excellence re-accreditation.- Worked with the Clyde Valley Customer Panel to review investment, performance reporting, repairs, allocations, voids and communications.- Sought monthly independent feedback from all customers who had received a service to monitor satisfaction and identify potential areas of service improvement.- Implemented substantial planned programme of major, cyclical and reactive works to ensure customers' homes remained safe and secure.- Undertook medical adaptations to ensure customer could remain in their homes.
2.	Well governed, delivering best value and ensuring efficiency
	<ul style="list-style-type: none">- Implemented Annual Business Plan and undertook scenario testing, with independent review carried out.- Finalised new refinancing deal which will see further £30m of investment in new homes.- Reviewed Financial Regulations.- Produced our Value for Money Strategy and annual Statement.- Reviewed our financial covenants with lending syndicate.- Enhanced membership of our Finance Committee.- Implemented 5 Year Rental Strategy.- Increase rental streams through subsidiary company, CVPS.- Reviewed Board Composition, Skills and Recruitment Policy.- Reviewed Procurement Strategy in line with new legislation.- Put a 3 Year Programme of internal audit in place.- Annual independent reports from internal and external auditors.- Founding member of Scottish Procurement Alliance.
3.	Supply of good quality housing across all tenures
	<ul style="list-style-type: none">- 1,155 properties delivered under current new supply programme deal, with 201 new homes in year.- Continued positive partnerships with Scottish Government and local authorities.- Continue to manage properties for innovative investment project with key partners for mid-market rent in town centre locations.- Provided managed lettings services for mid-market and market rent properties.- Managed One Wellwynd community hub facility supporting 5 social enterprises and small local businesses employing over 60 people.

Operational Objectives (continued)

4.	Excellent services and opportunities for our people
	<ul style="list-style-type: none"> - Commenced new apprenticeship programme. - Implemented organisational review. Streamlined the business into 3 distinct areas; namely, People, Property and Finance. - Reviewed roles and competencies. - Further developed 1-1 and annual review process. - Developed annual training plan. - Implemented Corporate Social Responsibility Action Plan. - Promoted and supported volunteering amongst staff. - Raised over £24,000 through employee payroll giving scheme and charitable events to benefit local charities and individuals. - Approved ICT Strategy and Action Plan in place. - Implemented annual ICT Action Plan. - Established IT Working Group attended by frontline staff across all Directorates. - Replaced IT hardware delivered programmed upgrades. - Introduced handheld technology for frontline staff. - Refreshed CVHA, Nova and Avant websites. - Introduced online account access for customers. - Introduced Phone App to provide tenants with information and access to services provided. - Introduced Twitter and YouTube accounts.
5.	Regeneration, innovation, investment and sustainability of homes and our communities
	<ul style="list-style-type: none"> - Delivered SHQS (to 96%). - Commenced compliance of EESSH (81%). - Implemented approved Asset Management Strategy. - Undertook Stock Condition Survey. - Commenced Douglas Low Demand Strategy. - Commenced Gartlea Low Demand Strategy. - Founding member of Our Power. - Rollout of void switching with Our Power. - Established Customer Panel. - Developed CSR Strategy and Action Plan. - Developed low demand strategies. - Ensured communities were recipients of staff volunteering and fundraising activity through the Corporate Social Responsibility Group.

Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2017

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 and performance 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 Statement of Comprehensive Income is set out on page 30. The Group made a surplus of £5,653,452 (2016: £2,624,377) after providing for Corporation Tax of £50,010 (2016: £42,452). The largest operating cost areas in the Group are our planned investment programme, reactive maintenance and direct costs which in 2016/17 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 last survey was carried out in 2012, with 28% of the stock being sampled. The most recent survey was completed in 2017 with a target 32% bringing the total stock surveyed in the last 5 years to 60%. Through a stratified survey sample and cloning this gives the organisation a robust data set to plan our stock investment. In recent years we committed substantial funds from our business plan to ensure that we met our requirements under the Scottish Housing Quality Standard (SHQS) and our Business Plan for 2017 takes into account the new Energy Efficiency Standard for Social Housing (EESH) with significant expenditure expected through to 2020 which is the deadline for delivery.

The total expenditure on works to existing properties was £1,931,894 of which £1,612,559 was capitalised and £319,335 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 2016/17 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 Association's 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 2017

Going Concern

The Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. This is based on the Associations Business plan for 2017, which was approved by the Board in May 2017. This continues to show a strong financial performance with significant investment in new supply of housing stock, management and maintenance of housing stock and full repayment of all borrowings in the lifetime of the plan. Cash flows remain positive throughout the plan and all financial covenants are met. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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 £21m was undrawn at 31 March 2017. 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 2017, 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 2017 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 2017 is £18,466,146. 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.

Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2017

Home Ownership

CVHA sold 14 properties under the Right to Buy (RTB) in the year to 31 March 2017. 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 ended in August 2016.

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 2017 includes the development of circa 525 units of residential accommodation being the balance of over 700 new homes from the funding deal signed in 2015 with around £40m of capital expenditure associated with this development activity over the business plan period. This represents the utilization of the Group's £110m loan facility. The Group has negotiated an additional £5m with its current syndicate which will add a further circa 100 units to this number bringing the Group's overall stock portfolio to around 4,050 units by 2020.

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.

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.

Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2017

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 2016/17 CVHA was successful in being re-accredited under the Customer Services Excellence scheme, which demonstrates excellent engagement and service delivery.

We issued with our Annual Performance Report in response to the Scottish Social Housing Charter, along with our Value for Money Statement.

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 2016/17 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 and met new legislation.

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 2016/17 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.
- 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.

Clyde Valley Housing Association Limited

**Group Report of the Board
For the year ended 31 March 2017**

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.

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.	<p>Provision of innovative solutions and appropriate support to improve health, wellbeing and tenancy sustainment.</p> <p>During 2017/18 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 2017/18 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.	<p>Well governed, delivering best value and ensuring efficiency.</p> <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 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 Chairman 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 Risk, Governance, Treasury Management, Voids and Responsive Arrears.</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 2017

	<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.	<p>Supply of good quality housing across all tenures.</p> <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 completed just under 1,900 new build properties with a further 525 incorporated into the current approved and funded Business Plan. These were all funded through subsidy from Scottish Government and private finance 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 increased the number of properties which meet the Energy Efficiency Standard for Social Housing (EESH) to 81% with a number of contracts planned for delivery in 2017/18 which will further increase the compliance rate.</p> <p>We will implement our Planned Programme Renewal works, in line with approved budget and work closely with contracts to ensure that these are finished to a high quality and meet customers' expectations.</p> <p>The updated Stock Condition Survey was commissioned in autumn 2016 and the results due in 2017/2018 – this will both inform our capital investment strategy and EESH investment programme going forward.</p> <p>We will continue to seek funding partners to help deliver energy efficiency improvement works.</p>
4.	<p>Excellent services and opportunities for our people.</p> <p>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>We will consider our organisation and talent management strategies to ensure that we have the workforce for now and the future.</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 2017

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. 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 2017

- 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 2017/18 this will focus on:

- Responsive Repairs
- Risk
- Strategic Governance
- Voids
- Treasury Management










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 2017

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 2014/15	Results for 2015/16	Results for 2016/17	Performance Compared to Last Year	SHN RSL results 2016/17
% of tenants satisfied with overall service provided.	89%	90%	90%		90.6%
% of stock meeting the Scottish Housing Quality Standard	96%	96%	96%		93.9%
% of tenants satisfied with the standard of their home when moving in.	74%	91%	97%		91%
% of tenants satisfied with the quality of their home.	100%	100%	95%		88.4%
Average length of time taken to complete emergency repairs (hours).	1.7	1.6	1.7		3.4
Average length of time taken to complete non-emergency repairs (days).	6.47	6.6	6.1		5.5
% of reactive repairs completed right first time.	93.65%	91.8%	93.4%		88.6%
% of repairs appointments kept.	99.4%	99.6%	99.4%		96.3%
% of tenants who feel the rent for their property represents good value for money.	67%	67%	67%		82.2%

The Association has a proactive response to tenants' survey results with gathering of detailed information on complaints and other comments to determine the cause of any perceived negative outcomes for tenants and actions are taken to improve these areas. These are reported to tenants in a "You said we did" style in newsletters and other forms of communication with the focus being on continuous improvement.

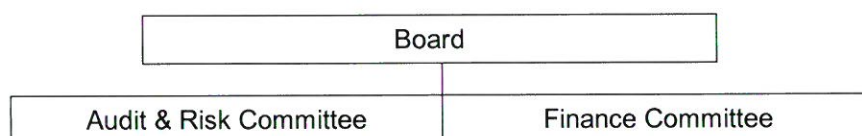
Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2017

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 Regulator's 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 significant 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 2017**

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: *31/8/2017*

Clyde Valley Housing Association Limited

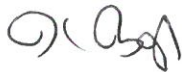
Statement of Board's Responsibilities For the year ended 31 March 2017

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 Association and to prevent and detect fraud and other irregularities.

By Order of the Board



Position: CHAIRMAN

Date: 31/8/2017

Clyde Valley Housing Association Limited

Board's Statement of Internal Financial Control For the year ended 31 March 2017

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:

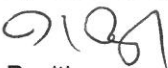
- the reliability of financial information used within the Association, or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposition.

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 misstatement 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 2017. 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:

31/3/2017

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 2017**

In addition to our audit of the Financial Statements, we have reviewed your statement on page 26 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" for systemically important RSLs 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 26 has provided the disclosures required by the relevant Regulator Standards for systemically important RSLs 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

Date..... 8/9/17.....

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 2017**

Opinion on financial statements

We have audited the group and parent association financial statements of Clyde Valley Housing Association Limited for the year ended 31 March 2017 (the "financial statements") on pages 28 to 70. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Association's affairs as at 31 March 2017 and of the income and expenditure of the Group and the income and expenditure of the Association for the year then ended;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – December 2014.

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>

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

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

Respective responsibilities of the Board and auditor

As explained more fully in the Board's Responsibilities Statement set out on pages 24, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

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

8/9/17.

Clyde Valley Housing Association Limited

**Group Statement of Comprehensive Income
For the year ended 31 March 2017**

	Notes	2017 £	2016 £
TURNOVER	2	16,270,314	17,807,075
Operating expenditure	2	(9,989,966)	(12,449,816)
		6,280,348	5,357,259
Remeasurement of SHAPS Pension	25	1,958,576	15,000
OPERATING SURPLUS		8,238,924	5,372,259
Gain on disposal of property, plant and equipment		222,923	123,135
Surplus on Housing Properties		6,000	-
Interest receivable	6	31,187	38,383
Interest and financing costs	7	(3,157,373)	(2,737,999)
Movement in fair value of financial instruments		(160,246)	(128,949)
Operating surplus from Associate		522,050	
SURPLUS BEFORE TAX		5,703,465	2,666,829
Taxation		48,326	42,452
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,655,139	2,624,377

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 2017**

	Notes	2017 £	2016 £
TURNOVER	2	15,659,445	16,905,099
Operating expenditure	2	(9,638,142)	(11,552,992)
		6,021,303	5,352,107
Remeasurement of SHAPS Pension	25	1,958,576	15,000
OPERATING SURPLUS		7,979,879	5,367,107
Gain on disposal of property, plant and equipment		222,923	123,135
Interest receivable	6	50,315	38,383
Interest and financing costs	7	(3,157,373)	(2,737,999)
Movement in fair value of financial instruments		(160,246)	(128,949)
Surplus from Associate	12	522,050	-
SURPLUS BEFORE TAX		5,457,548	2,661,677
Taxation		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,457,548	2,661,677

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 2017**

	Notes	2017 £	2016 £
FIXED ASSETS			
Housing properties	10.A	220,842,165	191,728,353
Other fixed assets	10.B	6,853,444	7,060,297
Investment properties	11	1,875,999	1,869,999
Fixed asset investments	12	2,522,052	2,000,002
Fixed asset investment – Homestake	13.A	-	38,750
		<u>232,093,660</u>	<u>202,697,401</u>
CURRENT ASSETS			
Properties held for sale	14	1,068,871	434,370
Trade and other debtors	15	2,581,479	2,575,719
Cash and cash equivalents		17,472,942	17,124,432
		<u>21,123,292</u>	<u>20,134,521</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	16	(5,762,028)	(9,307,587)
NET CURRENT ASSETS		<u>15,361,264</u>	<u>10,826,934</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
Creditors: Amounts falling due after more than one year	17	(227,371,040)	(196,900,189)
Provisions for liabilities			
Pension provision	21	(1,616,000)	(3,811,361)
		<u>228,987,040</u>	<u>(200,711,550)</u>
TOTAL NET ASSETS		<u>18,467,884</u>	<u>12,812,785</u>
RESERVES			
Share Capital	22	57	94
Income and Expenditure Reserve		18,467,827	12,812,691
TOTAL RESERVES		<u>18,467,884</u>	<u>12,812,785</u>

The financial statements on pages 28 to 70 were approved by the Board and authorised for issue on 31/3/2017 and are signed on its behalf by:

Chairperson 

Secretary 

Board Member 

Clyde Valley Housing Association Limited

Statement of Financial Position - Association
For the year ended 31 March 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Housing properties	10.A	221,058,469	191,944,657
Other fixed assets	10.B	6,853,444	7,060,297
Fixed asset investments	12	2,522,052	2,000,002
Investment in subsidiaries	13.B	1	1
		<u>230,433,966</u>	<u>201,004,957</u>
CURRENT ASSETS			
Properties held for sale	14	41,883	39,263
Trade and other debtors	15	4,602,635	4,153,608
Cash and cash equivalents		17,438,631	17,125,587
		<u>22,083,149</u>	<u>21,318,458</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	16	(5,544,000)	(9,102,674)
NET CURRENT ASSETS		<u>16,539,149</u>	<u>12,215,784</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>246,973,115</u>	<u>213,220,741</u>
Creditors: Amounts falling due after more than one year	17	(227,371,038)	(196,880,814)
Provisions for liabilities			
Pension provision	21	(1,616,000)	(3,811,361)
		<u>(228,987,038)</u>	<u>(200,692,175)</u>
TOTAL NET ASSETS		<u>17,986,077</u>	<u>12,528,566</u>
RESERVES			
Share Capital	22	57	94
Income and Expenditure Reserve		17,986,020	12,528,472
TOTAL RESERVES		<u>17,986,077</u>	<u>12,528,566</u>

The financial statements on pages 28 to 70 were approved by the Board and authorised for issue on 31/3/2017 and are signed on its behalf by:

Chairperson

(Bo)

Secretary

Nareen Owens

Board Member

[Signature]

Clyde Valley Housing Association Limited

Group Statement of Changes in Equity
For the year ended 31 March 2017

	Notes	Income and expenditure reserve £	Total £
Balance at 1 April 2016		12,812,691	12,812,691
Surplus for the year		5,655,136	5,655,136
Transfer from revaluation reserve to income and expenditure reserve			
Transfer of restricted expenditure from unrestricted reserve			
Balance as at 31 March 2017		<u>18,467,827</u>	<u>18,467,827</u>

Clyde Valley Housing Association Limited

Association Statement of Changes in Equity
For the year ended 31 March 2017

	Notes	Income and expenditure reserve £	Total £
Balance at 1 April 2016		12,528,472	12,528,472
Surplus for the year		5,457,548	5,457,548
Transfer from revaluation reserve to income and expenditure reserve			
Transfer of restricted expenditure from unrestricted reserve			
Balance as at 31 March 2017		<u>17,986,020</u>	<u>17,986,020</u>

Clyde Valley Housing Association Limited

**Group Statement of Cashflows
For the year ended 31 March 2017**

	Notes	2017 £	2016 £
Net cash generated from operating activities	23	3,878,836	11,990,647
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(31,432,181)	(25,303,387)
Purchase and Development of Housing for Sale			-
Capitalised component replacements		(1,612,559)	(1,864,118)
Purchase of other fixed assets		(31,712)	(122,153)
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		532,704	448,115
Net issue of ordinary share capital		(27)	10
Grants received		18,903,315	16,962,267
Interest received		31,187	38,383
NET CASH USED IN INVESTING ACTIVITIES		(13,609,273)	(9,875,885)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(3,021,053)	(2,651,999)
Interest element of finance lease rental payments			-
New secured loans		13,100,000	5,690,358
Repayments of borrowings			-
Capital element of finance lease rental payments			-
Withdrawal from deposits			-
NET CASH FROM FINANCING ACTIVITIES		10,078,947	3,038,359
		(3,530,326)	(6,837,526)
NET INCREASE IN CASH AND CASH EQUIVALENTS		348,510	5,153,121
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		17,124,432	11,971,311
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	17,472,942	17,124,432

Clyde Valley Housing Association Limited

**Statement of Cashflows - Association
For the year ended 31 March 2017**

	Notes	2017 £	2016 £
Net cash generated from operating activities	23	3,824,242	12,075,134
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(31,432,181)	(25,303,388)
Purchase and Development of Housing for Sale			-
Capitalised component replacements		(1,612,559)	(1,864,118)
Purchase of other fixed assets		(31,712)	(122,153)
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		532,704	448,115
Net issue of ordinary share capital		(27)	10
Grants received		18,903,315	16,962,267
Interest received		50,315	38,383
NET CASH USED IN INVESTING ACTIVITIES		(13,590,145)	(9,875,886)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(3,021,053)	(2,651,999)
Interest element of finance lease rental payments		-	-
New secured loans		13,100,000	5,690,358
Repayments of borrowings		-	-
Capital element of finance lease rental payments		-	-
Withdrawal from deposits		-	-
NET CASH FROM FINANCING ACTIVITIES		10,078,947	3,038,359
		3,511,198	(6,837,821)
NET INCREASE IN CASH AND CASH EQUIVALENTS		313,044	5,237,607
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		17,125,587	11,887,980
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	17,438,631	17,125,587

Clyde Valley Housing Association Limited

ACCOUNTING POLICIES

For the year ended 31 March 2017

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 they 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 2017

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 £318,000 for the next 5 years has been discounted at a rate of 1.06% amounting to a net present value of £1,616,000 at 31 March 2017.

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.

GOING CONCERN

The Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. This is based on the Associations Business plan for 2017, which was approved by the Board in May 2017. This continues to show a strong financial performance with significant investment in new supply of housing stock, management and maintenance of housing stock and full repayment of all borrowings in the lifetime of the plan. Cash flows remain positive throughout the plan and all financial covenants are met. 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.

Clyde Valley Housing Association Limited

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2017

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 2017

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

IMPAIRMENT 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 2017

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.

ACCOUNTING POLICIES (continued)
For the year ended 31 March 2017

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.

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 Association 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.

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2017

		2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT – GROUP			
	Notes	Turnover £	Operating Costs £	2017 Operating Surplus £	2016 Operating Surplus/(Deficit) £
Affordable letting activities	3	15,092,234	(8,831,146)	6,261,088	5,521,605
Other activities	4	1,178,080	(1,158,820)	19,260	(164,346)
Total		16,270,314	(9,989,966)	6,280,348	5,357,259
Total for previous reporting period		17,807,075	(12,449,816)	5,357,259	4,872,232

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2017

		2017		2016	
2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT – ASSOCIATION		Operating Costs	Operating Surplus / (Deficit)	Operating Costs	Operating Surplus / (Deficit)
		£	£	£	£
Notes	Turnover				
3	Affordable letting activities	(8,831,146)	6,261,088	5,521,604	
4	Other activities	(806,996)	(239,785)	(169,497)	
	Total	(9,638,142)	6,021,303	5,352,107	
	Total for previous reporting period	(11,552,992)	5,352,107	4,592,172	

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2017

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 2017 £	Total 2016 £
Rent receivable net of service charges	13,828,795	-	9,870	13,838,665	12,959,770
Service charges	77,284	-	-	77,284	66,130
Gross income from rents and service charges	13,906,079	-	9,870	13,915,949	13,025,900
Less voids	(271,396)	-	-	(271,396)	(193,540)
Net income from rents and service charges	13,634,683	-	9,870	13,644,553	12,832,360
Grants released from deferred income	1,447,681	-	-	1,447,681	1,447,903
Revenue grants from Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
Total turnover from affordable letting activities	15,082,364	-	9,870	15,092,234	14,280,263
Management and maintenance administration costs	2,815,204	-	-	2,815,204	2,686,640
Service costs	78,262	-	-	78,262	67,831
Planned and cyclical maintenance including major repairs costs	982,795	-	-	982,795	1,074,198
Reactive maintenance costs	1,461,821	-	-	1,461,821	1,424,082
Bad debts - rents and service charges	148,371	-	-	148,371	278,786
Depreciation of affordable let properties	3,340,526	-	4,167	3,344,693	3,227,121
Impairment of affordable let properties	-	-	-	-	-
Operating Costs for affordable letting activities	8,826,979	-	4,167	8,831,146	8,758,658
Operating surplus or deficit for affordable letting activities	6,255,385	-	5,703	6,261,088	5,521,605
Operating surplus or deficit or affordable letting activities for previous reporting period	5,514,412	-	7,193	5,521,605	

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2017

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 2017 £	Total 2016 £
Rent receivable net of service charges	13,828,795	-	9,870	13,838,665	12,959,770
Service charges	77,284	-	-	77,284	66,130
Gross income from rents and service charges	13,906,079	-	9,870	13,915,949	13,025,900
Less voids	(271,396)	-	-	(271,396)	(193,540)
Net income from rents and service charges	13,634,683	-	9,870	13,644,553	12,832,360
Grants released from deferred income	1,447,681	-	-	1,447,681	1,447,903
Revenue grants from Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
Total turnover from affordable letting activities	15,082,364	-	9,870	15,092,234	14,280,263
Management and maintenance administration costs	2,815,204	-	-	2,815,204	2,686,641
Service costs	78,262	-	-	78,262	67,831
Planned and cyclical maintenance including major repairs costs	982,795	-	-	982,795	1,074,198
Reactive maintenance costs	1,461,821	-	-	1,461,821	1,424,082
Bad debts - rents and service charges	148,371	-	-	148,371	278,786
Depreciation of affordable let properties	3,340,526	-	4,167	3,344,693	3,227,121
Impairment of affordable let properties	-	-	-	-	-
Operating Costs for affordable letting activities	8,826,979	-	4,167	8,831,146	8,758,659
Operating surplus or deficit for affordable letting activities	6,255,385	-	5,703	6,261,088	5,521,604
Operating surplus or deficit or affordable letting activities for previous reporting period	5,514,411	-	7,193	5,521,604	

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2017

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	-	-	-	390,549	390,549	27,162	129,408	233,979	223,765
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	-	-	-	216,202	216,202	-	(19,395)	19,395	72,551
Wellwynd Community	-	-	-	-	-	-	244,184	(27,982)	(9,481)
Other activities	-	-	-	571,329	571,329	-	777,461	(206,132)	(451,181)
Total from other activities	-	-	-	1,178,080	1,178,080	27,162	1,131,658	19,260	(164,346)
Total from other activities for the previous reporting period	-	-	-	3,526,812	3,526,812	34,989	3,656,169	(164,346)	

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2017

	Grants From		Other Revenue Grants £	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs		Other Operating Costs £	Operating Surplus Or deficit £	Operating Surplus Or Deficit For previous Reporting Period £
	Scottish Ministers £	Other £					Bad debts £	Operating Costs £			
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	-	-	-	-	-	-	-	-	(26,770)	26,770	69,203
Wellwynd Community	-	-	-	-	216,202	216,202	-	-	244,184	(27,982)	(9,481)
Other activities	-	-	-	-	351,009	351,009	-	-	589,582	(238,573)	(229,219)
Total from other activities	-	-	-	-	567,211	567,211	-	-	806,996	(239,785)	(169,497)
Total from other activities for the previous reporting period	-	-	-	-	2,624,836	2,624,836	-	-	2,794,333	(169,497)	

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

5. ACCOMMODATION IN MANAGEMENT

	Group Units Under Management		Association Units Under Management	
	2017	2016	2017	2016
General needs housing	3,441	3,267	3,441	3,250
Shared ownership	5	5	5	5
Total units in management	3,446	3,272	3,446	3,255

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Group		Association	
	2017	2016	2017	2016
	£	£	£	£
Interest on bank deposits	31,187	38,383	31,187	38,383
Group Loan interest	-	-	19,128	-
	31,187	38,383	50,315	38,383

7. INTEREST PAYABLE AND SIMILAR CHARGES

	Group		Association	
	2017	2016	2017	2016
	£	£	£	£
Interest arising on:				
Bank loans and overdrafts	3,112,564	2,613,919	3,112,564	2,613,919
Defined benefit pension charge	84,000	86,000	84,000	86,000
Amortisation of issue costs of bank loan	45,000	45,000	45,000	45,000
	3,241,564	2,744,919	3,241,564	2,744,919
Less: Interest capitalised on housing properties under construction	84,191	6,920	84,191	6,920
	3,157,373	2,737,999	3,157,373	2,737,999

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 2017

8. OPERATING SURPLUS OR DEFICIT

	Group		Association	
	2017 £	2016 £	2017 £	2016 £
Operating surplus is stated after charging/(crediting):				
Depreciation of housing properties	3,344,693	3,227,121	3,344,693	3,227,121
Depreciation of other tangible fixed assets (note 10.B) - Owned	238,107	236,511	238,107	236,511
Impairment of Investment properties		58,500		-
(Surplus)/deficit on disposal of tangible fixed assets	222,923	123,135	222,923	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	
	2017 £	2016 £	2017 £	2016 £
Audit services - statutory audit of the Association	18,270	17,940	13,350	14,820
<i>Other services:</i>				
Taxation compliance services	3,955	1,715	2220	780
Other assurance services	-	-	-	-
All other non-audit services	<u>3,446</u>	<u>2,653</u>	<u>3311</u>	<u>2,341</u>

9. EMPLOYEES

	Group		Association	
	2017 No.	2016 No.	2017 No.	2016 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	46	49	46	49
	2017 £	2016 £	2017 £	2016 £
Staff costs for the above persons:				
Wages and salaries	1,701,784	1,720,696	1,701,784	1,720,696
Social security costs	171,941	173,248	171,941	173,248
Defined contribution pension cost	153,796	155,614	153,796	155,614
	<u>2,027,521</u>	<u>2,049,558</u>	<u>2,027,521</u>	<u>2,049,558</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2017

9. EMPLOYEES (continued)

Key Management Personnel during the period comprised of;
 Governance – The Board of Management ;
 Strategic Direction - The Leadership Team ; and
 Operational Management - The Management Team

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	
	2017 No.	2016 No.	2017 No.	2016 No.
£60,000 - £70,000	-	-	-	-
£70,001 - £80,000	3	3	3	3
£80,001 - £90,000	-	-	-	-
£90,001 - £100,000	-	1	-	1
	Group		Association	
	2017 £	2016 £	2017 £	2016 £
Aggregate emoluments for all key management personnel (excluding pension contributions)	291,182	324,601	291,182	324,601
The emoluments of the highest paid member of key management personnel (excluding pension contributions)	78,020	97,328	78,020	97,328
Aggregate pension contributions in relation to the above key management personnel	26,950	30,556	26,950	30,556

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 2017

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 £
Cost				
1 April 2016	192,274,220	27,002,017	377,065	219,653,302
Additions	-	31,432,181	-	31,432,181
Works to existing properties	1,612,555	-	-	1,612,555
Schemes completed	18,614,931	(18,614,931)	-	-
Disposals	(1,009,269)	-	-	(1,009,269)
31 March 2017	211,492,437	39,819,267	377,065	251,688,769
Depreciation and impairment				
1 April 2016	27,847,396	-	77,553	27,924,949
Depreciation charged in year	3,340,526	-	4,167	3,344,693
Released on disposal	(423,038)	-	-	(423,038)
31 March 2017	30,764,884	-	81,720	30,846,604
Net book value				
31 March 2017	180,726,553	39,819,267	295,345	220,842,165
31 March 2016	164,426,824	27,002,017	299,512	191,728,353

EXPENDITURE ON WORKS TO EXISTING PROPERTIES

	2017 £	2016 £
Improvement work capitalised	-	805,743
Replacement component spend capitalised	1,612,559	1,058,375
Amounts charged to income and expenditure	319,335	509,759
Total major repairs spend	1,931,894	2,373,877

FINANCE COSTS

	2017 £	2016 £
Aggregate amount of finance costs included in the cost of housing properties	84,191	6,920

The Cost of Land Included above was £36,338,925 (2016 £35,006,123)

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2017

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 £
Cost				
1 April 2016	192,490,524	27,002,017	377,065	219,869,606
Additions	-	31,432,181	-	31,432,181
Works to existing properties	1,612,555	-	-	1,612,555
Schemes completed	18,614,931	(18,614,931)	-	-
Disposals	(1,009,269)	-	-	(1,009,269)
31 March 2017	211,708,741	39,819,267	377,065	251,905,073
Depreciation and impairment				
1 April 2016	27,847,396	-	77,553	27,924,949
Depreciation charged in year	3,340,526	-	4,167	3,344,693
Released on disposal	(423,038)	-	-	(423,038)
31 March 2017	30,764,884	-	81,720	30,846,604
Net book value				
31 March 2017	180,943,857	39,819,267	295,345	221,058,469
31 March 2016	164,643,128	27,002,017	299,512	191,944,657

EXPENDITURE ON WORKS TO EXISTING PROPERTIES

	2017 £	2016 £
Improvement work capitalised	-	805,743
Replacement component spend capitalised	1,612,559	1,058,375
Amounts charged to income and expenditure	319,335	509,759
Total major repairs spend	1,931,894	2,373,877

FINANCE COSTS

	2017 £	2016 £
Aggregate amount of finance costs included in the cost of housing properties	84,191	6,920

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

The Cost of Land Included above was £36,338,925 (2016 £35,006,123)

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2017

10.B TANGIBLE FIXED ASSETS – OTHER – GROUP

	Land and Buildings	Leasehold Improvement	Office Equip-ment	Fixtures and fittings	Plant and Other Equip-ment	Computer Equipment	Total
Cost							
1 April 2016	4,593,178	3,569,524	270,109	41,728	14,407	600,819	9,089,765
Additions	5,990					25,264	31,254
31 March 2017	4,599,168	3,569,524	270,109	41,728	14,407	626,083	9,121,019
Depreciation and impairment							
1 April 2016	495,549	712,373	268,043	41,728	14,407	497,368	2,029,468
Depreciation charged in year	71,263	118,984	1,324	-	-	46,536	238,107
31 March 2017	566,812	831,357	269,367	41,728	14,407	543,904	2,267,575
Net book value							
31 March 2017	4,032,355	2,738,168	742	-	-	82,179	6,853,444
31 March 2016	4,097,629	2,857,151	2,066	-	-	103,451	7,060,297

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2017

10.B TANGIBLE FIXED ASSETS – OTHER - ASSOCIATION

	Land and Buildings £	Leasehold Improve- ment £	Office Equip-ment £	Furniture, fixtures and fittings £	Plant and Other Equip-ment £	Computer £	Total £
Cost							
1 April 2016	4,593,178	3,569,524	270,109	41,728	14,407	600,819	9,089,765
Additions	5,990	-	-	-	-	25,264	31,254
31 March 2017	4,599,168	3,569,524	270,109	41,728	14,407	626,083	9,121,019
Depreciation and impairment							
1 April 2016	495,549	712,373	268,043	41,728	14,407	497,368	2,029,468
Depreciation charged in year	71,263	118,984	1,324	-	-	46,536	238,107
31 March 2017	566,812	831,357	269,367	41,728	14,407	543,904	2,267,575
Net book value							
31 March 2017	4,032,356	2,738,167	742	-	-	82,179	6,853,444
31 March 2016	4,097,629	2,857,151	2,066	-	-	103,451	7,060,297

11. INVESTMENT PROPERTIES - GROUP

	2017 £	2016 £
At 1st April	1,869,999	2,076,129
Increase/Decrease in value	6,000	(206,130)
At 31 March	1,875,999	1,869,999

Investment properties were valued as at 31 March 2017 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.

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2017

12. FIXED ASSET INVESTMENTS

Cost or valuation:	Group		Association	
	Shares in trade investments	Total	Shares in trade investments	Total
	£	£	£	£
1 April 2016	2,000,002	2,000,002	2,000,002	2,000,002
Additions	522,050	522,050	522,050	522,050
31 March 2017	2,522,052	2,522,052	2,522,052	2,522,052

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. Under FRS 102 Clyde Valley Housing Association Ltd must recognise a share of the associate company's profit or loss in proportion to this shareholding and the addition relates to the Association's 42% share of the associate company for the year. However under the terms of the shareholders agreement the Association's ultimate return may differ from 42% at the end of the agreement. As at 31 March 2017, the capital and reserves of Innov8 Housing Solutions were £5,988,438 (2016 £4,284,427) with a taxable profit for the year of £1,439,709 (2016 £37,809)

13a. FIXED ASSET INVESTMENT

	Group		Association	
	2017	2016	2017	2016
	£	£	£	£
Shared equity investment	-	38,750	-	-
	-	38,750	-	-

The company previously held an equity share in a property which have now fully been disposed of.

13b. Investments	Group		Association	
	2017	2016	2017	2016
	£	£	£	£
Investment in subsidiary undertaking	-	-	1	1

Clyde Valley Housing Association Ltd owns 1 ordinary £1 share in Clyde Valley Property Services Ltd. This represents a 100% shareholding in Clyde Valley Property Services Ltd, a company registered in Scotland, whose principal activity is that of provision of factoring property services to owners. As at 31 March 2017, the capital and reserves of Clyde Valley Property Services were £743,108 with a taxable profit for the year of £244,234.

14. PROPERTIES FOR SALE

	Group		Association	
	2017	2016	2017	2016
	£	£	£	£
Work in progress	1,068,871	434,370	41,883	39,263
	1,068,871	434,370	41,883	39,263

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2017

15. DEBTORS

Amounts falling due within one year:	Group		Association	
	2017 £	2016 £	2017 £	2016 £
Rent and service charges receivable	1,399,440	1,282,640	1,399,440	1,282,640
Less: provision for bad and doubtful debts	(308,158)	(283,380)	(308,158)	(283,380)
	1,091,282	999,260	1,091,282	999,260
Other debtors	419,494	698,282	198,037	502,561
Prepayments and accrued income	1,070,703	878,177	1,069,278	859,866
Amounts due from Group undertakings	-	-	2,244,038	1,791,922
	<u>2,581,479</u>	<u>2,575,719</u>	<u>4,602,635</u>	<u>4,153,608</u>

Debtors ageing for amounts owed from Group undertakings:-

	2017 £	2016 £
Amounts due within 1 year	485,330	-
Amounts due between 1 and 2 years	213,131	-
Amounts due within 3 and 5 years	375,000	-
Amounts due after 5 years	1,170,577	1,791,922

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Association	
	2017 £	2016 £	2017 £	2016 £
Debt (note 19)	-	-	-	-
Rent and service charges received in advance	196,791	180,774	196,791	180,774
Deferred capital grants (note 18)	1,544,647	1,545,567	1,544,647	1,545,567
Trade creditors	1,211,736	3,794,631	1,207,475	3,792,392
Corporation tax	48,289	40,769	-	-
Other creditors	97,985	99,598	15,241	22,494
Accruals and deferred income	2,662,580	3,646,248	2,579,846	3,561,447
	<u>5,762,028</u>	<u>9,307,587</u>	<u>5,544,000</u>	<u>9,102,674</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2017

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

	GROUP		ASSOCIATION	
	2017	2016	2017	2016
	£	£	£	£
Debt (note 19)	89,182,643	76,082,643	89,182,643	76,082,643
Deferred capital grant (note 18)	127,881,867	110,948,369	127,881,867	110,948,369
Retentions	747,161	449,956	747,161	449,956
Interest Rate SWAPS	7,131,681	6,971,435	7,131,681	6,971,435
Other Creditors	2,427,688	2,447,786	2,427,686	2,428,411
	<u>227,371,040</u>	<u>196,900,189</u>	<u>227,371,038</u>	<u>196,880,814</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2017

18. DEFERRED CAPITAL GRANT GROUP AND ASSOCIATION

Social Housing only	Housing Properties Held for letting	Housing Properties Course of Construction	Shared Ownership Properties Held for letting	Total Social Housing	One Wellwynd Other FA	Total
	£	£	£	£	£	£
Gross Grant Creditor						
At 31st March 2016	101,269,262	21,486,077	167,042	122,922,381	2,970,107	125,892,488
Grant Received in the year 2016/17	-	18,903,315	-	18,903,315	-	18,903,315
On Disposals 2016/17	(274,639)	-	-	(274,639)	-	(274,639)
Gross Grant Creditor as at 31st March 2017	100,994,623	40,389,392	167,042	141,551,057	2,970,107	144,521,164
Amortisation						
At 1st April 2016	(12,866,904)	-	(40,176)	(12,907,080)	(642,922)	(13,550,002)
Amortisation in the year	(1,445,592)	-	(2,089)	(1,447,681)	(96,967)	(1,544,648)
Total Amortisation as at 31st March 2017	(14,312,496)	-	(42,265)	(14,354,761)	(739,889)	(15,094,650)
Net Grant Creditor						
As at 31st March 2017	86,682,127	40,389,392	124,777	127,196,296	2,230,218	129,426,514
As at 1st April 2016	88,402,358	21,486,077	126,866	110,015,301	2,327,185	112,342,486
Deferred Capital Grant due within 1 year						1,544,647
Deferred Capital Grant due after 1 year						127,881,867
Total deferred Capital Grant due						<u>129,426,514</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2017

19. DEBT ANALYSIS - BORROWINGS

	Group		Association	
	2017	2016	2017	2016
	£	£	£	£
Creditors: amounts falling due within one year:				
Bank loans	-	-	-	-
Creditors: amounts falling due after more than one year:				
Bank loans	89,182,643	76,082,643	89,182,643	76,082,643
Total	89,182,643	76,082,643	89,182,643	76,082,643

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 £89,182,643 (2016: £76,082,643) are secured against the Associations Housing properties.

Bank Borrowings of £10,000,000 bear average fixed-rate coupons of 4.95% per annum (2016: 4.93%) per annum. Bank Borrowings of £68,282,643 bear average variable-rate coupons of 0.60% above LIBOR (2016: 0.60%). Bank Borrowings of £10,900,000 bear average variable-rate coupons of 1.75% above LIBOR (2016: 1.75%)

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

	Group		Association	
	2017	2016	2017	2016
	£	£	£	£
Based on the lender's earliest repayment date, borrowing are repayable as follows:				
Due within one year	-	-	-	-
Due in one year or more but less than two years	-	-	-	-
Due between two and five years	10,100,000	4,000,000	10,100,000	4,000,000
Due more than five years	79,082,643	72,082,643	79,082,643	72,082,643
	89,182,643	76,082,643	89,182,643	76,082,643

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2017

20. FINANCIAL INSTRUMENTS

	Group		Association	
	2017	2016	2017	2016
	£	£	£	£
Financial liabilities: Measured at fair value through income and expenditure				
- Other financial liabilities	7,131,681	6,971,435	7,131,681	6,971,435

In order to manage interest rate risk the Association has entered into the following hedging instruments, which are in place as at 31st March 2017.

On 19th August 2003, an extendible fixed rate arrangement with Barclays Bank for £4 million at a rate of 4.26%. The arrangement commenced on 15 July 2006 for a 5-year term and was extendible for a further 15 years on 15 July 2011. However the option for the bank not to extend this arrangement was bought out by CVHA on 24th May 2010 at a cost of £152,500 to be amortised in the accounts over the period until July 2026 so this instrument is now a non callable fix.

On 11th October 2007, a callable SWAP agreement with Barclays Bank for £5 million at a rate of 4.23%. The arrangement commenced on 15 October 2007 for a 30-year term however has an optional termination date of 15 October 2008 and thereafter quarterly if not called at that date.

On 5th February 2008, a callable SWAP agreement with Bank of Scotland for £5 million at a rate of 4.42%. The arrangement commenced on 15 April 2008 for a 20-year term however had an optional termination date of 15 April 2013 which was not taken up by the bank so this SWAP is now fixed.

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

On 13th May 2008, a callable SWAP agreement with Bank of Scotland for £6.2 million at a rate of 5.24 %. This SWAP stepped up in value to £9.7m on 15th July 2010 to replace a cap and collar arrangement for £3.5m with LTSB, which expired on that date. The arrangement commenced on 15 July 2008 for a 20-year term however has an optional termination date of 15 July 2018 and thereafter quarterly if not called at that date.

On 20th August 2010 a forward fixed SWAP agreement with Bank of Scotland for £5 million at a rate of 4.18% commencing on 15th July 2015 and expiring on 15th July 2020.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2017

21. PROVISIONS – GROUP AND ASSOCIATION

	SHAPS PENSION £
1 April 2016	3,811,361
Utilised in the year	(322,785)
Unwinding of discount	84,000
Increase due to change in discount rate	47,424
Amendments to contribution schedule	<u>(2,004,000)</u>
31 March 2017	<u>1,616,000</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	
	2017	2016	2017	2016
	Number	Number	Number	Number
Number of members				
1 April 2016	94	84	94	84
Joined during the year	5	11	5	11
Left during year	(42)	(1)	(42)	(1)
31 March 2017	<u>57</u>	<u>94</u>	<u>57</u>	<u>94</u>

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2017

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

	2017 £	2016 £
Surplus for the year	6,280,345	5,357,259
Adjustments for non-cash items	-	-
Depreciation of tangible fixed assets	3,582,800	3,463,632
Impairment losses on Fixed Asset investments	-	58,500
Fair value losses on investment properties	(6,000)	206,130
Defined benefit pension schemes	(322,784)	(313,383)
Amortisation of Grants	(1,544,647)	(1,544,869)
Decrease in Fixed Asset Investments	38,750	-
(Gain) on disposal of tangible fixed assets	(222,923)	(123,135)
Taxation	(42,000)	(59,348)
Operating cash flows before movements in working capital	<u>7,763,541</u>	<u>7,044,786</u>
Decrease/(increase) in stock	(634,501)	1,097,886
Increase in trade and other debtors	(5,760)	(452,490)
Increase in trade and other creditors	(3,244,444)	4,300,465
Cash generated from operations	<u>3,878,836</u>	<u>11,990,647</u>

Cash and Cash Equivalents (Group)

	2017 £	2016 £
Cash and Cash Equivalents represent:-		
Cash at Bank	17,472,942	17,124,432
Short Term Deposits	-	-
Overdraft	-	-
	<u>17,472,942</u>	<u>17,124,432</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2017

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

	2017 £	2016 £
Surplus for the year	7,979,879	5,352,107
Adjustments for non-cash items	(1,958,579)	-
Depreciation of tangible fixed assets	3,582,800	3,463,632
Impairment losses on tangible fixed assets	-	-
Impairment losses on investments	-	-
Fair value (gains)/losses on investment properties	-	-
Defined benefit pension schemes	(322,785)	(313,383)
Fair value (gains)/losses on financial instruments	-	-
Amortisation of Grants	(1,544,647)	(1,544,869)
(Gain) on disposal of tangible fixed assets	(222,923)	(123,135)
Interest receivable	-	-
Interest payable	-	-
Taxation	-	-
Operating cash flows before movements in working capital	<u>7,513,745</u>	<u>6,834,352</u>
Decrease/(increase) in stock	(2,620)	819,083
(Increase)/Decrease in trade and other debtors	(449,026)	(13,331)
Increase/(decrease) in trade and other creditors	(3,237,857)	4,435,030
Cash generated from operations	<u>3,824,242</u>	<u>12,075,134</u>

Cash and Cash Equivalents (Association)

	2017 £	2016 £
Cash at Bank	17,438,631	17,125,587
Short Term deposits	-	-
Overdraft	-	-
	<u>17,438,631</u>	<u>17,125,587</u>

24. CAPITAL COMMITMENTS AND OTHER CONTRACTUAL OBLIGATIONS

	Group		Association	
	2017 £	2016 £	2017 £	2016 £
Capital expenditure contracted for but not provided in the financial statements	<u>21,329,259</u>	<u>15,180,562</u>	<u>21,329,259</u>	<u>15,180,562</u>

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2017

25. RETIREMENT BENEFITS

From 1st 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 nil (2016: £144,845).

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

For the period up to 31st March 2014 the Association participated in the Scottish Housing Association Pension Scheme ("SHAPS"). The scheme is a multi-employer scheme which provides benefits to over 150 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme 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 Pensions Regulator and 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 for the scheme was carried out at 30 September 2012. This actuarial valuation showed assets of £394m, liabilities of £698m and a deficit of £304m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2014 to 30 September 2027:	£26,304,000 per annum (payable monthly, increasing by 3% each 1st April)
---	--

A full actuarial valuation for the scheme was carried out at 30 September 2015. This actuarial valuation showed assets of £616m, liabilities of £814m and a deficit of £198m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2017

25. RETIREMENT BENEFITS (continued)

Deficit contributions

From 1 April 2017 to 28 February 2022:	£25,735,092 per annum (payable monthly, increasing by 3% each 1st April)
From 1 April 2017 to 30 June 2025:	£727,217 per annum (payable monthly, increasing by 3% each 1st April)
From 1 April 2017 to 31 October 2026:	£1,239,033 per annum (payable monthly, increasing by 3% each 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

PRESENT VALUES OF PROVISION

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2017 (£000s)	Period Ending 31 March 2016 (£000s)
Provision at start of period	3,812	4,054
Unwinding of the discount factor (interest expense)	84	86
Deficit contribution paid	(323)	(313)
Remeasurements - impact of any change in assumptions	47	(15)
Remeasurements - amendments to the contribution schedule	(2,004)	-
Provision at end of period	1,616	3,812

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2017

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2017 (£000s)	Period Ending 31 March 2016 (£000s)
Interest expense	84	86
Remeasurements – impact of any change in assumptions	47	(15)
Remeasurements – amendments to the contribution schedule	(2,004)	-
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes. To be completed by the company.

ASSUMPTIONS

	31 March 2017 % per annum	31 March 2016 % per annum	31 March 2015 % per annum
Rate of discount	1.06	2.29	2.22

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

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 £318,000 per year for 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 1.06%. A liability based upon discounted net present value of £1,616,000 has been recognised within provisions for the contribution obligations.

At 1 April 2016	3,811,361
Decrease in provision	1,958,576
Releases in the year	236,785
At 31 March 2017	<u>1,616,000</u>

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

	2017	2016
Current service cost	10,769	10,769
Net interest on the net defined benefit pension liability	84,000	86,000
Benefit changes, (gain)/loss on curtailment and (gain)/loss on settlement	47,639	(15,000)
	<u>142,408</u>	<u>81,769</u>

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2017

25. RETIREMENT BENEFITS (Continued)

Changes in the present value of the defined benefit obligation:	
Defined benefit obligation at 1 April 2016	3,811,361
Current service cost	(323,000)
Interest cost	84,000
Contributions by scheme participants	-
Actuarial losses/(gains)	47,639
Liabilities assumed in a business combination	-
Plan introductions, changes, curtailments and settlements	(2,004,000)
Benefits paid	-
Defined benefit obligation at 31 March 2017	<u>1,616,000</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:

One member was a tenant member of the Association until 5/9/2016.

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 - £2,443 (2016 £4,066)

At the year-end total rent arrears owed by the tenant members of the Board were £nil (2016 £113).

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 £29,456 (2016: £10,125).

The Association has taken advantage of the FRS8 exception from disclosure of transactions with its wholly owned subsidiary Clyde Valley Property Services Limited.