

CLYDE VALLEY HOUSING ASSOCIATION LIMITED
GROUP REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

Clyde Valley Housing Association Limited

Group Report and Financial Statements For the year ended 31 March 2020

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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 2020**

Members of Board

The Members of the Board of the Association during the year to 31 March 2020, and up to the date of signing of these financial statements were as follows:

1. Allan Murray. Chairman
2. Andrew McFarlane, Vice Chairman
3. Campbell Boyd
4. Alex Baird
5. Ilona McGowan
6. Marie Gilfillan
7. Eleanor Walker
8. Connie Hendry
9. Irene Saunders (appointed 16/09/19)
10. Shannon Watson (appointed 16/09/19)
11. Lorna Wilson (co-opted 16/09/19)

Resignations

1. Kerr Luscombe (resigned 9/12/19)

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 2020**

Executive Team

The Executive Team of the Association during the year to 31 March 2020, and up to the date of signing these financial statements were as follows:

Lynn Wassell	Chief Executive
Carron Garmory	Finance Director
John Turnbull	Investment Director (resigned 26/06/20)
Fin Smith	Customer Services Director (appointed 03/06/19)

Committee Membership 2020

Audit Committee	Andrew McFarlane (Chair) Campbell Boyd Alex Baird Eleanor Walker Connie Hendry Shannon Watson
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**Group Report of the Board
For the year ended 31 March 2020**

The Board presents their report and audited financial statements for the year ended 31 March 2020.

Chairman's Report

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

Our Board approved our new 5 year Corporate Strategy. As part of this exercise we reviewed and considered our organisational Values and through various focus groups and interviews with customers, stakeholders and staff we were encouraged to understand that Clyde Valley are viewed very positively as a landlord and employer and a good strategic partner to work with.

One of our significant achievements this year has been continuing to deliver on our new supply capital programme to help meet the Group's strategic objectives in relation to tackling the demand for social housing in Scotland and sustaining communities. At the open days in Larkhall, our conversion of a former primary school into high quality homes attracted 700 visitors from the local community and other partners. As well as providing much needed homes for social rent we also provide 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 planned and reactive programme of works of £6.2m.

We had some changes in Board membership and welcomed new members who bring a range of skills and expertise to complement our existing Board Members and I believe we have a really strong board with the right skills and experience to deliver on our new strategy. The input and expertise from our 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.

This was our first year of developing and submitting our Annual Assurance Statement to the Scottish Housing Regulator and we went through an intense process to assure ourselves as a Board that we had this right and were pleased to submit an Assurance Statement stating we are compliant. This does not mean we are complacent and we continue to deliver on Governance Excellence and see assurance as embedded in the culture of the Board and the Organisation as a whole.

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

- Delivering an effective repairs service
- Improving homes
- Charging affordable rents
- Providing a safe and secure home environment
- Knowledgeable staff

The on-going challenges in the industry continue to challenge us as a business, as well as allowing us to think differently and look for new opportunities. The recent Covid pandemic has certainly shown we need to be agile and responsive and I am encouraged at the positive way in which our staff, customers, partners and contractors have responded to the unprecedented situation we faced, and continue to face, as we protect and support our customers, employees and communities. We have a great experienced team of trustees, staff, contractors and partners and together we will continue to develop and grow the business and make the difference to lives and communities.



Chairman

14 August 2020

Chief Executive's Report

It has been another strong year for Clyde Valley Group (CVG) with the achievement of a number of significant milestones.

CVG remains an agile, commercially focused and growing modern business. With customers at our heart, we continue to offer value for money, new homes and exceptional service. We have grown and diversified our business as a landlord and factor over the last 24 years and continue to do so, including through our wholly owned subsidiary, Clyde Valley Property Services.

Much is changing for our customers, for the housing sector and the Scottish Government is encouraging us all to think as far ahead as 2040. There are significant challenges in achieving a carbon neutral Scotland by 2045, addressing poverty and inequality, growing numbers of older people and single households, health needs, homelessness and the rapid development of new technology in all areas of life. Clyde Valley Group will make it our business to understand customers' and employees' changing needs and expectations and address these key issues. This means that strong leadership, resilience and creativity will be essential. We aim to be an RSL exemplar in working closely and effectively with our local authorities and other partners and this we think will be more critical than ever before.

We spent a good part of the year considering and engaging people in our future strategies and will deliver on our strategic objectives during the next 5 years. We also took the time to refresh our company values involving staff and customers in our journey.

Whilst the Covid-19 pandemic emerged towards the end of this financial year which resulted in minimal impact on financial matters and delivery, there will inevitably be an impact for 2020/21 and potentially into 2021/22. Our Corporate Strategy was due to be launched in April 2020 after the pandemic had started therefore a final review of the strategy and outputs is being carried out before it is finally signed off and publicised.

We want our customers to experience excellent service that makes them feel valued and understood. Over the next 2 years, our service will look and feel more responsive, be easier to access, even more modern and flexible. We plan to work more closely with our customers and put ourselves in their shoes in ways that will mean our future service design is truly customer led. We want customers to have more choice and our ambition is to develop new people centred ways of working and providing services designed for customers by customers. There will inevitably be even more opportunities to access services 24/7 on line in response to current and projected customer demand. We'll continue to test and drive up our service performance when compared to others, including through our Customer Services Excellence Accreditation framework.

CVG was awarded accreditation for Customer Excellence for the third time in 2017, with several aspects of our service recognised as 'compliant plus'. Following a review visit in 2019 we maintained our compliant plus indicators and were awarded 2 additional compliant plus indicators. The criteria we met reflected the professional nature of how our staff deal with our customers and how embedded customer service is within the Group. We challenge ourselves every day to do more and do better for over 7,500 customers.

Having the right culture at Clyde Valley Group is a key priority. As we grow, we'll continue to have great relationships with our people and a great team relationship based on our family values. Our people are important to us as they sustain our relationships with customers that is at the heart of what we do. Our people drive our success. We recognised a number of our staff at our Annual Staff Star Awards in December, awards voted for by colleagues and it was amazing to see the number of nominations received and was challenging for the panel to select winners from such a strong team of people.

Chief Executive's Report (continued)

We're proud to have been awarded Healthy Working Lives Gold in March 2020 having only just embarked on this journey in 2018. As one of the top 10 developers in Scotland for social and mid-market rented homes, we continue to rise to the Government's challenge of building 50,000 new homes in Scotland before 2021. Our current plans will see us grow to own and manage nearly 5,000 homes across Lanarkshire and East Dunbartonshire by 2022.

In 2019/20 we increased our investment to over £40m in new supply including securing a further £24m subsidy from Scottish Government grant. Our investment is not limited just to our new supply programme; as our commitment to ensure all our properties meet the needs of our customers' needs with a further £6m invested this year in our existing homes.

CVHA also continues to play a significant role in working with Local Authorities and RSLs and other partners. We were particularly proud to support Local Authorities in rapid rehousing transition planning to reduce the use of temporary accommodation and of our project with North Lanarkshire Council and Barnados to provide 'Forever Homes' for young care leavers. We aim to ensure we continue to collaborate, benchmark and contribute to achieve the best outcomes and ensure the well-being of our customers and communities. We are members of the Scottish Federation of Housing Associations and I was pleased to be elected as Board Director in 2019. We continue to work with the Housemark value for money club and Scotland's Housing Network, comparing RSL performance in Scotland in delivering value for money.

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 challenges are very real - fuel poverty, poor health outcomes, lack of access to high quality affordable homes, welfare reform, digital inclusion and homelessness. CVHA will continue to work closely with our Local Authorities and other partners to tackle these issues and seek innovative solutions. We are mindful that Covid-19 is severely affecting many of our tenants and communities and along with external agencies we will continue to provide support and advice to help them through the challenges. We are also committed to supporting Housing First and rapid rehousing transition planning to end the use of temporary homelessness accommodation.

CVG remains in a strong financial position, reporting turnover of £21.5m this year, compared to £21.4m in 2019 and surplus before tax this year of £1.7m. This surplus allows us to continue to invest in our current homes as well as invest in new homes. 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.


Chief Executive

14 August 2020

Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2020

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 over 20 years' 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 and South Lanarkshire, with interests in Glasgow and East Dunbartonshire. There are 2 principal companies in the Group providing services to over 7,500 customers:

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

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

	31 March 2020	31 March 2019
Tenanted Properties	4,130	3,957
Shared Ownership Properties	3	4
Total	4,133	3,961

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 Industrial & Provident Societies Act 1965 and The Housing (Scotland) Act 2010 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 mid-market and market sale property-letting, as well as development of housing for sale.

There are also 4 dormant subsidiary companies within the group – Avant Letting Services Limited; Clyde Valley Group Limited; Gravity Consultant Services Limited; and Nova Property Management Services Limited.

Objectives

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

Our Vision

Our vision is to provide high quality homes and services that make a difference to peoples' lives and to their communities.

We'll always make a difference to people – from providing a life changing new home to making it easier and quicker to pay rent or get repairs on line. Our reach and impact in communities and our role in place-making across Lanarkshire and East Dunbartonshire will continue to grow – whether we've preserved a much loved school in the centre of Larkhall or set up a new service to help private landlords let their property. We'll be measuring our social impact upon neighbourhoods and communities as well as satisfaction and value for money in delivering our core landlord services.

This is our purpose and our mission and we're passionate about it.

Our Values

Our values are important to us and underpin everything we do. We have made sure our values are actionable so we can show how we live them every day through our behaviours inside and outside Clyde Valley Group. What's more, our customers can take it for granted that we can be trusted and will be respectful, honest and open, fair and inclusive.

"BE all about customer"

Customers are our first priority and they drive everything we do and how we do it. This means we'll make sure we know our customers well, do the right thing for them, and always deliver on our promises.

"BE ambitious"

CVG and our people continue to grow and we'll always be ready for any opportunity as long as it benefits our customers. We'll support customers to realise their ambitions too.

"BE driven by excellence"

Our CVG team is relentless about doing better for customers, always learning and focused on improving performance, doing more for customers and reducing customer effort.

"BE caring"

Most importantly we're people centred, will listen and support customers and each other. We care about customers and each other. Some of our team members are customers themselves.

Together we make *the* difference.

Great teamwork matters and we'll work together in enjoying what we do and making life easier and better for customers and our employees.

Strategic Themes

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

1.	Providing a brilliant customer experience, delivering service excellence
2.	Addressing housing need and offering services across all tenures
3.	The leading RSL partner to create sustainable homes and communities.
4.	Focused on value for money and excellent governance as a growing and sustainable business.
5.	Aim to be the best housing association employer, committed to developing employees to realise their potential

Strategy for Achieving Objectives

Figure 1 below illustrates the overarching strategies that 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:		
30 Year Business Plan		
Activity Plans (Service and Individual)	Value for Money Statement and Performance Report	Asset Management Strategy
Corporate Social Responsibility Strategy	Customer Experience Strategy	Equality Strategy
People Strategy	IT Strategy Digital and SmartThink 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.

There are a number of operational tools that support this 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 2025. However, business planning, management and assurances processes have the ability to respond to a volatile and uncertain business environment, which is likely to continue.

Operational Objectives

The Association had a Corporate Strategy in place to 2020 that set 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">- Developed and implemented further initiatives to help customers manage impact of welfare reform and minimise risk for Association.- Maintained enhanced Customer Service Excellence re-accreditation.- Continued our work with the Clyde Valley Customer Panel to improve service review with a focus on Customer Services and took part in the Scottish Government's Next Steps programme.- Implemented substantial planned programme of major, cyclical and reactive works to ensure customers' homes remained safe and secure.- Undertook medical adaptations to ensure customers 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.- Produced our Value for Money Strategy and Annual Statement.- A full governance review resulting in an increase to Board Meeting frequency and change to committee structure.- Reviewed Board Composition, Skills and Recruitment Policy.- Recruited and inducted new Board members enhancing the skills of our existing Board.- Annual independent reports from internal and external auditors.
3.	Supply of good quality housing across all tenures
	<ul style="list-style-type: none">- 189 new homes completed 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 4 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">- Continued with apprenticeship programme.- Utilised graduate placements for mutual benefit.- Promoted and supported volunteering amongst staff.- Raised over £2,000 in the year through employee payroll giving scheme and charitable events to benefit local charities and individuals.- Achieved Gold Healthy Working Lives award.- Continued to deliver on our CSR Strategy.

5.	Regeneration, innovation, investment and sustainability of homes and our communities
	<ul style="list-style-type: none">- Delivered SHQS (to 95.4%).- Commenced compliance of EESSH (91.02%).- Worked in partnership with Barnardos, North Lanarkshire Council and other support agencies to provide permanent tenancies for care experienced young persons.- Continued to deliver on our Douglas and Gartlea Low Demand Strategy.- Ensured communities were recipients of staff volunteering and fundraising activity through the Corporate Social Responsibility Group.

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 Audit 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 £3,512,055 (2019: £1,869,634) after providing for Corporation Tax relief of £nil (2019: payment £205,864). The largest operating cost areas in the Group are our planned investment programme, reactive maintenance and direct costs which in 2019/20 accounted for about 61% of the total spend of the Association in relation to social letting activities. Spend consists mainly of maintaining and improving rented housing stock. The movement on the fair value of financial instruments has resulted in these decreasing at the year-end by £809,360 compared to a decrease in the previous year of £73,368.

The Association undertakes stock condition surveys which samples our properties. The most recent survey was carried out in June 2017 with 30% of the stock being sampled 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.

The total expenditure on works to existing properties was £2,642,995 of which £2,179,124 was capitalised and £463,871 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 28 days after the date of invoice. Where creditors have shorter payment terms these are adhered to.

Rental Income

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. We carried out tenant consultation on rents and affordability through our 2018 tenant survey, and benchmarked affordability across our areas of operation. This work formed the basis of the formal review of our 5-year rent strategy of 3% per annum along with analysis of investment needs. The 2020/21 rent increase was again set at 3.0%.

Budgetary Process

Each year the Board approves the annual budget, five-year viability report and 30-year Business Plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year. There is quarterly reporting to the Board of variances from the budget, updated forecasts for the year together with information on the key risk areas. The Management Team are fully involved in the pre-budget setting process, using our Budget Process Manual and thereafter in the monitoring of budgets as per our Budget Monitoring Manual.

Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2020

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 Association's Business plan for 2020/21, which was approved by the Board in April 2020 with a refresh as a result of Covid 19 approved by the Board in June 2020. Covid has had an impact on year 1 of the plan in terms of the development programme which despite 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 and forecast to be met in the future. 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 £111m with lenders Bank of Scotland (part of Lloyds banking group) and Barclays Bank. 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.

In May 2018, CVHA successfully secured a £70m private placement with Canada Life, £35m to be drawn down in June 2018 and the remaining £35m to be drawn in 2020. The £35m in 2020 will be used to repay a revolving credit facility that matures at this time. This will bring the overall borrowings for CVHA to £146m.

CVHA has active treasury management controls, which operate in accordance with the Treasury Policy annually reviewed and 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 2020, CVHA had a mix of fixed and variable rate finance, which it considers appropriate at this time.

SHAPS Pension scheme

Due to recent developments as at 1st April 2018 the share of assets and liabilities per employer is now available such that the scheme can now be accounted for on a defined benefit basis. Further detail in relation to this change in accounting is included in the accounting policy on page 40 and Note 25 to the financial statements on page 69.

The new defined benefit liability as at 1st April 2020 is £nil, resulting in a re-measurement through other comprehensive income of £1,791k.

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 2020 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.

Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2020

The total reserves position as at 31 March 2020 is £28,419,710. Some of these reserves are earmarked towards the Association's loan repayment schedule, which commenced in May 2019 and will continue through 2020.

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.

Future New Supply Developments

The Association has a track record of New Supply development with over £419m of development spend since it was formed and the provision of over 2,603 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 2020 includes the development of over 600 properties which are being part funded through the existing facility from the current lending syndicate and our Private Placement. These properties are planned to be delivered up to the end of March 2022. The number of new properties may vary slightly as individual projects are delivered and this will increase the Association's overall portfolio to just under 5,000 properties.

Whilst the program comprises mainly homes for social rent 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. This includes 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 is required to deliver a range of projects accommodating mixed tenure and also coping with the changing housing needs of the Scottish population and the Association has been responding to this. 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.

Development, Performance and Assurance

Effective service delivery is a high priority for the Association and it is important that this can be measured in the most appropriate way.

We issued our Annual Performance Report in response to the Scottish Social Housing Charter, as part of 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.

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.

We look beyond the organisation when measuring performance, including:

- Benchmarking performance and carrying out peer work against other comparable and locally based organisations such as our G8 group of RSLs, 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); Chartered Association of Certified Accountants (ACCA).
- Membership of the Scottish Housing Network (SHN), 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 2020

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 Committee quarterly.
Operational Risk Registers	→	Monitored by Executive and Management Team members through meetings and 1-1's.
Complaints and Compliments Monitoring	→	Reported to Board and Committees quarterly
Independent Customer Feedback	→	Reported to Board and Committees quarterly.
Customer Satisfaction Survey	→	3 yearly survey reported to Board. Annual Pulse Surveys for all services and text surveys and follow up for repairs
Internal Audit Programme	→	3 year rolling programme with reports and findings quarterly to Audit Committee.
Customer Panel Action Plan	→	Regular reports to Board for consideration.

Future Prospects

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

1.	Providing a brilliant customer experience, delivering service excellence
	<p>Continue to work with and support our customers through the Covid 19 pandemic and adapt our services and working practices to achieve this</p> <p>We will design and deliver services in collaboration with our customers and we will seek to ensure that service design places the customer at the centre of all that we do.</p> <p>Set up our new reactive repairs contract and deliver improvements to the service.</p> <p>We will increase the opportunities for customer feedback to drive priorities and quality by carrying out transactional customer surveys and annual pulse surveys.</p> <p>We will work to achieve and continuously improve our Customer Service Excellence Accreditation due for full 3- year review in August 2020.</p> <p>We will increase and promote our digital offering to customers based on their wants, needs and expectations.</p> <p>We will continue to conduct independent monitoring of customer services and ensure that we publish results as part of our Value for Money Statement and Annual Performance Report to customers.</p> <p>Customer Engagement</p> <p>Our Customer Experience Strategy includes our Customer Engagement Strategy and we will be delivering actions to broaden and deepen customer engagement throughout the life of this plan. Our Customer Engagement Strategy and action plan is based on our participation in the Scottish Government's Next Steps programme during 2019, supported by the Tenant Information Service. This brought together customers, board members and colleagues from across CVG through a number of workshops where current and future approaches to engagement were discussed. An Action Plan was produced which will be delivered through the Customer Engagement Strategy.</p> <p>We will continue to support our Customer Panel to deliver scrutiny projects, provide feedback and develop action plans.</p>

2.	Addressing housing need and offering services across all tenures
	<p>During 2020/21 we will continue to increase the number of new homes for social housing, mid-market rent and private sale. We will achieve a further 223 site starts and hand over 428 properties during 20/21 with a target spent of around £45m with £25m from subsidy and £20m from private finance.</p> <p>We will also deliver 29 properties for Mid-Market rent for CVPS to manage. CVPS will deliver another 2 new sites for outright sale of 24 units through CVPS at Ferniegair in Hamilton and Kirk Street in Strathaven. Funded through on-lending with outright sales in the same financial year with one site being direct sale to the council.</p> <p>We will continue to invest an additional £3.0m in investment driven from our Asset Management Strategy Action Plan. This has seen us deliver a number of projects and initiatives, which will continue to make our housing portfolio attractive to customers, and financially sustainable to manage both currently, and in the future. In 2020/2021 we will complete a number of core component renewal projects in addition to continuing to deliver contracts for our EESSH compliance by December 2020. We continue to utilise Scottish Procurement Alliance and Procurement for Housing to ensure our procurement process is both efficient and competitively sourced. We will fully review our Asset Management Strategy this financial year in the light of new proposed good practice guidance by the Scottish Housing Regulator.</p> <p>We will launch our private lettings business across Lanarkshire aimed at providing a social impact solution to private landlords to provide high quality landlord services.</p>

3.	The leading RSL partner to create sustainable homes and communities.
	<p>We are committed to working with our Local Authority partners to increase our contribution to the Homelessness agenda supporting the delivery of Rapid Rehousing Transition Plans.</p> <p>We will continue to work with Barnardos and NLC on the delivery of the Forever Homes Project focused on providing settled and permanent accommodation for care experienced young people.</p>
4.	Focused on value for money and excellent governance as a growing and sustainable business.
	<p>We will ensure our Business Continuity and Crisis Management Plans remain robust and fit for purpose, including addressing the emerging impact of the coronavirus pandemic.</p> <p>We will review our IT Strategy to ensure that this is aligned to our Corporate Strategy and that we are maximising all opportunities for service efficiency and enhancement in this area. We will continue to implement our improvements to prevent risk of cyber-attack.</p> <p>We will implement any further process improvements and make resource efficiencies. We will deliver on our Digital and SmartThink Strategy to enhance the offering to our staff and customers.</p> <p>We will deliver on our IT plan for 2020/21 which includes the move to cloud for office 365, utilising SharePoint for our document management and beyond; new server replacement for our onsite infrastructure and continue to investigate improvements to our digital offering for both staff and customers.</p> <p>We will also deliver on our Open Housing improvement plan to provide more automation to our processes and develop a suite of improved standard reports.</p> <p>We will continue to deliver on our Governance Excellence Plan and ensure Governance compliance and assurance is set within the culture of CVG and the Executive and Board are considering this as a normal behaviour.</p>

5.	Aim to be the best housing association employer, committed to developing employees to realise their potential
	<p>Support our team through the Covid 19 pandemic as they continue to work at home, offering flexibility in working patterns and technology solutions to ensure we continue to achieve results for customers and business performance targets.</p> <p>We will deliver on our new People Strategy to ensure our staff are fully supported to realise their potential with a particular focus being on succession planning and management and leadership development.</p> <p>We will recruit and induct new staff to the Association to provide the skills and capacity to deliver on our growth and development of services and fully support our staff and provide them with the tools and skills to do their jobs.</p> <p>We will work to maintain our Gold Healthy Working Lives Accreditation.</p> <p>We will carry out our Annual staff survey in March 2021 and continue to use the feedback to enhance our staff satisfaction and engagement</p> <p>Carry out an IIP self-assessment (baseline) and planning for 2021.</p>

Principal Risks and Uncertainties

As part of the Business Planning the Board considers and approves its Risk Appetite. This provides 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:

- Reputational/legal/technological
- Financial
- Legislative
- People and Culture
- Customer
- Performance

Risk Oversight and Management Framework

Specific strategic and operational risks arising from the delivery of the Corporate Strategy are developed by our Executive Team. 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 that is fundamental to the continued success of the Clyde Valley Group.

Our Strategic Risk Register is reviewed twice annually by the Board and quarterly by the Audit Committee. During 2020 we developed a new Risk Register format and also included a target risk which the Board would want to be achieved. The actions in respect of these target risks are included as part of the work priorities.

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

**Group Report of the Board
For the year ended 31 March 2020**

Our operating environment is characterised by change and uncertainty and the current Covid-19 Pandemic has outlined the needs to be agile in reacting to risks and unknowns as they crystallise. Covid has also increased a number of our risks. As a result, and leading from the Risk Appetite Statement reviewed in March 2020, our main strategic risks are highlighted as:

- Rent Affordability and rising rent arrears
- Organisational Culture and home working
- New Supply, changes to grant and private finance
- Failure of our IT systems and cyber crimes
- Health and Safety and in particular gas safety

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 2020/21 this will focus on:

- Budgetary & Financial Controls
- Risk Management
- Development
- Housing Allocations & Management
- Maintenance
- IT Systems

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

Group Report of the Board
For the year ended 31 March 2020

Key Performance Indicators (financial and non-financial)

The following performance summary table incorporates a number of the 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 2017/18	Results for 2018/19	Results for 2019/20	Performance Compared to Last Year	Target for 2020/21
% of tenants satisfied with overall service provided.	90%	89%	90%	↑	90%
% of stock meeting the Scottish Housing Quality Standard	97%	95%	95%	→	95.6%
% of tenants satisfied with the standard of their home when moving in.	85%	86%	81%	↓	100%
% of tenants satisfied with repairs service	93%	88%	81%	↓	88%
Average length of time taken to complete emergency repairs (hours).	1.7	1.7	1.8	↓	1.8
Average length of time taken to complete non-emergency repairs (days).	6.2	6.4	6.14	↑	6.5
% of reactive repairs completed right first time.	93.4%	93.7%	96.2%	↑	93.5%
% of repairs appointments kept.	99.6%	99.9%	100%	↑	99%
% of tenants who feel the rent for their property represents good value for money.	67%	72%	75%	↑	72%

The Association has a 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 surveys are conducted by an external third party and are reported annually to tenants.

Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2020

Governance

The governing body of CVHA is the Board who are elected by the Share Members of the Association. It is the responsibility of the Board to develop the strategy, set the policy and provide overall direction for the Association. They also monitor the operational activities of the Association through a structure of Committees in addition to the main Board, who have specific remits detailing their roles and responsibilities. The governing structure of the Association is as follows:

Governing Structure



Members of the Board of Management serve in a voluntary capacity, and in line with the Scottish Housing Regulator's Regulatory Framework, must achieve high standards in all of their decision making processes, and ultimately ensure 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.

The Executive 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.

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:

26/8/20

Clyde Valley Housing Association Limited

Statement of Board's Responsibilities For the year ended 31 March 2020

The Co-operative and Community Benefit Societies Act 2014 and The Housing (Scotland) Act 2010 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 and the Housing (Scotland) Act 2010 and the Registered Housing Associations Determination of Accounting Requirements 2019. 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.

The Board is responsible for the maintenance and integrity of the financial information included on the Clyde Valley Group website.

By Order of the Board

[Redacted Signature]

Position:

[Redacted Position]

Date: 26/8/20

Clyde Valley Housing Association Limited

Board's Statement of Internal Financial Control For the year ended 31 March 2020

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 and 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 and Board for the year ended 31 March 2020. 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:

Date:



26/8/20

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 2020**

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
Statutory Auditor
Chartered Accountants
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date.....15/09/20

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

For the year ended 31 March 2020

Opinion

We have audited the financial statements of Clyde Valley Housing Association (the 'Association') and its subsidiaries (the 'Group') for the year ended 31 March 2020 which comprise of the Group Statement of Comprehensive Income, Statement of Comprehensive Income, Group Statement of Financial Position, Statement of Financial Position, Group Statement of Changes in Reserves, Statement of Changes in Reserves, Group Statement of Cashflows, Statement of Cashflows, and notes to the financial statements, including a summary of significant accounting policies. 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 2020 and of the income and expenditure of the Group and the income and expenditure of the Association for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 – February 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the parent Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

**Report of the Independent Auditors to the Members of Clyde Valley Housing Association Limited
For the year ended 31 March 2020**

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 25, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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
Statutory Auditor
Chartered Accountants
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG
Date: 15/01/20

Clyde Valley Housing Association Limited

Group Statement of Comprehensive Income
For the year ended 31 March 2020

	Notes	2020 £	2019 £
TURNOVER	2	21,546,274	21,396,819
Operating expenditure	2	(14,915,475)	(14,913,222)
OPERATING SURPLUS		6,630,799	6,483,597
Gain on disposal of property, plant and equipment		(65,134)	109,651
Surplus on Revaluation of Housing Investment Properties		(8,110)	60,478
Interest receivable	6	143,750	100,617
Interest and financing costs	7	(4,249,432)	(4,089,371)
Movement in fair value of financial instruments		(809,360)	(73,368)
Operating surplus from Associate	12	78,056	135,166
SURPLUS BEFORE TAX		1,720,569	2,726,770
Taxation		-	205,864
SURPLUS FOR THE YEAR		1,720,569	2,932,634
Other Comprehensive Income			
Initial recognition of multi-employer defined benefit scheme	24	-	(617,000)
Actuarial loss in respect of defined benefit pension scheme	24	1,791,486	(446,000)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,512,055	1,869,634

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 2020

	Notes	2020 £	2019 £
TURNOVER	2	20,883,801	18,827,210
Operating expenditure	2	(14,474,227)	(12,366,488)
OPERATING SURPLUS		6,409,574	6,460,722
Gain on disposal of property, plant and equipment		(65,134)	109,651
Interest receivable	6	175,837	123,253
Interest and financing costs	7	(4,249,432)	(4,089,352)
Movement in fair value of financial instruments		(809,360)	(73,368)
Surplus from Associate	12	78,056	135,166
SURPLUS BEFORE TAX		1,539,541	2,666,072
Taxation		-	-
SURPLUS FOR THE YEAR		1,539,541	2,666,072
Other Comprehensive Income			
Initial recognition of multi-employer defined benefit scheme	24	-	(617,000)
Actuarial loss in respect of defined benefit pension scheme	24	1,791,486	(446,000)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,331,027	1,603,072

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 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Housing properties	10.A	318,538,218	283,648,408
Other fixed assets	10.B	6,386,667	6,431,250
Investment properties	11	2,088,000	2,072,999
Fixed asset investments	12	2,840,165	2,762,109
		<u>329,853,050</u>	<u>294,914,766</u>
CURRENT ASSETS			
Work in progress and Properties held for sale	14	4,112,395	2,243,750
Trade and other debtors	15	1,995,114	4,795,857
Cash and cash equivalents		<u>14,749,935</u>	<u>23,036,648</u>
		<u>20,857,444</u>	<u>30,076,255</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	16	<u>(16,869,287)</u>	<u>(11,687,012)</u>
NET CURRENT ASSETS		<u>3,988,157</u>	<u>18,389,243</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>333,841,207</u>	<u>313,304,009</u>
Creditors: Amounts falling due after more than one year	17	<u>(305,421,497)</u>	<u>(286,313,366)</u>
Defined benefit pension liability	24	<u>-</u>	<u>(2,082,999)</u>
		<u>(305,421,497)</u>	<u>(288,396,365)</u>
TOTAL NET ASSETS		<u>28,419,710</u>	<u>24,907,644</u>
RESERVES			
Share Capital	21	83	72
Income and Expenditure Reserve		28,419,627	24,907,572
TOTAL RESERVES		<u>28,419,710</u>	<u>24,907,644</u>

The financial statements on pages 30 to 74 were approved by the Board and authorised for issue on 14 August 2020 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 2020**

	Notes	2020 £	2019 £
FIXED ASSETS			
Housing properties	10.A	318,754,522	283,864,712
Other fixed assets	10.B	6,386,667	6,431,250
Fixed asset investments	12	2,840,165	2,762,109
Investment in subsidiaries	13	1	1
		<u>327,981,355</u>	<u>293,058,072</u>
CURRENT ASSETS			
Work in progress and Properties held for sale	14	1,755,324	1,751,055
Trade and other debtors	15	4,306,645	5,680,993
Cash and cash equivalents		<u>14,684,216</u>	<u>22,981,500</u>
		<u>20,746,185</u>	<u>30,413,548</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	16	<u>(16,672,293)</u>	<u>(11,718,982)</u>
NET CURRENT ASSETS		<u>4,073,892</u>	<u>18,694,566</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>332,055,247</u>	<u>311,752,638</u>
Creditors: Amounts falling due after more than one year	17	<u>(305,367,935)</u>	<u>(286,313,365)</u>
Pension provision	24	<u>-</u>	<u>(2,082,999)</u>
		<u>(305,367,935)</u>	<u>(288,396,364)</u>
TOTAL NET ASSETS		<u>26,687,312</u>	<u>23,356,274</u>
RESERVES			
Share Capital	21	83	72
Income and Expenditure Reserve		<u>26,687,229</u>	<u>23,356,202</u>
TOTAL RESERVES		<u>26,687,312</u>	<u>23,356,274</u>

The financial statements on pages 30 to 74 were approved by the Board and authorised for issue on 14 Aug 2020, and are signed on its behalf by:

Chairperson

Secretary

Board Member

Clyde Valley Housing Association Limited

Group Statement of Changes in Reserves
For the year ended 31 March 2020

	Income and expenditure reserve £
Balance at 1 April 2018	23,037,938
Surplus for the year	2,932,634
Other comprehensive income	(1,063,000)
Balance at 1 April 2019	24,907,572
Surplus for the year	1,720,569
Other comprehensive income	1,791,486
Balance as at 31 March 2020	<u>28,419,627</u>

Clyde Valley Housing Association Limited

Association Statement of Changes in Reserves
For the year ended 31 March 2020

	£
Balance at 1 April 2018	21,753,130
Surplus for the year	2,666,072
Other comprehensive Income	(1,063,000)
Balance at 1 April 2019	23,356,202
Surplus for the year	1,539,541
Other comprehensive Income	<u>1,791,486</u>
Balance as at 31 March 2020	<u>26,687,229</u>

Clyde Valley Housing Association Limited

Group Statement of Cashflows
For the year ended 31 March 2020

	Notes	2020 £	2019 £
Net cash generated from operating activities	22	9,073,189	8,193,324
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(38,178,397)	(38,428,080)
Purchase and Development of Housing for Sale		-	-
Capitalised component replacements		(2,179,124)	(1,139,249)
Purchase of other fixed assets		-	-
Fixed asset investment		(23,111)	(2,522)
Proceeds on disposal of commercial properties		-	-
Proceeds on disposal of residential properties		-	-
Proceeds on disposal of housing properties		(23,225)	284,670
Net issue of ordinary share capital		16	4
Grants received		26,551,329	24,673,457
Interest received		143,750	100,617
NET CASH USED IN INVESTING ACTIVITIES		(13,708,762)	(14,511,103)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(4,651,140)	(4,089,371)
Interest element of finance lease rental payments		-	-
New secured loans		5,000,000	35,000,000
Repayments of borrowings		(4,000,000)	(20,100,000)
Capital element of finance lease rental payments		-	-
Withdrawal from deposits		-	-
NET CASH FROM FINANCING ACTIVITIES		(3,651,140)	10,810,629
NET DECREASE IN CASH AND CASH EQUIVALENTS		(17,359,902)	(3,700,474)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		(8,286,713)	4,492,850
CASH AND CASH EQUIVALENTS AT END OF YEAR	22	23,036,648	18,543,798
		14,749,935	23,036,648

Clyde Valley Housing Association Limited

Statement of Cashflows - Association
For the year ended 31 March 2020

	Notes	2020 £	2019 £
Net cash generated from operating activities	22	9,007,419	8,732,122
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(38,178,397)	(38,398,080)
Purchase and Development of Housing for Sale		-	-
Capitalised component replacements		(2,179,124)	(1,139,249)
Purchase of other fixed assets		-	-
Fixed asset investment		-	-
Proceeds on disposal of commercial properties		-	-
Proceeds on disposal of residential properties		-	-
Proceeds on disposal of housing properties		(23,225)	284,670
Net issue of ordinary share capital		16	4
Grants received		26,551,329	24,673,457
Interest received		175,837	123,253
NET CASH USED IN INVESTING ACTIVITIES		(13,653,564)	(14,455,945)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(4,651,140)	(4,089,352)
Interest element of finance lease rental payments		-	-
New secured loans		5,000,000	35,000,000
Repayments of borrowings		(4,000,000)	(20,100,000)
Capital element of finance lease rental payments		-	-
Withdrawal from deposits		-	-
NET CASH FROM FINANCING ACTIVITIES		(3,351,140)	10,810,648
		(17,304,704)	(3,645,297)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(8,297,285)	5,086,825
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		22,981,501	17,894,675
CASH AND CASH EQUIVALENTS AT END OF YEAR	22	14,684,216	22,981,501

ACCOUNTING POLICIES

For the year ended 31 March 2020

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 meets the definition of a public benefit entity.

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.

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 2018 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Determination of Accounting Requirements 2019, and under the historical cost convention, modified to include certain financial instruments at fair value.

The financial statements are prepared in Sterling (£).

BASIS OF CONSOLIDATION

The Group financial statements consolidate the financial statements of CVHA and its subsidiary company, CVPS using acquisition accounting.

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.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2020

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT (continued)

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.

Defined benefit obligation

Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases and is based on the input of the actuary. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 24). The net defined benefit pension liability at 31 March 2020 was £nil.

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 and loss and in other comprehensive income

Going concern

The Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. This is based on the Groups Business plan for 2021, which was approved by the Board in June 2020. 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, which are forecasts also, are met. These are closely monitored throughout. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Specific consideration of rent arrears as a key uncertainty has been considered in detail through sensitivity testing and monitored closely.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2020

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT (continued)

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.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2020

Other Income

Interest income

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

Investment income

Investment income is recognised on an accruals basis.

Tangible Fixed Assets – Housing Properties

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

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

Cost includes the cost of acquiring land and buildings, capitalised interest 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 over the useful life of the asset. 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 valuation of these is carried out by a 3rd party as mentioned in Note 11.

These investment properties are held through CVPS and governed by the principles of the Companies Act 2006. However, this requirement conflicts with the generally accepted accounting principle set out

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2020

Investment Properties (cont.)

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.

Fixed Asset Investment

Interest in associates are initially recorded at transaction price, excluding transaction costs and are subsequently measured at fair value at each reporting date. Transaction costs are expensed as incurred. Changes in fair value are recognised in profit and loss.

Associates

Undertakings in which the Association has significant influence (re the power to participate in the financial and operational decisions but does not control or have significant control over their policies) are classified as Associates. 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 of the year. However, under the terms of the shareholders' agreement the Association's ultimate return may differ from the 42% at the end of the agreement.

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.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2020

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.

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

ACCOUNTING POLICIES (continued)
For the year ended 31 March 2020

Employee Benefits

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

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

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

Retirement Benefits

The Association is a member of SHAPS which is accounted for as a defined benefit obligation in line with FRS 102. The scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates.

As at the year ended 31 March 2020, the net defined benefit pension deficit liability was £nil (2019 £2,083k), which has been included within the provisions for pensions liability in the financial statements.

In the year ended 31 March 2020, the current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account. Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income. Refer to Note 24 for more details.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2020

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. These instruments are valued by the lenders.

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 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.

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2020

FINANCIAL INSTRUMENTS (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT – GROUP					
	Notes	Turnover £	Operating Costs £	2020 Operating Surplus £	2019 Operating Surplus/(Deficit) £
Affordable letting activities	3	19,992,025	(13,545,738)	6,446,287	6,527,219
Other activities	4	1,554,249	(1,369,737)	184,512	(43,622)
Total		21,546,274	(14,915,475)	6,630,799	6,483,597
Total for previous reporting period		21,396,819	(14,913,222)	6,483,597	6,512,558

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2020

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT – ASSOCIATION					
	Notes	Turnover £	Operating Costs £	2020 Operating Surplus / (Deficit) £	2019 Operating Surplus / (Deficit) £
Affordable letting activities	3	19,992,025	(13,545,738)	6,446,287	6,527,224
Other activities	4	891,776	(928,489)	(36,713)	(66,502)
Total		20,883,801	(14,474,227)	6,409,574	6,460,722
Total for previous reporting period		18,827,210	12,366,488	6,460,722	5,685,678

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2020

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 2020 £	Total 2019 £
Rent receivable net of service charges	17,662,822	-	7,893	17,670,715	16,332,530
Service charges	98,105	-	-	98,105	90,793
Gross income from rents and service charges	17,760,927	-	7,893	17,768,820	16,423,323
Less voids	(106,315)	-	-	(106,315)	(503,169)
Net income from rents and service charges	17,654,612	-	7,893	17,662,505	15,920,154
Grants released from deferred income	2,329,520	-	-	2,329,520	2,037,300
Revenue grants from Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
Total turnover from affordable letting activities	19,984,132	-	7,893	19,992,025	17,957,454
Management and maintenance administration costs	3,939,086	-	-	3,939,086	3,540,694
Service costs	100,712	-	-	100,712	90,265
Planned and cyclical maintenance including major repairs costs	1,965,804	-	-	1,965,804	1,246,201
Reactive maintenance costs	2,192,063	-	-	2,192,063	2,041,487
Bad debts - rents and service charges	43,963	-	-	43,963	294,291
Depreciation of affordable let properties	5,299,943	-	4,167	5,304,110	4,217,297
Impairment of affordable let properties	-	-	-	-	-
Operating Costs for affordable letting activities	13,541,571	-	4,167	13,545,738	11,430,235
Operating surplus or deficit for affordable letting activities	6,442,561	-	3,726	6,446,287	6,527,219
Operating surplus or deficit for affordable letting activities for previous reporting period	6,523,221	-	3,998	6,527,219	

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2020

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 2020 £	Total 2019 £
Rent receivable net of service charges	17,662,822	-	7,893	17,670,715	16,332,531
Service charges	98,105	-	-	98,105	90,793
Gross income from rents and service charges	17,760,927	-	7,893	17,768,820	16,423,324
Less voids	(106,315)	-	-	(106,315)	(503,169)
Net income from rents and service charges	17,654,612	-	7,893	17,662,505	15,920,155
Grants released from deferred income	2,329,520	-	-	2,329,520	2,037,300
Revenue grants from Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
Total turnover from affordable letting activities	19,984,132	-	7,893	19,992,025	17,957,455
Management and maintenance administration costs	3,939,086	-	-	3,939,086	3,540,694
Service costs	100,712	-	-	100,712	90,265
Planned and cyclical maintenance including major repairs costs	1,965,804	-	-	1,965,804	1,246,197
Reactive maintenance costs	2,192,063	-	-	2,192,063	2,041,487
Bad debts - rents and service charges	43,963	-	-	43,963	294,291
Depreciation of affordable let properties	5,299,943	-	4,167	5,304,110	4,217,297
Impairment of affordable let properties	-	-	-	-	-
Operating Costs for affordable letting activities	13,541,571	-	4,167	13,545,738	11,430,231
Operating surplus or deficit for affordable letting activities	6,442,561	-	3,726	6,446,287	6,527,224
Operating surplus or deficit for affordable letting activities for previous reporting period	6,523,226	-	3,998	6,527,224	

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2020

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	-	-	-	359,662	359,662	2,926	97,096	259,640	214,996
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	-	-	-	87,200	87,200	-	52,449	34,751	(188,700)
Developments and improvements for sale to other organisations	-	-	-	192,131	192,131	-	245,191	(53,060)	(54,579)
Wellwynd Community	-	-	-	915,256	915,256	-	972,075	(56,819)	(15,339)
Other activities	-	-	-	1,554,249	1,554,249	2,926	1,366,811	184,512	(43,622)
Total from other activities	-	-	-	3,439,365	3,439,365	24,814	3,458,173	(43,622)	
Total from other activities for the previous reporting period	-	-	-						

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2020

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

	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	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
Wellwynd Community	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	192,131	192,131	-	245,191	(53,060)	(54,579)
	-	-	-	699,645	699,645	-	683,298	16,347	(11,923)
Total from other activities	-	-	-	891,776	891,776	-	928,489	(36,713)	(66,502)
Total from other activities for the previous reporting period	-	-	-	869,757	869,757	-	936,259	(66,502)	

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2020

5. ACCOMMODATION IN MANAGEMENT

	Group Units Under Management		Association Units Under Management	
	2020	2019	2020	2019
General needs housing	4,147	3,957	4,130	3,957
Shared ownership	3	4	3	4
Total units in management	4,150	3,961	4,133	3,961

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Group		Association	
	2020	2019	2020	2019
	£	£	£	£
Interest on bank deposits	143,750	100,617	143,750	100,617
Group Loan interest	-	-	32,087	22,636
	143,750	100,617	175,837	123,253

7. INTEREST PAYABLE AND SIMILAR CHARGES

	Group		Association	
	2020	2019	2020	2019
	£	£	£	£
Interest arising on:				
Bank loans and overdrafts	4,537,533	4,304,831	4,537,553	4,304,831
Defined benefit pension charge	45,000	49,478	45,000	49,459
Amortisation of issue costs of bank loan	68,587	63,995	68,587	63,995
	4,651,140	4,418,304	4,651,140	4,418,285
Less: Interest capitalised on housing properties under construction	(401,708)	(328,933)	(401,708)	(328,933)
	4,249,432	4,089,371	4,292,432	4,089,352

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).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2020

8. OPERATING SURPLUS OR DEFICIT

	Group		Association	
	2020	2019	2020	2019
	£	£	£	£
Operating surplus is stated after charging/(crediting):				
Depreciation of housing properties	5,304,109	4,217,297	5,304,109	4,217,297
Depreciation of other tangible fixed assets (note 10.B) - Owned	224,329	221,614	224,329	221,614
Impairment of Investment properties (Surplus)/deficit on disposal of tangible fixed assets	65,134	(109,651)	65,134	(109,651)

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

	Group		Association	
	2020	2019	2020	2019
	£	£	£	£
Audit services - statutory audit of the Association	20,254	19,690	15,004	14,240
<i>Other services:</i>				
Taxation compliance services	4,060	3,000	2,280	1,400

9. EMPLOYEES

	Group		Association	
	2020	2019	2020	2019
	No.	No.	No.	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	64	63	64	63
	2020	2019	2020	2019
	£	£	£	£
Staff costs for the above persons:				
Wages and salaries	2,222,446	2,144,865	2,222,446	2,144,865
Social security costs	222,873	216,511	222,873	216,511
Defined contribution pension cost	198,521	190,011	198,521	190,011
	<u>2,643,840</u>	<u>2,551,387</u>	<u>2,643,840</u>	<u>2,551,387</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2020

9. EMPLOYEES (continued)

Key Management Personnel during the period comprised of;
 Governance – The Board of Management;
 Strategic Direction – The Leadership 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	
	2020	2019	2020	2019
	No.	No.	No.	No.
£60,000 - £70,000	1	-	1	-
£70,001 - £80,000	-	2	-	2
£80,001 - £90,000	2	1	2	1
£90,001 - £100,000	-	-	-	-
£100,001 - £110,000	-	1	-	1
£110,001 - £120,000	1	-	1	-

	Group		Association	
	2020	2019	2020	2019
	£	£	£	£
Aggregate emoluments for all key management personnel (excluding pension contributions)	340,804	376,229	340,804	376,229
The emoluments of the highest paid member of key management personnel (excluding pension contributions)	112,108	107,272	112,108	107,272
Aggregate pension contributions in relation to the above key management personnel	32,086	31,761	32,086	31,761

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 2020

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 2019	276,002,060	45,764,386	413,125	322,179,571
Additions	-	38,178,397	-	38,178,397
Works to existing properties	2,173,894	-	-	2,173,894
Schemes completed	36,133,846	(36,133,846)	(95,386)	(95,386)
Disposals	(375,038)	-	-	(375,038)
31 March 2020	313,934,762	47,808,937	317,739	362,061,438
Depreciation and impairment				
1 April 2019	38,441,109	-	90,054	38,531,163
Depreciation charged in year	5,299,942	-	4,167	5,304,109
Released on disposal	(283,795)	-	(28,257)	(312,052)
31 March 2020	43,457,256	-	65,964	43,523,220
Net book value				
31 March 2020	270,477,506	47,808,937	251,775	318,538,218
31 March 2019	237,560,951	45,764,386	323,071	283,648,408

EXPENDITURE ON WORKS TO EXISTING PROPERTIES

	2020 £	2019 £
Improvement work capitalised		
Replacement component spend capitalised	2,179,124	1,139,249
Amounts charged to income and expenditure	463,871	349,011
Total major repairs spend	2,642,995	1,488,260

FINANCE COSTS

	2020 £	2019 £
Aggregate amount of finance costs included in the cost of housing properties	920,759	519,051

The cost of land Included above was £43,964,661 (2019 £40,693,987)

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2020

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 2019	276,218,355	45,764,386	413,125	322,395,866
Additions	-	38,178,397	-	38,178,397
Works to existing properties	2,173,894	-	-	2,173,894
Schemes completed	36,133,846	(36,133,846)	(95,386)	(95,386)
Disposals	(375,038)	-	-	(375,038)
31 March 2020	314,151,057	47,808,937	317,739	362,277,733
Depreciation and impairment				
1 April 2019	38,441,100	-	90,054	38,531,154
Depreciation charged in year	5,299,942	-	4,167	5,304,109
Released on disposal	(283,795)	-	(28,257)	(312,052)
31 March 2020	43,457,247	-	65,964	43,523,211
Net book value				
31 March 2020	270,693,810	47,808,937	251,775	318,754,522
31 March 2019	237,747,255	45,764,386	323,071	283,864,712

EXPENDITURE ON WORKS TO EXISTING PROPERTIES

	2020 £	2019 £
Improvement work capitalised	-	-
Replacement component spend capitalised	2,179,124	1,139,249
Amounts charged to income and expenditure	463,871	349,011
Total major repairs spend	2,642,995	1,488,260

FINANCE COSTS

	2020 £	2019 £
Aggregate amount of finance costs included in the cost of housing properties	920,759	519,051

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 £43,964,661 (2019 £40,693,987).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2020

10.B TANGIBLE FIXED ASSETS – OTHER – GROUP

Cost	Land and Buildings	Leasehold Improvement	Office Equipment	Fixtures and fittings	Plant and Other Equipment	Computer Equipment	Total
1 April 2019	4,599,168	3,569,524	274,980	41,728	14,407	660,401	9,160,208
Additions	-	-	1,949	-	-	177,798	179,747
31 March 2020	4,599,168	3,569,524	276,929	41,728	14,407	838,199	9,339,955

Depreciation and impairment

1 April 2019	709,338	1,069,325	271,224	41,728	14,407	622,936	2,728,958
Depreciation charged in year	71,263	118,984	1,706	-	-	32,377	224,329
31 March 2020	780,601	1,188,309	272,930	41,728	14,407	655,313	2,953,287

Net book value

31 March 2020	3,818,567	2,381,215	3,999	-	-	182,882	6,386,667
31 March 2019	3,889,830	2,500,199	3,756	-	-	37,465	6,431,250

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2020

10.B TANGIBLE FIXED ASSETS – OTHER - ASSOCIATION

Cost	Land and Buildings £	Leasehold Improve- ment £	Office Equipment £	Furniture, fixtures and fittings £	Plant and Other Equipment £	Computer £	Total £
1 April 2019	4,599,168	3,569,524	274,980	41,728	14,407	660,401	9,160,208
Additions	-	-	1,949	-	-	177,798	179,747
31 March 2020	4,599,168	3,569,524	276,929	41,728	14,407	838,199	9,339,955

Depreciation and impairment

1 April 2019	709,338	1,069,325	271,224	41,728	14,407	622,936	2,728,958
Depreciation charged in year	71,263	118,894	1,706	-	-	32,377	224,329
31 March 2020	780,601	1,188,309	272,930	41,728	14,407	655,313	2,953,287

Net book value

31 March 2020	3,818,567	2,381,215	3,999	-	-	182,886	6,386,667
31 March 2019	3,889,830	2,500,199	3,756	-	-	37,465	6,431,250

11. INVESTMENT PROPERTIES - GROUP

	2020 £	2019 £
At 1st April	2,072,999	2,009,999
Additions	23,111	2,522
Increase in value	(8,110)	60,478
At 31 March	2,088,000	2,072,999

Investment properties were valued as at 31 March 2020 by Allied Surveyors Scotland Chartered Surveys, Whyte & Barrie First Surveyors Scotland and DM Hall Chartered Surveyors. The valuation of the Association's properties was carried out in accordance with the Royal Institution of Chartered Surveyors ("RICS") Appraisal and Valuation Manual. A report has been provided for each property that has been valued by the Surveyors.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2020

12. FIXED ASSET INVESTMENTS

	Group		Association	
	Shares in trade investments	Total	Shares in trade investments	Total
Cost or valuation:	£	£	£	£
1 April 2019	2,762,109	2,762,109	2,762,109	2,762,109
Additions	78,056	78,056	78,056	78,056
31 March 2020	2,840,165	2,840,165	2,840,165	2,840,165

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 2020, the capital and reserves of Innov8 Housing Solutions were £6,724,094 (2019 £6,538,711) with a taxable profit for the year of £185,383 (2019 £392,605).

13 INVESTMENTS	Group		Association	
	2020	2019	2020	2019
	£	£	£	£
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 at 50 Scott Street, Motherwell, ML1 1PN, whose principal activity is that of provision of factoring property services to owners. As at 31 March 2019, the capital and reserves of Clyde Valley Property Services were £1,951,141 (2019 £1,770,115) with a taxable profit for the year of £181,027 (2019 £60,717).

The Clyde Valley Group also has 4 dormant subsidiaries namely Avant Letting Services, Clyde Valley Group Limited, Gravity Consultant Services Limited and Nova Property Management Services Limited all registered at 50 Scott Street, Motherwell, ML1 1PN.

14. WORK IN PROGRESS AND PROPERTIES HELD FOR SALE

	Group		Association	
	2020	2019	2020	2019
	£	£	£	£
Work in progress	2,414,111	549,561	57,040	56,866
Incomplete renovation contracts	1,698,284	1,694,189	1,698,284	1,694,189
	4,112,395	2,243,750	1,755,324	1,751,055

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2020

15. DEBTORS

Amounts falling due within one year:	Group		Association	
	2020 £	2019 £	2020 £	2019 £
Rent and service charges receivable	1,222,596	1,599,465	1,222,596	1,599,465
Less: provision for bad and doubtful debts	(744,834)	(817,123)	(744,834)	(817,123)
	477,762	782,342	477,762	782,342
Other debtors	394,440	407,849	155,187	196,187
Prepayments and accrued income	1,122,912	3,605,666	1,116,825	3,604,783
Amounts due from Group undertakings	-	-	2,556,871	1,097,681
	<u>1,995,114</u>	<u>4,795,857</u>	<u>4,306,645</u>	<u>5,680,993</u>

Debtors ageing for amounts owed from Group undertakings:

	2020 £	2019 £
Amounts due within 1 year	2,140,891	475,103
Amounts due between 1 and 2 years	-	-
Amounts due within 3 and 5 years	-	-
Amounts due after 5 years	<u>415,980</u>	<u>622,578</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Association	
	2020 £	2019 £	2020 £	2019 £
Debt (note 19)	8,060,000	4,000,000	8,060,000	4,000,000
Rent and service charges received in advance	305,790	253,743	305,790	253,743
Deferred capital grants (note 18)	2,718,506	2,413,278	2,718,506	2,413,278
Trade creditors	2,534,212	1,742,352	2,531,005	1,736,576
Corporation tax	-	(205,560)	-	-
Other creditors	170,876	143,532	68,461	53,586
Accruals and deferred income	3,079,903	3,339,667	2,988,531	3,261,799
	<u>16,869,287</u>	<u>11,687,012</u>	<u>16,672,293</u>	<u>11,718,982</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

17. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	GROUP		ASSOCIATION	
	2020	2019	2020	2019
	£	£	£	£
Debt (note 19)	107,495,967	110,553,941	107,495,967	110,553,941
Deferred capital grant (note 18)	187,576,948	166,516,205	187,576,948	166,516,205
Retentions	887,900	587,630	834,643	587,630
Interest Rate SWAPS	7,037,263	6,227,903	7,037,263	6,227,903
Other Creditors	2,423,419	2,427,687	2,423,115	2,427,686
	<u>305,421,497</u>	<u>286,313,366</u>	<u>305,367,935</u>	<u>286,313,365</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2020

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 2019	138,119,693	46,704,237	126,875	184,950,805	2,970,107	187,920,912
Transfers	18,486,181	(18,486,181)	-	-	-	-
Grant Received in the year 2019/20	-	23,803,714	-	23,803,714	-	23,803,714
On Disposals 2019/20	-	-	(11,257)	(11,257)	-	(11,257)
Gross Grant Creditor as at 31st March 2020	156,605,874	52,021,770	115,618	208,743,262	2,970,107	211,713,369
Amortisation						
At 1st April 2019	(18,010,571)	-	(47,037)	(18,057,608)	(933,821)	(18,991,429)
Amortisation in the year	(2,327,134)	-	(2,386)	(2,329,520)	(96,966)	(2,426,486)
Total Amortisation as at 31st March 2020	(20,337,705)	-	(49,423)	(20,387,128)	(1,030,787)	(21,417,915)
Net Grant Creditor						
As at 31st March 2020	136,268,169	52,021,770	66,195	188,356,134	1,939,320	190,295,454
As at 1st April 2019	120,109,122	46,704,237	79,838	166,893,197	2,036,286	168,929,483
Deferred Capital Grant due within 1 year						2,718,506
Deferred Capital Grant due after 1 year						<u>187,576,948</u>
Total deferred Capital Grant due						<u>190,295,454</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2020

19. DEBT ANALYSIS – BORROWINGS

	Group		Association	
	2020	2019	2020	2019
	£	£	£	£
Creditors: amounts falling due within one year:				
Bank loans	8,060,000	4,000,000	8,060,000	4,000,000
Creditors: amounts falling due after more than one year:				
Bank loans	107,940,000	111,000,000	107,940,000	111,000,000
Private Placement fees paid	(444,033)	(446,059)	(444,033)	(446,059)
Total	115,555,967	114,553,941	115,555,967	114,553,941

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 £116,000,000 (2019: £115,000,000) are secured against the Associations Housing properties.

Bank Borrowings of £10,000,000 bear average fixed-rate coupons of 5.08% per annum (2019: 5.08%). Bank Borrowings of £70,000,000 bear average variable-rate coupons of 0.75% above LIBOR (2019: 0.75%). Bank Borrowings of £35,000,000 bear average fixed rate coupons of 3.51%. Borrowings of £5,000,000 bear average variable rate coupons of 1.75% above LIBOR. Variable rate borrowings are underpinned by financial hedging instruments as outlined in note 20.

Bank borrowings are part of a £116m facility with a repayment schedule in place up to 2032 and are subject to review annually as part of the Groups Business Planning Process.

The private placement fees are in respect of the borrowings which were drawn down by the Association in June 2018.

	Group		Association	
	2020	2019	2020	2019
	£	£	£	£
Due within one year	8,060,000	4,000,000	8,060,000	4,000,000
Due in one year or more but less than two years	-	-	-	-
Due between two and five years	12,520,000	12,380,000	12,520,000	12,380,000
Due more than five years	95,420,000	98,620,000	95,420,000	98,620,000
	116,000,000	115,000,000	116,000,000	115,000,000

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2020

20. FINANCIAL INSTRUMENTS

	Group		Association	
	2020	2019	2020	2019
	£	£	£	£
Financial liabilities:				
Measured at fair value through income and expenditure				
- Other financial liabilities	7,037,263	6,224,903	7,037,263	6,224,903

In order to manage interest rate risk, the Association has entered into the following hedging instruments, which are in place as at 31st March 2020.

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 2020

21. 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	
	2020	2019	2020	2019
	Number	Number	Number	Number
Number of members				
1 April 2019	72	68	72	68
Joined during the year	16	16	16	16
Left during year	(5)	(12)	(5)	(12)
31 March 2020	83	72	83	72

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

	2020	2019
	£	£
Surplus for the year	6,630,799	6,483,597
Adjustments for non-cash items	-	-
Depreciation of tangible fixed assets	5,079,780	4,438,911
Impairment losses on Fixed Asset investments	-	-
Fair value losses on investment properties	8,110	60,478
Defined benefit pension schemes	(347,000)	(354,000)
Amortisation of Grants	(2,426,486)	(2,135,504)
Decrease in Fixed Asset Investments	-	-
Loss/(Gain) on disposal of tangible fixed assets	65,134	109,651
Taxation	-	-
Operating cash flows before movements in working capital	9,010,337	8,603,133
(Increase)/Decrease/ in stock	(1,868,645)	(77,045)
Decrease/(Increase) in trade and other debtors	2,799,599	318,526
(Increase)/Decrease in trade and other creditors	(868,102)	(651,290)
Cash generated from operations	9,073,189	8,193,324

Cash and Cash Equivalents (Group)

	2020	2019
	£	£
Cash and Cash Equivalents represent:-		
Cash at Bank	14,749,935	23,036,648
Short Term Deposits	-	-
Overdraft	-	-
	14,749,935	23,036,648

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2020

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

	2020 £	2019 £
Surplus for the year	6,409,574	6,460,722
Adjustments for non-cash items	-	-
Depreciation of tangible fixed assets	5,079,780	4,438,911
Impairment losses on tangible fixed assets	-	-
Impairment losses on investments	-	-
Fair value (gains)/losses on investment properties	-	-
Defined benefit pension schemes	(347,000)	(354,000)
Fair value (gains)/losses on financial instruments	-	-
Amortisation of Grants	(2,426,486)	(2,135,504)
(Gain) on disposal of tangible fixed assets	65,134	109,651
Interest receivable	-	-
Interest payable	-	-
Taxation	-	-
Operating cash flows before movements in working capital	8,781,002	8,519,780
Decrease/(increase) in stock	(4,269)	(1,709,172)
(Increase)/Decrease in trade and other debtors	1,374,349	1,814,614
Increase/(decrease) in trade and other creditors	(1,143,664)	106,900
Cash generated from operations	9,007,419	8,732,122

Cash and Cash Equivalents (Association)

	2020 £
Cash at Bank	14,684,216
Short Term deposits	-
Overdraft	-
	<u>14,684,216</u>

23. CAPITAL COMMITMENTS AND OTHER CONTRACTUAL OBLIGATIONS

	Group		Association	
	2020 £	2019 £	2020 £	2019 £
Capital expenditure contracted for but not provided in the financial statements	32,221,896	18,090,551	31,727,081	18,090,551

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 2020

24. RETIREMENT BENEFITS

From 1st April 2014 the Association has participated in a defined contribution pension scheme for all qualifying employees. There are 77 employees currently participating in the scheme.

The assets of the scheme are held separately from those of the Association in an independently administered fund.

No other post-retirement benefits are provided. The scheme is a fully funded 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 2015. This actuarial valuation showed assets of £616m, liabilities of £814m and a deficit of £198m.

For the year ended 31 March 2020, sufficient information is available for the Association in respect of SHAPS to account for its obligation on a defined benefit basis. The most recent formal actuarial valuation was completed as at 30 September 2015 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2020 by a qualified independent actuary.

Under the defined benefit pension accounting approach, the SHAPS net deficit as at 1 April 2019 is £2,083k and is £nil as at 31 March 2020.

The proposals set out in FRED 71 requires the difference on transition from defined contribution accounting to defined benefit accounting to be presented separately in other comprehensive income. The change on transition has resulted in a re-measurement difference of £1,063k, which has been recognised at the relevant date of application, 1 April 2018, in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2020

24. RETIREMENT BENEFITS (continued)

**PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR
VALUE OF ASSETS AND DEFINED BENEFIT LIABILITY**

	31 March 2020	31 March 2019
	(£000s)	(£000s)
Fair value of plan assets	9,621	9,789
Present value of defined benefit obligation	9,597	11,872
Deficit in plan	24	(2,083)
Unrecognised surplus	24	-
Defined benefit (liability) to be recognised	-	(2,083)
Deferred tax	-	-
Net defined benefit (liability) to be recognised	-	(2,083)

**RECONCILIATION OF OPENING AND CLOSING BALANCES OF
THE DEFINED BENEFIT OBLIGATION**

	Period ended
	31 March 2020
	(£000s)
Defined benefit obligation at start of period	11,872
Current service cost	-
Expenses	10
Interest expense	265
Actuarial gains due to scheme experience	(244)
Actuarial losses due to changes in demographic assumptions	(60)
Actuarial losses due to changes in financial assumptions	(1,188)
Benefits paid and expenses	(1,058)
Defined benefit obligation at end of period	9,597

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2020

24. RETIREMENT BENEFITS (continued)

**RECONCILIATION OF OPENING AND CLOSING BALANCES OF
THE FAIR VALUE OF PLAN ASSETS**

	Period ended 31 March 2020 (£000s)
Fair value of plan assets at start of period	9,789
Interest income	220
Experience on plan assets (excluding amounts included in interest income) - gain	323
Contributions by the employer	347
Benefits paid and expenses	(1,058)
Fair value of plan assets at end of period	9,621

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2020 was £543,000.

**DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF
COMPREHENSIVE INCOME (SOCI)**

	Period from 31 March 2019 to 31 March 2020 (£000s)
Expenses	10
Net interest expense	45
Defined benefit costs recognised in statement of comprehensive income (SoCI)	55

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2020

24. RETIREMENT BENEFITS (continued)

**DEFINED BENEFIT COSTS RECOGNISED IN OTHER
 COMPREHENSIVE INCOME**

	Period ended 31 March 2020 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain	323
Experience gains and losses arising on the plan liabilities – gain	244
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain	60
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain	1,188
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain	1,815
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	(24)
Total amount recognised in other comprehensive income - gain	1,791

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2020

24. RETIREMENT BENEFITS (continued)

ASSETS

	31 March 2020	31 March 2019
	(£000s)	(£000s)
Global Equity	1,323	1,575
Absolute Return	591	829
Distressed Opportunities	176	167
Credit Relative Value	231	170
Alternative Risk Premia	771	547
Fund of Hedge Funds	-	27
Emerging Markets Debt	342	314
Risk Sharing	305	284
Insurance-Linked Securities	258	254
Property	179	194
Infrastructure	567	410
Private Debt	191	126
Opportunistic Illiquid Credit	234	
Corporate Bond Fund	703	686
Long Lease Property	235	119
Secured Income	534	342
Over 15 Year Gilts	122	251
Index Linked All Stock Gilts	-	-
Liability Driven Investment	2,534	3,484
Net Current Assets	73	10
Total assets	9,621	9,789

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2020

24. RETIREMENT BENEFITS (continued)

KEY ASSUMPTIONS

	31 March 2020	31 March 2019
	% per annum	% per annum
Discount Rate	2.37%	2.33%
Inflation (RPI)	2.6%	3.28%
Inflation (CPI)	1.6%	2.28%
Salary Growth	2.6%	3.28%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2020	21.5
Female retiring in 2020	23.2
Male retiring in 2040	22.8
Female retiring in 2040	24.5

25. 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:

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.

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

We have no tenants on our Board.

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 £41,484 (2019: £40,573).

The Association has taken advantage of the FRS102 exemption from disclosure of transactions with its wholly owned subsidiary Clyde Valley Property Services Limited.