

**CLYDE VALLEY HOUSING ASSOCIATION LIMITED**

**GROUP REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2023**

## Clyde Valley Housing Association Limited

### Group Report and Financial Statements For the year ended 31 March 2023

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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 2023**

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#### **Members of Board**

The Members of the Board of the Association during the year to 31 March 2023, and up to the date of signing of these financial statements were as follows:

1. Alan Murray, Chair (resigned 19/09/22)
2. Andrew McFarlane Chair (appointed 19/09/22)
3. Campbell Boyd
4. Alex Baird (resigned 19/09/22)
5. Ilona McGowan (resigned 19/09/22)
6. Marie Gilfillan
7. Eleanor Walker
8. Connie Hendry (resigned 06/02/23)
9. Shannon Watson
10. Lorna Wilson
11. Kenneth Gibb
12. Lindsay MacDonald
13. Stuart Dodson
14. Alan Newlands

#### **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

#### **Internal Auditor**

Wylie & Bisset  
Chartered Accountants  
168 Bath Street  
Glasgow  
G2 4TP

#### **Bankers**

Barclays Bank plc  
Glasgow Campus  
1-4 Clyde Place Lane  
Glasgow  
G5 8DP

#### **Solicitors**

Harper MacLeod  
The Ca'd'oro  
45 Gordon Street  
Glasgow  
G1 3PE

TC Young  
7 West George Street  
Glasgow  
G2 1BA

## Clyde Valley Housing Association Limited

### Board, Executives and Advisers For the year ended 31 March 2023

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#### Executive Team

The Executive Team of the Association during the year to 31 March 2023, and up to the date of signing these financial statements were as follows:

Lynn Wassell	Chief Executive (resigned 30 June 2023)
Carron Garmory	Chief Executive Officer (appointed 14 August 2023)
Fin Smith	Customer Services Director
Lisa Beresford	People Director
Lindsay Forrest	Property & Development Director

#### Committee Membership 2023

Audit Committee	Eleanor Walker Campbell Boyd Shannon Watson Ken Gibb Lindsay Macdonald
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## **Clyde Valley Housing Association Limited**

### **Group Report of the Board For the year ended 31 March 2023**

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The Board presents their report and audited financial statements for the year ended 31 March 2023.

#### **Chairman's Report**

This is my first year as Chair of Clyde Valley Housing Association (CVHA) following 9 years serving on the Board with 4 of those years being Chair of Audit Committee. It has definitely been a challenging year for CVHA and the sector as a whole with many of these challenges will be around for some time.

As Clyde Valley Group (CVG) enters the 4<sup>th</sup> year of our ambitious five-year Corporate Plan, the Board and Executive Team have reviewed our progress and the challenges and risks that currently face CVG and the wider housing sector in Scotland and across the UK.

As a Group, we have revisited our purpose, strategic direction and the values that drive us. Our focus firmly remains upon our customers and our value of being 'all about customer'. Clyde Valley Housing Association (CVHA) has taken time to understand and support our customers in dealing with the current cost of living crisis and in how we have engaged them upon rent affordability. Our rent increase of 7% for 2023/4, well below current inflation, follows two years of increases of 1% and 2.5% respectively. CVHA will continue to work even more closely with customers this year on affordability. CVHA is a full member of Employers in Voluntary Housing (EVH), and the EVH negotiation on pay was successfully settled at 5.25% for 2023/24.

CVHA and our subsidiary Clyde Valley Property Services (CVPS) will continue our focus upon the priority of customers' health and safety in the year ahead, building upon our strong governance and systems for compliance and monitoring. The Scottish Housing Regulator is fully assured on this area of work following the recent review of this area.

Customer experience is our central supporting strategy, and customer engagement plans. Our Customer relationship management (CRM), annual pulse and transactional surveys now provide a package of high- quality, real-time customer feedback, insight, and reporting, including compliments and complaints, which is helping to drive our decision making. We test and benchmark our performance with Customer Services Excellence and Institute of Customer Services accreditation.

Our invaluable investment in skills for Business Improvement and ICT, including a Business Analyst role supports this approach to customer insight during 2022/23 we invested heavily in business continuity and measures to reduce risk of cyber-attack, further refinement will continue during 2023/24 to ensure business resilience is as effective as it can be. The team continued to support our teams to automate process and systems for all activity to deliver efficiency and maximise operational capacity.

We delivered 206 additional new homes and our plans to 2025 include for a further 300 new homes. Meeting housing demand is a key strategy for us.

The Board has been discussing our approach and existing contribution to ESG. Our priority for 2023/24 will be to evolve a culture of sustainability across the Group, building on our carbon literacy project outcomes and understanding of what is required for both retrofit and future homes in terms of meeting net zero.

Our people are key, as ever, to successful delivery of our plans and during 2022/23 we implemented our hybrid working culture. Equality, Diversity and Inclusion (EDI) is integral to what we do and we launched our new EDI strategy during 2022/23 to ensure that we deliver services that are accessible to all and that customers and colleagues from all backgrounds are treated equally, fairly and with respect for their individual needs. We delivered year 1 of the EDI Action Plan and commit to the delivery of Year 2 of this plan during 2023/24.

Implementation of our employee pulse surveys provides real time feedback from our people on their wellbeing enabling us to implement effective wellbeing initiatives that accommodate the needs of

**Clyde Valley Housing Association Limited**

**Group Report of the Board  
For the year ended 31 March 2023**

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different employees and become a more inclusive employer

My first year as Chair has been a fantastic opportunity for me to lead and support a skilled and experienced Board and Executive Management Team to allow us to continue to provide excellent services for both colleagues and customers and I look forward to the great things we can achieve during 2023/24.

## Clyde Valley Housing Association Limited

### Group Report of the Board

For the year ended 31 March 2023

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#### Strategic Report

##### Who We Are

The Clyde Valley Group (CVG) is a thriving social business recognised for innovative and partnership approaches to meeting community needs. Clyde Valley Housing Association (CVHA), the Group's main operating company, has over a 27-year track record of delivering housing management, scheme development and high-quality housing services for a diverse range of customers.

The Group's activities cover principally North Lanarkshire and South Lanarkshire, with interests in Glasgow and East Dunbartonshire. There are 2 principal entities in the Group providing services to over 7,500 customers:

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

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

	31 March 2023	31 March 2022
Tenanted Properties	4,729	4,528
Shared Ownership Properties	1	1
<b>Total</b>	<b>4,730</b>	<b>4,529</b>

#### Principal Activities

We are a highly successful developer of new affordable housing and provide excellent services for several 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 and an ambitious Development programme of New Supply.

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

## Clyde Valley Housing Association Limited

### Group Report of the Board For the year ended 31 March 2023

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#### Objectives

Our 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 online. 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 church in the centre of Airdrie 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.

## Clyde Valley Housing Association Limited

### Group Report of the Board For the year ended 31 March 2023

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#### Strategic Themes

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

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

#### **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

<b>Corporate Strategy:</b>		
Customer Experience Strategy		Investment & Growth Strategy
Digital and SmartThink Strategy		People 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 several operational tools that support this and some of these include:

- Department 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



## Clyde Valley Housing Association Limited

### Group Report of the Board For the year ended 31 March 2023

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The Corporate Strategy sets out our strategic direction and ambitions towards 2025. However, business planning, management and assurances processes can respond to a volatile and uncertain business environment, which is likely to continue.

#### Operational Objectives

The Association has a Corporate Strategy in place to 2025 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:

<b>1.</b>	<b>Providing a brilliant customer experience, delivering service excellence</b>
	<ul style="list-style-type: none"><li>- We retained Customer Service Excellence status through our annual review.</li><li>- We improved on our processes for collecting customer feedback by developing our CRM to deliver transactional surveys at the end of each interaction with customers. The CRM also triggers improvement cases where customer responses tell us that further action is required.</li><li>- We worked on a joint project with Independent Age. This project followed the principles of Service Design to give us insight and understanding into the challenges, requirements and expectations of older people living in our homes. During 2023/24 we will continue to work with Independent Age to develop an Older Persons' Strategy.</li><li>- We undertook our first ever survey with the Institute of Customer Service (ICS), having recently become a member of the institute. The ICS provided us with analysis of our customers' feedback through this survey. This included some fantastic results on how we deliver services, providing very favourable comparisons through benchmarking with similar service providers. The results of the ICS survey also highlighted a specific area for improvement around Complaints Management. During 2023/24 we will undertake a project to review our approaches to complaints handling and resolution to ensure that we are maximising customer experience.</li></ul>
<b>2.</b>	<b>Addressing housing need and offering services across all tenures</b>
	<ul style="list-style-type: none"><li>- Our delivery of new homes continues to be one of our priorities completing 206 new homes for social rent.</li><li>- We continued to offer a repairs service to customers.</li></ul>
<b>3.</b>	<b>The leading RSL partner to create sustainable homes and communities</b>
	<ul style="list-style-type: none"><li>- We continued to work in partnership with local authorities to ensure that allocations to homeless households continued to be prioritised.</li><li>- We developed our plans to better support customers at a higher risk of having issues that might impact their ability to sustain their tenancy.</li><li>- We updated our component replacement and improvement programme and our Investment programme and across the year we:-<ul style="list-style-type: none"><li>- Replaced 34 doors and 117 windows over 21 properties along with replacing 298 kitchens in line with our component replacement plan.</li></ul></li></ul>

Operational Objectives (continued)

<b>4.</b>	<p><b>Focused on value for money and excellent governance as a growing and sustainable business.</b></p> <ul style="list-style-type: none"> <li>- Implemented Annual Business Plan and undertook scenario testing.</li> <li>- Produced our Value for Money Report and Annual Assurance Statement.</li> <li>- Annual independent reports from internal and external auditors.</li> <li>- Continued to strengthen and develop our Board and our journey to Governance Excellence.</li> <li>- Appointed a new Chair to CVHA Board and a new Chair to the Audit Committee.</li> <li>- Delivered on our milestones within our Digital and SmartThink Strategy, strengthening our ethos of continuous improvement and automation.</li> <li>- Delivered on the recommendations from our IT systems and security review, providing much greater assurance in respect of our resilience to Cyber Security.</li> </ul>
<b>5.</b>	<p><b>Aim to be the best housing association employer, committed to developing employees to realise their potential</b></p> <ul style="list-style-type: none"> <li>- Implementation of our hybrid working culture and successful 6 monthly review of the Agile Working Policy and terms and conditions.</li> <li>- Successful implementation of our Equality, Diversity and Inclusion (EDI) Strategy and Policy to embed our commitment to EDI and ensure that we deliver services that are accessible to all and ensure that customers and colleagues from all backgrounds are treated equally, fairly and with respect for their individual needs. Delivery of year 1 of our EDI Action Plan, supported by the EDI Group. This included Equality Champions training and the development and implementation of our Equality Impact Assessment process. Strong assurance in the EDI Audit.</li> <li>- Launch of our new HR system to simplify and support the employee experience from HR data &amp; reporting, hiring &amp; onboarding, leave and the monitoring the employee experience and performance.</li> <li>- Strong focus on employee engagement through the All People Conference, continued quarterly CV Voice meetings and launch of our quarterly employee wellbeing and engagement surveys.</li> <li>- Recognition of our people through our annual STAR Awards to ensure that we recognise performance against our values with the customer at the heart of what we do.</li> <li>- Continued investment in the development of our people through the delivery of the learning and development plan. Focus on the development of employee skills matrix through learning needs analysis.</li> <li>- Implementation of Year 2 of Workforce Plan completed with clear priorities for investment over the final year and business case approved for resource and skills optimisation.</li> <li>- Healthy Working Lives Accreditation maintained and demonstrated commitment to wellbeing and a healthy and safe working culture. Continuing to support our new programme implemented during the pandemic.</li> <li>- Maintained a focus on succession planning through our investment in our people by promoting employees internally and providing secondment opportunities through our workforce planning exercise.</li> <li>- Development of the 'Its on Us' campaign to support our customers through the cost of living crisis.</li> <li>- Continued focus and review of our Policies and Procedures to ensure that they support our ambitions to be the best housing association employer and also meet the needs of our organisational culture and people.</li> </ul>

## Clyde Valley Housing Association Limited

### Group Report of the Board For the year ended 31 March 2023

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#### Financial Review

The Group has robust financial management policies and procedures in place with management of annual income and expenditure through a devolved budget process. Financial results 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 29. The Group made a surplus of £4,555,517 (2022: £5,035,742) after providing for Corporation Tax relief of £nil (2022: £296) and any movement in the actuarial value of the pension. The largest operating cost areas in the Group are our planned investment programme, reactive maintenance and direct costs which in 2022/23 accounted for about 60% 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 £2,377,093 compared to a decrease in the previous year of £1,900,430.

The total expenditure on works to existing properties was £2,618,199 of which £1,368,200 was capitalised and £1,249,999 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. Following a detailed review of our financial plan, several Board discussions and consultation with customers it was agreed to adopt a 7% rent increase for 2023/24.

#### 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 Executive and 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 2023**

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#### Going Concern

The Board has a reasonable expectation that the Association and its subsidiary, CVPS, has adequate resources to continue in operational existence for the foreseeable future. This is based on the Group Business plan for 2023/24, which was approved by the Board in March 2023. Despite current conditions, and 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. The subsidiary company is reliant on the support of the parent entity, CVHA, to continue as a going concern, being that CVHA will not call the intercompany amounts due in 1 year. As a result of this we continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Group 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 £70m with lenders Bank of Scotland (part of Lloyds banking group) and 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.

A £70m private placement with Canada Life has been in place since 2018 with £35m drawn in 2018 and the other £35m drawn in 2020.

In June 2023 a £20m revolving credit facility was signed with Bank of Scotland.

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 able 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 transactions of a speculative nature. As of 31 March 2023, CVHA had a mix of fixed and variable rate finance, which it considers appropriate at this time.

#### SHAPS Pension scheme

Further detail in relation to this is included in Note 26 to the financial statements on page 67.

The new defined benefit liability as at 1 April 2023 is £362,000 resulting in a re-measurement through other comprehensive income of £(884,689).

#### 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 2023 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 as they fall due.

The total reserves position as at 31 March 2023 is £39,231,347. Some of these reserves are earmarked towards the Association's loan repayment schedule, which commenced in May 2019 and will continue through until 2050.

## **Clyde Valley Housing Association Limited**

### **Group Report of the Board For the year ended 31 March 2023**

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#### 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 and we plan to continue with our strategy 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 2023 includes the development of over 300 properties which are being funded through our borrowings. These properties are planned to be delivered by the end of March 2026 increasing our property numbers owned and in management to 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.

#### **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 sits within the Health & Safety Operations Group with reports being submitted to both CVHA and CVPS Board and this is part of the remit of the Audit Committee to provide oversight of our key tenants health and safety measures. During the year we appointed specialist Health & Safety advisors who provide advice and guidance in respect of Health & Safety as well as deliver training and carry out internal audits on key Health & Safety function including both employer and landlord safety.

#### **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. Directors' indemnity policies are in place for the directors of CVPS as disclosed in CVPS accounts.

#### **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.

**Clyde Valley Housing Association Limited**

**Group Report of the Board  
For the year ended 31 March 2023**

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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 are procuring a programme of stock conditions surveys to continue to strengthen the data in respect of our stock condition and understand clearly the future investment plans.

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.
- 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.

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 bi-annually and Audit Committee quarterly.
Complaints and Compliments Monitoring	→	Annual Report on Website. Learning from customer feedback group review monthly.
Independent Customer Feedback	→	Reported to Board.
Customer Satisfaction Survey	→	3 yearly survey reported to Board. Annual Pulse Surveys for all services and text surveys and follow up for repairs. Reported to Board and Customers.
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.

## Clyde Valley Housing Association Limited

### Group Report of the Board For the year ended 31 March 2023

#### Future Prospects

In terms of outcomes, in addition to our Key Success Factors during this year we are focused upon:

- Understanding more about what is driving customer satisfaction and using feedback to improve our services.
- Increasing our contribution to creating safe, successful, connected communities and neighbourhoods and sustaining tenancies.
- Deliver on the actions to improve our performance across our key customer and income related indicators.
- Increasing efficiency and productivity, reviewing affordability, and generating increased grants.
- Attracting and retaining top talent, which is efficient, high performing and capable in line with our organisational growth.
- Maintaining and developing a culture of team collaboration and innovation, underpinned by our values and the right behaviours
- Understanding our baseline and developing targets towards a new strategy for zero carbon and reducing our carbon footprint.
- Determining our pipeline for and design standards for new supply of homes, linked to zero carbon and ensuring homes are in the right place, the right size.
- Determining our long-term investment priorities, including meeting zero carbon targets.
- Ensure our business plan activity is financed to deliver on the strategy.
- Working with key strategic partners focusing on our low demand area in Douglas to seek the right solution for the community.

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

<b>1.</b>	<b>Providing a brilliant customer experience, delivering service excellence</b>
	<ul style="list-style-type: none"><li>- We will continue to build our understanding of Customer Experience through a review of contact and cases following the implementation of our Contact Centre and CRM almost 2 years ago</li><li>- We will seek to further improve Customer Experience by undertaking research to better understand customer expectations to inform the development of a new set of service standards</li><li>- We will also seek to improve Customer Experience by focussing on how our processes and workflows can ensure that we are maximising our opportunities to keep commitments and deliver outcomes</li><li>- We will undertake our 3-yearly full assessment against the Customer Service Excellence framework</li><li>- During 2023/24 we will continue to work with the Institute of Customer Service to gain insight, learn from, and improve on how we approach all elements of customer service. We will also continue our journey with Customer Service Excellence and will, once again, invite assessors into CVG to review our approaches to service delivery against the CSE standards.</li></ul>
<b>2.</b>	<b>Addressing housing need and offering services across all tenures</b>
	<ul style="list-style-type: none"><li>- In terms of addressing housing need through the provision of new affordable homes we are anticipating the completion of 187 new homes for social rent and 40 for mid-market rent.</li><li>- Robust data integrity and intelligence around our properties to inform investment decisions</li></ul>



## Clyde Valley Housing Association Limited

### Group Report of the Board For the year ended 31 March 2023

3.	<b>The leading RSL partner to create sustainable homes and communities.</b> <ul style="list-style-type: none"><li>- We will be undertaking research with our customers and colleagues to develop a new Customer Engagement Strategy and Action Plan</li><li>- We will be following on from the service design work that we completed in 2022/23 in partnership with Independent Age to produce an Older Persons' Strategy</li><li>- We will continue to deliver advice and financial assistance on fuel and fuel debt.</li><li>- We will work in partnership with local authorities to achieve joint targets on lets to homeless Households.</li><li>- Provide further ways for our customers to pay.</li><li>- We will continue to identify and seek additional funding to support projects that will provide positive outcomes for our customers and their communities.</li></ul>
4.	<b>Focused on value for money and excellent governance as a growing and sustainable business.</b> <ul style="list-style-type: none"><li>- Continue our journey of excellent Governance and strong assurance.</li><li>- Integrate system to manage and maintain compliance and inform investment decisions along with implementation of new asset management system.</li><li>- Deliver a full review of the Factoring business model and make recommendations to CVPS board on the future of the service.</li><li>- Consider the future development programme and additional lending to support this.</li><li>- Continue to deliver on our Digital and SmartThink Strategy ensuring efficient working practices and releasing capacity to provide more enhanced services to our customers.</li></ul>
5.	<b>Aim to be the best housing association employer, committed to developing employees to realise their potential</b> <ul style="list-style-type: none"><li>- Continued focus on employee engagement through:<ul style="list-style-type: none"><li>- the launch of our 6 monthly organisational updates led by the Exec Team<ul style="list-style-type: none"><li>o Annual All People Conference</li><li>o Our People Recognition Awards</li><li>o CV Voice</li><li>o Monitoring through our quarterly wellbeing survey and Net Promoter Score (NPS)</li></ul></li></ul></li><li>- Review of our performance management framework and embedding this process through further development of the HR System.</li><li>- Development and implementation of our Wellbeing Plan to support the wellbeing of all our people.</li><li>- Development and implementation of our Learning and Development plan that ensures that there is a strong focus on core skills development.</li><li>- To provide a comprehensive Customer Service training package that develops the knowledge, skills, confidence and capability of all our people.</li><li>- To review our approach to succession planning, knowledge management and skills development through revised succession planning and talent management plans.</li><li>- Linked with our talent management plan develop career and learning pathways for all our people to enable them to fully develop and utilise their skills within CVG.</li><li>- Continued focus on implementing our commitment to Equality, Diversity and Inclusion (EDI) through the EDI Group, Year 2 Action Plan.</li><li>- Review and development of our onboarding and induction process.</li><li>- To maintain a focus on reviewing our Policies and Procedures to ensure that they support our ambitions to be the best housing association employer and also meet the needs of our organisational culture and people.</li></ul>

5.	<b>Aim to be the best housing association employer, committed to developing employees to realise their potential</b>
	<ul style="list-style-type: none"> <li>- To conduct a review of our employee benefits package and benchmark to ensure that we continue to attract and retain our people.</li> <li>- Our IIP accreditation journey will start Q2 2023/24. This will include the Health and Wellbeing Award.</li> </ul>

## Clyde Valley Housing Association Limited

### Group Report of the Board For the year ended 31 March 2023

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#### 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:

- Financial
- Health & Safety
- Governance
- People
- Customer
- Digital & IT
- Investment & Growth

#### 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. The Audit Committee have placed greater emphasis on risk management and carry out deep dives into specific risks at each meeting.

Our operating environment is characterised by change and uncertainty and of our need to be agile in reacting to risks and unknowns as they crystallise. Our main strategic risks are highlighted as:

- Economic climate particularly around inflation and interest rates
- Challenging development programme
- Increasing regulation and legislation changes
- Health and safety, particularly in respect of fire safety and damp and mould
- Fraud or theft through cyber crime
- Loss of IT systems through cyber attack

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 2023/24 this will focus on:

- Procurement
- Systems and Data Management
- Arrears (CVHA only)
- Clyde Valley Lets (allocations, arrears, etc)
- Factoring
- Development
- Voids
- Asbestos
- Electrical Safety in properties (follow up)
- Recruitment and Retention
- Gas safety

## Clyde Valley Housing Association Limited

### Group Report of the Board For the year ended 31 March 2023

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

#### Key Performance Indicators

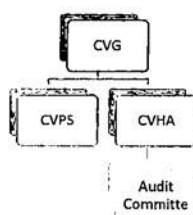
We report to the Scottish Housing Regulator on our performance against the Scottish Social Housing Charter Indicators in May of each year and report to our customers by October each year. We continue to benchmark and seek best practice to improve our performance outcome, particularly for those relating to customer and value for money.

The Group 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.

#### 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



The majority of the Members of the Board of Management serve in a voluntary capacity with the exception of our Chair of CVHA Board, Chair of CVPS Board and Chair of Audit Committee. These roles are paid to reflect the increasing demands on their time and to provide a more robust succession planning. During 2022 we successfully recruited a new Chair who took up office in September 2022.

The Board of Management in line with the Scottish Housing Regulator's Regulatory Framework, must achieve high standards in all 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 the Group 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 our Board and Customer Panel. Every effort is made to encourage volunteering of tenants where possible, and the impact of the Customer Panel during the year has been valued by the Group overall.



**Clyde Valley Housing Association Limited**

**Statement of Board's Responsibilities  
For the year ended 31 March 2023**

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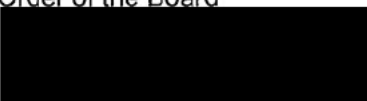
**Disclosure of Information to the Auditor**

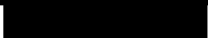
The members of the Board at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant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

**Auditor**

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

By Order of the Board



Position: 

28 August 2023

## Clyde Valley Housing Association Limited

### Statement of Board's Responsibilities For the year ended 31 March 2023

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

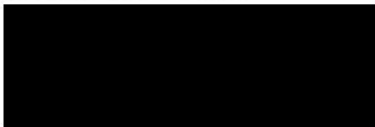
The Board is responsible for instituting adequate systems of internal control and for:

- safeguarding assets
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association, and of the Group, and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, The Housing Scotland Act (2010) and the Determination of Accounting Requirements – February 2019.

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



Position: Chairperson

Date: 28/8/23

## Clyde Valley Housing Association Limited

### Board's Statement of Internal Financial Control For the year ended 31 March 2023

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The Board acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

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

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable, and not absolute, assurance against material financial 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 Executive Management 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.
- An internal auditor has been appointed in accordance with the requirements of Guidance note 97/06. An audit plan was set and completed for the year. The results of the work confirm that the Association has satisfactory procedures for managing its finances.

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 2023. 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: Chairperson

Date: 28/08/23

**Clyde Valley Housing Association Limited**

**Report by the Auditors to the members of Clyde Valley Housing Association Limited on Corporate Governance Matters  
For the year ended 31 March 2023**

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In addition to our audit of the Financial Statements, we have reviewed your statement on page 23 concerning the Association's compliance with the information required by the Regulatory Standards for systemically important RSLs in respect of internal controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

**Basis of Opinion**

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

**Opinion**

In our opinion the Statement on Internal Financial Control on page 23 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: 19 September 2023

*[Handwritten signature]*  
*[Handwritten name]*

## **Clyde Valley Housing Association Limited**

### **Report of the Independent Auditors to the Members of Clyde Valley Housing Association Limited For the year ended 31 March 2023**

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#### **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 2023 which comprise 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 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 and Association's affairs as at 31 March 2023 and of its 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 Cooperative and Community Benefits 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 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**

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt about the group's or the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect of going concern are described in the relevant sections of this report.

#### **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 contained within the annual report. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

**Report of the Independent Auditors to the Members of Clyde Valley Housing Association Limited  
For the year ended 31 March 2023**

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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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 Statement of Board's Responsibilities set out on page 22, 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.

**The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.



## **Clyde Valley Housing Association Limited**

### **Report of the Independent Auditors to the Members of Clyde Valley Housing Association Limited For the year ended 31 March 2023**

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In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of the Board, with the oversight of those charged with.

governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and the Association operates in and how the group and the Association is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Cooperative and Community Benefits Societies Act 2014, the Scottish Housing Acts and the Scottish Housing Regulator's Determination of Accounting Requirements – February 2019. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are the Housing (Scotland) Acts 2006, 2010 and 2014, the Energy Efficiency Standard for Social Housing (EESH) and the Office of the Scottish Charity Regulator (OSCR). We performed audit procedures to inquire of management and those charged with governance whether the Association is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls and the existence, completeness and valuation of income as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, in relation to management override of internal controls. Audit procedures in relation to assertion risks for income included but were not limited to substantive analytical review to test the grant and rental income that was recognised, selecting a sample of rental income to assess whether it was recognised in accordance with rent review letters or signed tenancy agreements which agree to the housing management system and corroborating a sample of other income to supporting documentation.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Report of the Independent Auditors to the Members of Clyde Valley Housing Association Limited  
For the year ended 31 March 2023**

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**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: 19 September 2023



**Clyde Valley Housing Association Limited**

**Group Statement of Comprehensive Income  
For the year ended 31 March 2023**

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	<b>Notes</b>	<b>2023 £</b>	<b>2022 £</b>
TURNOVER	2	27,296,720	23,675,398
Operating expenditure	2	<u>(20,738,574)</u>	<u>(17,436,219)</u>
OPERATING SURPLUS		<u>6,558,146</u>	<u>6,239,179</u>
Gain/(Loss) on disposal of property, plant and equipment		264,687	(24,605)
Gain on Revaluation of Housing Investment Properties		4,000	59,763
Interest receivable	6	236,880	7,638
Interest and financing costs	7	(4,939,837)	(4,376,360)
Movement in fair value of financial instruments		2,377,093	1,900,430
Profits from Associate	12	<u>54,548</u>	<u>139,401</u>
SURPLUS BEFORE TAX		<u>4,555,517</u>	<u>3,945,446</u>
Taxation		-	296
SURPLUS FOR THE YEAR		<u>4,555,517</u>	<u>3,945,742</u>
Other Comprehensive Income			
Actuarial (loss)/gain in respect of defined benefit pension scheme	26	<u>(884,689)</u>	<u>1,090,000</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>3,670,828</u></u>	<u><u>5,035,742</u></u>

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 2023**

	Notes	2023 £	2022 £
TURNOVER	2	25,160,831	23,098,451
Operating expenditure	2	(18,626,525)	(16,842,592)
OPERATING SURPLUS		<u>6,534,306</u>	<u>6,255,859</u>
Gain/(Loss) on disposal of property, plant and equipment		264,687	(24,605)
Interest receivable	6	281,998	76,750
Interest and financing costs	7	(5,008,949)	(4,307,248)
Movement in fair value of financial instruments		2,377,093	1,900,430
Profits from Associate	12	<u>54,548</u>	<u>139,401</u>
SURPLUS BEFORE TAX		<u>4,503,683</u>	<u>4,040,587</u>
Taxation		-	-
SURPLUS FOR THE YEAR		<u>4,503,683</u>	<u>4,040,587</u>
Other Comprehensive Income			
Actuarial (loss)/gain in respect of defined benefit pension scheme	26	<u>(884,689)</u>	<u>1,090,000</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>3,618,994</u></u>	<u><u>5,130,587</u></u>

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 2023**

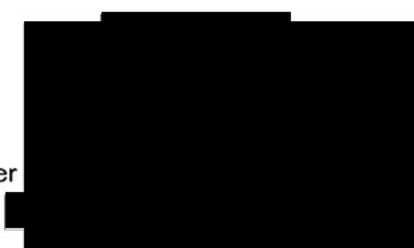
	Notes	2023 £	2022 £
<b>FIXED ASSETS</b>			
Housing properties	10.A	373,444,971	363,423,145
Other fixed assets	10.B	3,723,408	3,831,596
Investment properties	11	2,202,062	2,174,030
Fixed asset investments	12	3,198,124	3,143,576
Intangible assets	14	48,000	60,000
		<u>382,616,565</u>	<u>372,632,347</u>
<b>CURRENT ASSETS</b>			
Work in progress and Properties held for sale	15	5,957,556	3,444,470
Trade and other debtors	16	2,024,606	2,466,548
Cash and cash equivalents		6,647,498	18,709,712
		<u>14,629,660</u>	<u>24,620,730</u>
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year	17	(12,697,085)	(12,106,892)
<b>NET CURRENT ASSETS</b>			
		<u>1,932,575</u>	<u>12,513,838</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>384,549,140</u>	<u>385,146,185</u>
Creditors: Amounts falling due after more than one year	18	(344,955,727)	(349,585,598)
Defined benefit pension liability	26	(362,000)	-
		<u>(345,317,727)</u>	<u>(349,585,598)</u>
<b>TOTAL NET ASSETS</b>			
		<u>39,231,413</u>	<u>35,560,587</u>
<b>RESERVES</b>			
Share Capital	22	66	68
Income and Expenditure Reserve		39,231,347	35,560,519
<b>TOTAL RESERVES</b>			
		<u>39,231,413</u>	<u>35,560,587</u>

The financial statements on pages 28 to 72 were approved by the Board and authorised for issue on 25.15.23..... 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 2023**

	Notes	2023 £	2022 £
<b>FIXED ASSETS</b>			
Housing properties	10.A	373,661,389	363,639,451
Other fixed assets	10.B	3,723,408	3,831,596
Fixed asset investments	12	3,198,124	3,143,576
Investment in subsidiaries	13	1	1
		<u>380,582,922</u>	<u>370,614,624</u>
<b>CURRENT ASSETS</b>			
Work in progress and Properties held for sale	15	2,413,768	1,579,108
Trade and other debtors	16	5,433,343	4,248,898
Cash and cash equivalents		6,618,083	18,628,875
		<u>14,465,194</u>	<u>24,456,881</u>
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year	17	(12,429,981)	(11,796,170)
<b>NET CURRENT ASSETS</b>		<u>2,035,213</u>	<u>12,660,711</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>382,618,135</u>	<u>383,275,335</u>
Creditors: Amounts falling due after more than one year	18	(344,888,882)	(349,527,074)
Defined benefit pension liability	26	(362,000)	-
		<u>(345,250,882)</u>	<u>(349,527,074)</u>
<b>TOTAL NET ASSETS</b>		<u>37,367,253</u>	<u>33,748,261</u>
<b>RESERVES</b>			
Share Capital	22	66	68
Income and Expenditure Reserve		37,367,187	33,748,193
<b>TOTAL RESERVES</b>		<u>37,367,253</u>	<u>33,748,261</u>

The financial statements on pages 28 to 72 were approved by the Board and authorised for issue on 22/3/23 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 2023

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	Income and expenditure reserve £
<b>Balance at 1 April 2021</b>	30,524,777
Surplus for the year	3,945,742
Other comprehensive income	1,090,000
<b>Balance as at 1 April 2022</b>	<u>35,560,519</u>
Surplus for the year	<u>3,670,828</u>
<b>Balance as at 31 March 2023</b>	<u>39,231,347</u>

**Clyde Valley Housing Association Limited**

**Association Statement of Changes in Reserves  
For the year ended 31 March 2023**

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	£
<b>Balance at 1 April 2021</b>	28,617,606
Surplus for the year	4,040,587
Other comprehensive Income	1,090,000
<b>Balance as at 1 April 2022</b>	<u>33,748,193</u>
Surplus for the year	3,618,994
<b>Balance as at 31 March 2023</b>	<u>37,367,187</u>

## Clyde Valley Housing Association Limited

### Group Statement of Cashflows For the year ended 31 March 2023

	Notes	2023 £	2022 £
Net cash generated from operating activities	23	9,199,649	10,027,528
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of tangible fixed assets		(19,965,334)	(23,683,106)
Capitalised component replacements		(2,229,005)	(1,986,887)
Purchase of other fixed assets		(48,341)	(33,508)
Investment – Love Property		-	(52,500)
Proceeds on disposal of housing properties		2,347,993	167,749
Grants received		6,415,781	9,980,543
Interest received		236,880	7,638
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(13,242,026)</b>	<b>(15,600,071)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Interest paid		(4,939,837)	(4,376,360)
Repayments of borrowings		(3,080,000)	(3,040,000)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(8,019,837)</b>	<b>(7,416,360)</b>
		<b>(21,261,863)</b>	<b>(23,016,431)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(12,062,214)</b>	<b>(12,988,903)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>18,709,712</b>	<b>31,698,615</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	23	<b>6,647,498</b>	<b>18,709,712</b>

**Clyde Valley Housing Association Limited****Statement of Cashflows - Association  
For the year ended 31 March 2023**

	Notes	2023 £	2022 £
Net cash generated from operating activities	24	9,251,033	9,838,368
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of tangible fixed assets		(19,965,334)	(23,675,576)
Capitalised component replacements		(2,204,973)	(1,902,887)
Purchase of other fixed assets		(48,341)	(33,508)
Proceeds on disposal of housing properties		2,347,993	167,749
Grants received		6,415,781	9,980,543
Interest received		281,998	76,750
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(13,172,876)</b>	<b>(15,386,929)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Interest paid		(5,008,949)	(4,376,360)
Repayments of borrowings		(3,080,000)	(3,040,000)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(8,088,949)</b>	<b>(7,416,360)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(12,010,792)</b>	<b>(12,964,921)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>18,628,875</b>	<b>31,593,796</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	24	<b>6,618,083</b>	<b>18,628,875</b>



## **Clyde Valley Housing Association Limited**

### **ACCOUNTING POLICIES**

**For the year ended 31 March 2023**

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#### ACCOUNTING POLICIES

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

#### LEGAL STATUS

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

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

The Association 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.

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.

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 26). The net defined benefit pension liability at 31 March 2023 was £362,000.

**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 Group's 30 year Business plan for 2023, which was approved by the Board in March 2023. 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.

## Clyde Valley Housing Association Limited

### ACCOUNTING POLICIES (continued) For the year ended 31 March 2023

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#### ***Turnover and revenue recognition***

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

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

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

#### ***Government Grants***

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

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

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

#### ***Other Grants***

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

#### ***Other Income***

##### *Interest income*

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

##### *Investment income*

Investment income is income generated from investment in associates as described.

**ACCOUNTING POLICIES (continued)**  
**For the year ended 31 March 2023**

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***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 3<sup>rd</sup> 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 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.

## Clyde Valley Housing Association Limited

### ACCOUNTING POLICIES (continued)

For the year ended 31 March 2023

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#### ***Investment Properties (cont.)***

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.

#### ***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.

#### ***Intangibles***

Intangibles are initially measured at cost and then subsequently amortised over its finite life. During 2021/22, CVPS purchased a customer list from Love Homes and the costs of this acquisition will be written over a period of 5 years. This is based on the average time that a property is let for.

#### ***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.



**ACCOUNTING POLICIES (continued)**  
**For the year ended 31 March 2023**

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

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

**Other Tangible Fixed Assets**

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

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

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

**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.

## **Clyde Valley Housing Association Limited**

### **ACCOUNTING POLICIES (continued)** **For the year ended 31 March 2023**

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#### **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

#### **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 2023, the net defined benefit pension deficit liability was £362,000 (2022: £nil), which has been included within the provisions for pensions liability in the financial statements.

In the year ended 31 March 2023, 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.

#### **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 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.

## Clyde Valley Housing Association Limited

### ACCOUNTING POLICIES (continued) For the year ended 31 March 2023

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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.

##### *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.



**Clyde Valley Housing Association Limited**

**ACCOUNTING POLICIES (continued)**  
**For the year ended 31 March 2023**

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*Provisions*

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

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

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2023

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

	Notes	Turnover £	Operating Costs £	2023 Operating Surplus £	2022 Operating Surplus/(Deficit) £
Affordable letting activities	3	24,361,650	(17,645,418)	6,716,232	6,449,211
Other activities	4	2,935,070	(3,093,156)	(158,086)	(210,032)
<b>Total</b>		<b>27,296,720</b>	<b>(20,738,574)</b>	<b>6,558,146</b>	<b>6,239,179</b>
<b>Total for previous reporting period</b>		<b>23,675,398</b>	<b>(17,436,219)</b>	<b>6,239,179</b>	

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 March 2023

	Notes	Turnover £	2023		2022	
			Operating Costs £	Operating Surplus / (Deficit) £	Operating Surplus / (Deficit) £	Operating Surplus / (Deficit) £
Affordable letting activities	3	24,361,650	(17,645,418)	6,716,232	6,449,211	
Other activities	4	799,181	(981,107)	(181,926)	(193,352)	
<b>Total</b>		<b>25,160,831</b>	<b>(18,626,525)</b>	<b>6,534,306</b>	<b>6,255,859</b>	
<b>Total for previous reporting period</b>		<b>23,098,451</b>	<b>(16,842,592)</b>	<b>6,255,859</b>		

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 March 2023

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 2023 £	Total 2022 £
Rent receivable net of service charges	21,565,240	-	1,695	21,566,935	19,829,278
Service charges	140,485	-	-	140,485	116,792
Gross income from rents and service charges	21,705,725	-	1,695	21,707,420	19,946,070
Less voids	(248,759)	-	-	(248,759)	(396,571)
<b>Net income from rents and service charges</b>	21,456,966	-	1,695	21,458,661	19,549,499
Grants released from deferred income	2,902,492	-	497	2,902,989	2,694,518
Revenue grants from Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
<b>Total turnover from affordable letting activities</b>	24,359,458	-	2,192	24,361,650	22,244,017
Management and maintenance administration costs	6,092,295	-	-	6,092,295	5,484,980
Service costs	191,785	-	-	191,785	143,520
Planned and cyclical maintenance including major repairs cost	1,389,554	-	-	1,389,554	1,570,898
Reactive maintenance costs	3,029,073	-	-	3,029,073	2,401,976
Bad debts - rents and service charges	407,955	-	-	407,955	170,225
Depreciation of affordable let properties	6,533,850	-	906	6,534,756	6,023,207
Impairment of affordable let properties	-	-	-	-	-
<b>Operating Costs for affordable letting activities</b>	17,644,512	-	906	17,645,418	15,794,806
<b>Operating surplus or deficit for affordable letting activities</b>	6,714,946	-	1,286	6,716,232	6,449,211
<b>Operating surplus or deficit for affordable letting activities for previous reporting period</b>	6,448,033	-	1,178	6,449,211	

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 March 2023

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 2023 £	Total 2022 £
Rent receivable net of service charges	21,565,240	-	1,695	21,566,935	19,829,278
Service charges	140,485	-	-	140,485	116,792
Gross income from rents and service charges	21,705,725	-	1,695	21,707,420	19,946,070
Less voids	(248,759)	-	-	(248,759)	(396,571)
<b>Net income from rents and service charges</b>	<b>21,456,966</b>	<b>-</b>	<b>1,695</b>	<b>21,458,661</b>	<b>19,549,499</b>
Grants released from deferred income	2,902,492	-	497	2,902,989	2,694,518
Revenue grants from Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
<b>Total turnover from affordable letting activities</b>	<b>24,359,458</b>	<b>-</b>	<b>2,192</b>	<b>24,361,650</b>	<b>22,244,017</b>
Management and maintenance administration costs	6,092,295	-	-	6,092,295	5,484,980
Service costs	191,785	-	-	191,785	143,520
Planned and cyclical maintenance including major repairs costs	1,389,554	-	-	1,389,554	1,570,898
Reactive maintenance costs	3,029,073	-	-	3,029,073	2,401,976
Bad debts - rents and service charges	407,955	-	-	407,955	170,225
Depreciation of affordable let properties	6,533,850	-	906	6,534,756	6,023,207
Impairment of affordable let properties	-	-	-	-	-
<b>Operating Costs for affordable letting activities</b>	<b>17,644,512</b>	<b>-</b>	<b>906</b>	<b>17,645,418</b>	<b>15,794,806</b>
<b>Operating surplus or deficit for affordable letting activities</b>	<b>6,714,946</b>	<b>-</b>	<b>1,286</b>	<b>6,716,232</b>	<b>6,449,211</b>
<b>Operating surplus or deficit for affordable letting activities for previous reporting period</b>	<b>6,448,033</b>	<b>-</b>	<b>1,178</b>	<b>6,449,211</b>	

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

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	-	-	-	383,550	383,550	(17,081)	216,715	183,916	331,563
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Contracted out activities undertaken for registered social landlords	-	-	-	-	-	-	-	-	-
Contracted out services undertaken for other organisations	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to other organisations	-	-	-	1,433,966	1,433,966	-	-	1,433,966	-
Wellwynd Community	-	-	-	-	-	-	(2,608)	2,608	(7,063)
Other activities	-	-	-	1,117,554	1,117,554	-	2,896,130	(1,778,576)	(534,538)
<b>Total from other activities</b>	-	-	-	2,935,070	2,935,070	(17,081)	3,110,237	(158,086)	(210,038)
<b>Total from other activities for the previous reporting period</b>	-	-	-	1,431,381	1,431,381	(134,735)	1,776,154	(210,038)	



Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 March 2023

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

	Grants From	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Operating Costs Bad debts	Other Operating Costs	Operating Surplus Or deficit	Operating Surplus Or Deficit For previous Reporting Period
	£	£	£	£	£	£	£	£	£
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	-	-	-	-	-	-	-	-
Care and repair	-	-	-	-	-	-	-	-	-
Investment property activities	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Contracted out activities undertaken for registered social landlords	-	-	-	-	-	-	-	-	-
Contracted out services undertaken for other organisations	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to other organisations	-	-	-	-	-	-	-	-	-
Wellwynd Community	-	-	-	799,181	799,181	-	(2,608)	2,608	(7,063)
Other activities	-	-	-	799,181	799,181	-	983,715	(184,534)	(186,297)
<b>Total from other activities</b>	-	-	-	854,433	854,433	-	981,107	(181,926)	(193,360)
<b>Total from other activities for the previous reporting period</b>	-	-	-	854,433	854,433	-	1,047,793	(193,360)	

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

## 5. ACCOMMODATION IN MANAGEMENT

	Group Units Under Management		Association Units Under Management	
	2023	2022	2023	2022
General needs housing	4,729	4,528	4,712	4,511
Shared ownership	1	1	1	1
<b>Total units in management</b>	<b>4,730</b>	<b>4,529</b>	<b>4,713</b>	<b>4,512</b>

## 6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Group		Association	
	2023 £	2022 £	2023 £	2022 £
Interest on bank deposits	236,880	7,638	236,880	7,638
Group Loan interest	-	-	45,118	69,112
	<b>236,880</b>	<b>7,638</b>	<b>281,998</b>	<b>76,750</b>

## 7. INTEREST PAYABLE AND SIMILAR CHARGES

	Group		Association	
	2023 £	2022 £	2023 £	2022 £
Interest arising on:				
Bank loans and overdrafts	5,508,226	5,035,656	5,577,338	4,966,544
Amortisation of issue costs of bank loan	27,814	29,665	27,814	29,665
	<b>5,536,040</b>	<b>5,065,321</b>	<b>5,605,152</b>	<b>4,996,209</b>
Less: Interest capitalised on housing properties under construction	(596,203)	(688,961)	(596,203)	(688,961)
	<b>4,939,837</b>	<b>4,376,360</b>	<b>5,008,949</b>	<b>4,307,248</b>

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2023**

**8. OPERATING SURPLUS**

	<b>Group</b>		<b>Association</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Operating surplus is stated after charging/(crediting):				
Depreciation of housing properties	6,534,754	6,023,207	6,534,757	6,023,207
Depreciation of other tangible fixed assets (note 10.B) - Owned	156,529	152,952	156,529	152,952
Surplus on disposal of tangible fixed assets	264,687	24,605	264,687	24,605

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

	<b>Group</b>		<b>Association</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Audit services - statutory audit of the Association	29,825	20,625	23,350	16,500
<i>Other services:</i>				
Taxation compliance services	6,900	4,435	4,600	2,200

**9. EMPLOYEES**

	<b>Group</b>		<b>Association</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
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	91	80	91	80
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Staff costs for the above persons:				
Wages and salaries	3,545,624	3,003,318	3,545,624	3,003,318
Social security costs	388,617	305,647	388,617	305,647
Defined contribution pension cost	313,537	258,695	313,537	258,695
	<u>4,247,778</u>	<u>3,567,660</u>	<u>4,247,778</u>	<u>3,567,660</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2023**

**9. EMPLOYEES (continued)**

Key Management Personnel during the period comprised of:  
 Governance – The Board of Management;  
 Strategic Direction - The Leadership Team.  
 Asset Management – Asset Manager

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	
	2023	2022	2023	2022
	No.	No.	No.	No.
£60,000 - £70,000	2	2	2	2
£70,001 - £80,000	-	-	-	-
£80,001 - £90,000	3	2	3	2
£90,001 - £100,000	-	-	-	-
£100,001 – £110,000	-	-	-	-
£110,001 - £120,000	-	1	-	1
£120,001 - £130,000	1	-	1	-

	Group		Association	
	2023	2022	2023	2022
	£	£	£	£
Aggregate emoluments for all key management personnel (excluding pension contributions)	511,512	463,954	511,512	412,741

The emoluments of the highest paid member of key management personnel (excluding pension contributions)

	125,927	136,455	125,927	121,010
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Aggregate pension contributions in relation to the above key management personnel

	46,999	37,850	46,999	35,242
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Remuneration was paid to the chair, chair of Audit committee of CVHA and chair of CVPS during the year amounting to £9,400. This is allocated under consultancy fees.

NOTES TO THE FINANCIAL STATEMENTS (continued)  
For the year ended 31 March 2023

10.A TANGIBLE FIXED ASSETS – HOUSING PROPERTIES – GROUP

	Social housing properties held for letting £	Housing properties for letting under construction £	Completed shared ownership housing properties £	Total housing properties £
<b>Cost</b>				
1 April 2022	368,208,230	49,136,592	195,605	417,540,427
Additions	-	19,965,334	-	19,965,334
Works to existing properties	1,370,287	-	-	1,370,287
Schemes completed	25,105,874	(25,105,874)	-	-
Disposals	(786,253)	(4,631,524)	-	(5,417,777)
31 March 2023	<u>393,898,138</u>	<u>39,364,528</u>	<u>195,605</u>	<u>433,458,271</u>
<b>Depreciation and impairment</b>				
1 April 2022	54,069,653	-	50,559	54,120,212
Depreciation charged in year	6,533,852	-	905	6,534,757
Released on disposal	(641,669)	-	-	(641,669)
31 March 2023	<u>59,961,836</u>	<u>-</u>	<u>51,464</u>	<u>60,013,300</u>
<b>Net book value</b>				
31 March 2023	<u>333,936,302</u>	<u>39,364,528</u>	<u>144,141</u>	<u>373,444,971</u>
31 March 2022	<u>314,140,664</u>	<u>49,137,435</u>	<u>145,046</u>	<u>363,423,145</u>

EXPENDITURE ON WORKS TO EXISTING PROPERTIES

	2023 £	2022 £
Replacement component spend capitalised	1,368,200	678,962
Amounts charged to income and expenditure	1,249,999	238,366
Total major repairs spend	<u>2,618,199</u>	<u>917,328</u>

FINANCE COSTS

	2023 £	2022 £
Aggregate amount of finance costs included in the cost of housing properties	<u>2,791,051</u>	<u>2,194,848</u>

The cost of land Included above was £51,394,919 (2022 £49,589,544)

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2023**

**10.A TANGIBLE FIXED ASSETS – HOUSING PROPERTIES - ASSOCIATION**

	Social housing properties held for letting £	Housing properties for letting under construction £	Completed shared ownership housing properties £	Total housing properties £
<b>Cost</b>				
1 April 2022	368,426,626	49,137,434	195,605	417,759,665
Additions	-	19,965,334	-	19,965,334
Works to existing properties	1,370,287	-	-	1,370,287
Schemes completed	25,103,898	(25,106,717)	-	(2,819)
Disposals	(786,253)	(4,631,524)	-	(5,417,777)
31 March 2023	394,114,558	39,364,527	195,605	433,674,690
<b>Depreciation and impairment</b>				
1 April 2022	54,069,655	-	50,559	54,120,214
Depreciation charged in year	6,533,849	-	905	6,534,754
Released on disposal	(641,669)	-	-	(641,669)
31 March 2023	59,961,835	-	51,464	60,013,299
<b>Net book value</b>				
31 March 2023	334,152,723	39,364,527	144,141	373,661,391
31 March 2022	314,356,971	49,137,434	145,046	363,639,451

**EXPENDITURE ON WORKS TO EXISTING PROPERTIES**

	2023 £	2022 £
Replacement component spend capitalised	1,368,200	678,962
Amounts charged to income and expenditure	1,249,999	238,366
Total major repairs spend	2,618,199	917,328

**FINANCE COSTS**

	2023 £	2022 £
Aggregate amount of finance costs included in the cost of housing properties	2,791,051	2,194,848

Clyde Valley Housing Association Limited considers individual schemes to be separate cash generating units when assessing for impairment, in accordance with SORP 2018.

The cost of land Included above was £51,394,919 (2022 £49,589,544).



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2023**

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

<b>Cost</b>	<b>Land and Buildings</b>	<b>Office Equipment</b>	<b>Plant and Other Equipment</b>	<b>Computer Equipment</b>	<b>Total</b>
1 April 2022	4,599,168	276,027	14,407	938,616	5,828,218
Additions	-	636	1,795	45,910	48,341
31 March 2023	<u>4,599,168</u>	<u>276,663</u>	<u>16,202</u>	<u>984,526</u>	<u>5,876,559</u>
1 April 2022	923,126	269,339	14,407	789,750	1,996,622
Depreciation charged in year	71,263	3,094	224	81,948	156,529
31 March 2023	<u>994,389</u>	<u>272,433</u>	<u>14,631</u>	<u>871,698</u>	<u>2,153,151</u>
31 March 2023	<u>3,604,779</u>	<u>4,230</u>	<u>1,571</u>	<u>112,828</u>	<u>3,723,408</u>
31 March 2022	<u>3,676,042</u>	<u>6,688</u>	<u>-</u>	<u>148,866</u>	<u>3,831,596</u>

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

<b>Cost</b>	<b>Land and Buildings £</b>	<b>Office Equipment £</b>	<b>Plant and Other Equipment £</b>	<b>Computer Equipment £</b>	<b>Total £</b>
1 April 2022	4,599,168	276,027	14,407	938,616	5,828,218
Additions	-	636	1,795	45,910	48,341
31 March 2023	<u>4,599,168</u>	<u>276,663</u>	<u>16,202</u>	<u>984,526</u>	<u>5,876,559</u>
1 April 2022	923,126	269,339	14,407	789,750	1,996,622
Depreciation charged in year	71,263	3,094	224	81,948	156,529
31 March 2023	<u>994,389</u>	<u>272,433</u>	<u>14,631</u>	<u>871,698</u>	<u>2,153,151</u>
31 March 2023	<u>3,604,779</u>	<u>4,230</u>	<u>1,571</u>	<u>112,828</u>	<u>3,723,408</u>
31 March 2022	<u>3,676,042</u>	<u>6,688</u>	<u>-</u>	<u>148,866</u>	<u>3,831,596</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2023**

**11. INVESTMENT PROPERTIES – GROUP**

	2023 £	2022 £
At 1st April	2,174,030	2,082,500
Additions	24,032	31,767
Increase in value	4,000	59,763
At 31 March	<u>2,202,062</u>	<u>2,174,030</u>

Investment properties were valued as at 31 March 2023 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.

**12. FIXED ASSET INVESTMENTS**

	Group		Association	
	Shares in trade investments £	Total £	Shares in trade investments £	Total £
Cost or valuation:				
1 April 2022	3,143,576	3,143,576	3,143,576	3,143,576
Additions	54,548	54,548	54,548	54,548
31 March 2023	<u>3,198,124</u>	<u>3,198,124</u>	<u>3,198,124</u>	<u>3,198,124</u>

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.

<b>13. INVESTMENTS</b>	Group		Association	
	2023 £	2022 £	2023 £	2022 £
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 2023, the capital and reserves of Clyde Valley Property Services were £2,082,907 (2022 £2,169,304) with a loss for the year of £86,397 (2022 profit £43,380).

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.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2023**

**14. INTANGIBLES**

	Total £
Valuation	
At 1 April 2022	60,000
Amortisation	(12,000)
At 31 March 2023	<u>48,000</u>
Net book value	
At 31 March 2023	<u>48,000</u>
At 31 March 2022	<u>60,000</u>

On the 1<sup>st</sup> July 2021, CVPS purchased a customer list from Love Homes (Motherwell) Ltd and amortisation of the asset will be over 5 years.

**15. WORK IN PROGRESS AND PROPERTIES HELD FOR SALE**

	Group		Association	
	2023 £	2022 £	2023 £	2022 £
Work in progress	3,543,788	1,865,362	-	-
Incomplete renovation contracts	2,413,768	1,579,108	2,413,768	1,579,108
	<u>5,957,556</u>	<u>3,444,470</u>	<u>2,413,768</u>	<u>1,579,108</u>

**16. DEBTORS**

Amounts falling due within one year:	Group		Association	
	2023 £	2022 £	2023 £	2022 £
Rent and service charges receivable	1,767,891	1,571,620	1,767,891	1,571,620
Less: provision for bad and doubtful debts	(1,070,918)	(813,524)	(1,070,918)	(813,524)
	696,973	758,096	696,973	758,096
Other debtors	692,152	541,778	226,307	214,638
Prepayments and accrued income	635,481	1,166,674	634,860	1,166,063
Amounts due from Group undertakings	-	-	3,875,203	2,110,101
	<u>2,024,606</u>	<u>2,466,548</u>	<u>5,433,343</u>	<u>4,248,898</u>

Debtors ageing for amounts owed from Group undertakings:

	2023 £	2022 £
Amounts due within 1 year	3,815,203	2,110,101
Amounts due within 1 to 2 years	60,000	-
	<u>3,875,203</u>	<u>2,110,101</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2023**

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

	Group		Association	
	2023	2022	2023	2022
	£	£	£	£
Debt (note 20)	3,200,000	3,080,000	3,200,000	3,080,000
Rent and service charges received in advance	612,679	504,062	612,679	504,062
Deferred capital grants (note 19)	2,999,464	2,994,780	2,999,464	2,994,780
Trade creditors	643,066	706,568	642,973	693,763
Other Tax and Social Security	(2)	(60,240)	-	-
Other creditors	103,906	219,068	(828)	36,655
Accruals and deferred income	5,137,972	4,662,654	4,975,693	4,486,910
	<u>12,697,085</u>	<u>12,106,892</u>	<u>12,429,981</u>	<u>11,796,170</u>

**18. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR**

	Group		Association	
	2023	2022	2023	2022
	£	£	£	£
Debt (note 20)	133,232,783	136,414,969	133,232,783	136,414,969
Deferred capital grant (note 19)	206,963,032	206,157,712	206,963,032	206,157,712
Retentions	879,849	1,071,990	812,890	1,013,466
Interest Rate SWAPS	1,457,191	3,834,284	1,457,191	3,834,284
Other Creditors	2,422,873	2,423,113	2,422,986	2,423,113
Pension Deficit		(316,470)		(316,470)
	<u>344,955,727</u>	<u>349,585,598</u>	<u>344,888,882</u>	<u>349,527,074</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2023**

**19. DEFERRED CAPITAL GRANT GROUP AND ASSOCIATION**

Social Housing only	Housing Properties	Housing Properties Course of Construction	Shared Ownership Properties	Total Social Housing
	Held for letting £	£	Held for letting £	£
<b>Gross Grant Creditor</b>				
At 31st March 2022	199,644,430	34,734,868	115,618	234,494,916
Transfers	14,391,224	(14,391,224)	-	-
Grant Received in the year 2022/23	-	6,415,781	-	6,415,781
On Disposals 2022/23	(17,478)	(2,685,312)	-	(2,702,790)
<b>Gross Grant Creditor as at 31st March 2023</b>	<b>214,018,176</b>	<b>24,074,113</b>	<b>115,618</b>	<b>238,207,907</b>
<b>Amortisation</b>				
At 1st April 2022	(25,290,667)	-	(51,757)	(25,342,424)
Amortisation in the year	(2,902,492)	-	(495)	(2,902,987)
<b>Total Amortisation as at 31st March 2023</b>	<b>(28,193,290)</b>	<b>-</b>	<b>(52,252)</b>	<b>(28,245,411)</b>
<b>Net Grant Creditor</b>				
As at 31st March 2023	185,824,886	24,074,113	63,366	209,962,496
As at 1st April 2022	174,353,763	34,734,868	63,861	209,152,492
Deferred Capital Grant due within 1 year				2,999,464
Deferred Capital Grant due after 1 year				206,963,032
Total deferred Capital Grant due				<u>209,962,496</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2023**

**20. DEBT ANALYSIS – BORROWINGS**

	<b>Group</b>		<b>Association</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Creditors: amounts falling due within one year:				
Bank loans	3,200,000	3,080,000	3,200,000	3,080,000
Creditors: amounts falling due after more than one year:				
Bank loans	133,620,000	136,820,000	133,620,000	136,820,000
Private Placement fees paid	(387,217)	(405,031)	(387,217)	(405,031)
<b>Total</b>	<b>136,432,783</b>	<b>139,494,969</b>	<b>136,432,783</b>	<b>139,494,969</b>

Borrowings are denominated and repaid in pounds sterling, have contractual interest rates that are either fixed rates or variable rates linked to SONIA 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 £136,820,000 (2022: £139,900,000) are secured against the Associations Housing properties.

Bank Borrowings of £5,000,000 bear average fixed-rate coupons of 5.08% per annum (2022: 5.08%). Bank Borrowings of £67,940,000 bear average variable-rate coupons of 0.75% above SONIA (2022: 0.75%). Bank Borrowings of £70,000,000 bear average fixed rate coupons of 3.51%.

Variable rate borrowings are underpinned by financial hedging instruments as outlined in note 21.

Bank borrowings are part of a £146m facility with a repayment schedule in place up to 2048 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 and October 2020.

	<b>Group</b>		<b>Association</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Due within one year	3,200,000	3,080,000	3,200,000	3,080,000
Due in one year or more but less than two years	3,200,000	3,200,000	3,200,000	3,200,000
Due between two and five years	11,540,000	10,600,000	11,540,000	10,600,000
Due more than five years	118,880,000	123,020,000	118,880,000	123,020,000
	<b>136,820,000</b>	<b>139,900,000</b>	<b>136,820,000.</b>	<b>139,900,000</b>



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2023**

**21. FINANCIAL INSTRUMENTS**

	Group		Association	
	2023	2022	2023	2022
	£	£	£	£
Financial liabilities:				
Measured at fair value through income and expenditure				
- Other financial liabilities	1,457,191	3,834,284	1,457,191	3,834,284

In order to manage interest rate risk, the Association has entered into the following hedging instruments, which are in place as at 31<sup>st</sup> March 2023.

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2023

**22. SHARE CAPITAL**

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

	Group		Association	
	2023	2022	2023	2022
	Number	Number	Number	Number
Number of members				
1 April 2022	68	81	68	81
Joined during the year	8	1	8	1
Left during year	(10)	(14)	(10)	(14)
31 March 2023	<u>66</u>	<u>68</u>	<u>66</u>	<u>68</u>

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

	2023	2022
	£	£
Surplus for the year	6,558,146	6,239,179
Depreciation of tangible fixed assets	6,703,283	6,176,159
Fair value gain on investment properties	54,548	59,763
Amortisation of Grants	(2,902,988)	(2,694,518)
(Gain)/Loss on disposal of tangible fixed assets	(264,687)	24,605
<b>Operating cash flows before movements in working capital</b>	<u>10,148,302</u>	<u>9,805,188</u>
Increase in stock	(2,513,087)	(1,251,392)
Decrease in trade and other debtors	441,942	965,462
Decrease in trade and other creditors	1,122,492	508,270
<b>Cash generated from operations</b>	<u>9,199,649</u>	<u>10,027,528</u>

**Cash and Cash Equivalents (Group)**

	2023	2022
	£	£
Cash and Cash Equivalents represent:-		
Cash at Bank	6,647,498	18,709,712
	<u>6,647,498</u>	<u>18,709,712</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2023**

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

	2023 £	2022 £
Surplus for the year	6,534,306	6,255,859
Depreciation of tangible fixed assets	6,691,283	6,176,159
Fair value gains on investment properties	54,548	-
Amortisation of Grants	(2,902,988)	(2,694,518)
(Gain)/Loss on disposal of tangible fixed assets	(264,687)	24,605
<b>Operating cash flows before movements in working capital</b>	<u>10,112,462</u>	<u>9,762,105</u>
Decrease/(increase) in stock	(834,661)	(1,223,925)
(Increase)/Decrease in trade and other debtors	(1,184,445)	867,736
Increase/(decrease) in trade and other creditors	1,157,677	432,452
<b>Cash generated from operations</b>	<u>9,251,033</u>	<u>9,838,368</u>

**Cash and Cash Equivalents (Association)**

	2023 £	2022 £
Cash at Bank	6,618,083	18,628,875
	<u>6,618,083</u>	<u>18,628,875</u>

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

	Group		Association	
	2023 £	2022 £	2023 £	2022 £
Capital expenditure contracted for but not provided in the financial statements	12,108,852	39,808,651	11,952,516	36,867,884

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

**26. RETIREMENT BENEFITS**

From 1<sup>st</sup> April 2014 the Association has participated in the Scottish Housing Associations pension scheme (the scheme) a multi-employer scheme which provides benefits to some 150 non-associated employers. The scheme is a defined benefits scheme in the UK.

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 Association 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.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2018. This valuation revealed a deficit of £121m. A recovery plan has been put in place to eliminate the deficit which runs to March 2023 for many employers, although certain employers have different arrangements.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2019 and 30 September 2019. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the Association's fair share of the scheme's total assets to calculate the Association's net deficit or surplus at the accounting period start and end dates.

Under the defined benefit pension accounting approach, the SHAPS net deficit as nil as at 1 April 2022 and £362,000 as at 31 March 2023.

The Association has been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over recent years. The Trustee has been advised to seek clarification from the Court on potential changes to the pension liability. This process is ongoing and the Association understands that the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until the outcome of the Court process is known, it is not possible to calculate the impact on the liabilities of this issue, particularly on an individual employer basis, with any accuracy for the purposes of the 31 March 2023 financial statements. Accordingly, no adjustment has been made in these financial statements in respect of this potential issue.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2023**

**26. RETIREMENT BENEFITS (continued)**

**FAIR VALUE OF PLAN ASSETS, PRESENT VALUE OF DEFINED  
 BENEFIT OBLIGATION, AND DEFINED BENEFIT ASSET  
 (LIABILITY)**

	31 March 2023	31 March 2022
	(£000s)	(£000s)
Fair value of plan assets	7,219	10,934
Present value of defined benefit obligation	7,581	10,860
Surplus (deficit) in plan	(362)	74
Unrecognised surplus	-	74
Defined benefit asset (liability) to be recognised	(362)	-
Deferred tax	*	*
Net defined benefit asset (liability) to be recognised	*	*

\* to be completed by the employer if required

**RECONCILIATION OF THE IMPACT OF THE ASSET CEILING**

	Period from 31 March 2022 to 31 March 2023 (£000s)
Impact of asset ceiling at start of period	74
Effect of the asset ceiling included in net interest cost	5
Actuarial losses (gains) on asset ceiling	(79)
Impact of asset ceiling at end of period	-

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

	Period from 31 March 2022 to 31 March 2023 (£000s)
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2023**

Defined benefit obligation at start of period	10,860
Current service cost	-
Expenses	12
Interest expense	300
Member contributions	-
Actuarial losses (gains) due to scheme experience	19
Actuarial losses (gains) due to changes in demographic assumptions	(175)
Actuarial losses (gains) due to changes in financial assumptions	(3,230)
Benefits paid and expenses	(205)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	7,581

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

	Period from 31 March 2022 to 31 March 2023 (£000s)
Fair value of plan assets at start of period	10,934
Interest income	305
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(4,033)
Employer contributions	218
Member contributions	-
Benefits paid and expenses	(205)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	7,219

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was (£3,728,000).

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF  
COMPREHENSIVE INCOME (SOCl)

	Period from 31 March 2022 to 31 March 2023 (£000s)
Current service cost	-
Expenses	12
Net interest expense	-
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in Statement of Comprehensive Income (SoCl)	12

DEFINED BENEFIT COSTS RECOGNISED IN OTHER  
COMPREHENSIVE INCOME (OCI)

	Period from 31 March 2022 to 31 March 2023 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(4,033)
Experience gains and losses arising on the plan liabilities - gain (loss)	(19)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	175
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	3,230
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(647)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	79



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2023**

Total amount recognised in Other Comprehensive Income - gain (loss) (568)

**ASSETS**

	31 March 2023	31 March 2022
	(£000s)	(£000s)
Global Equity	191	2,162
Absolute Return	98	501
Distressed Opportunities	222	392
Credit Relative Value	275	351
Alternative Risk Premia	42	452
Emerging Markets Debt	56	407
Risk Sharing	526	357
Insurance-Linked Securities	201	229
Property	301	283
Infrastructure	778	683
Private Debt	322	275
Opportunistic Illiquid Credit	319	362
High Yield	37	106
Opportunistic Credit	-	38
Cash	30	30
Corporate Bond Fund	9	691
Liquid Credit	-	70
Long Lease Property	242	315
Secured Income	483	584
Over 15 Year Gilts	-	5
Liability Driven Investment	3,057	2,646
Currency Hedging	14	(40)
Net Current Assets	16	35
<b>Total assets</b>	<b>7,219</b>	<b>10,934</b>

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 2023**

KEY ASSUMPTIONS

	31 March 2023	31 March 2022
	% per annum	% per annum
Discount Rate	4.86%	2.79%
Inflation (RPI)	3.19%	3.54%
Inflation (CPI)	2.77%	3.17%
Salary Growth	3.77%	4.17%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2023	20.5
Female retiring in 2023	23.0
Male retiring in 2043	21.7
Female retiring in 2043	24.4

**27. 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 £41,263 (2022: £41,353).

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

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