

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

GROUP REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

Clyde Valley Housing Association Limited

Group Report and Financial Statements For the year ended 31 March 2021

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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 2021

Members of Board

The Members of the Board of the Association during the year to 31 March 2021, and up to the date of signing of these financial statements were as follows:

1. Allan Murray, Chairman
2. Andrew McFarlane, Vice Chairman
3. Campbell Boyd
4. Alex Baird
5. Ilona McGowan
6. Marie Gilfillan
7. Eleanor Walker
8. Connie Hendry
9. Irene Saunders
10. Shannon Watson
11. Lorna Wilson

Registered Office

50 Scott Street
Motherwell
ML1 1PN

Auditor

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

Bankers

Barclays Bank plc
Aurora
1st Floor, 120 Bothwell Street
Glasgow
G2 7JT

Solicitors

BTO Solicitors LLP
48 St Vincent Street
Glasgow
G2 5HS

Clyde Valley Housing Association Limited

Board, Executives and Advisers For the year ended 31 March 2021

Executive Team

The Executive Team of the Association during the year to 31 March 2021, and up to the date of signing these financial statements were as follows:

Lynn Wassell	Chief Executive
Carron Garmory	Finance Director
John Turnbull	Investment Director (resigned 26/06/20)
Fin Smith	Customer Services Director
John Duncan	Property & Development Director (appointed 17/08/20)
Lisa Beresford	People Director (appointed 29/09/20)

Committee Membership 2021

Audit Committee	Andrew McFarlane (Chair) Campbell Boyd Alex Baird Eleanor Walker Connie Hendry Shannon Watson
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Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2021

The Board presents their report and audited financial statements for the year ended 31 March 2021.

Chairman's Report

It has been a challenging and interesting year for all individuals and organisations and Clyde Valley is no exception to that. The global pandemic took everyone at Clyde Valley HA home to work on 21st March 2020 and the majority of colleagues worked from home since that date and still are. At points, when restrictions allowed, small numbers of colleagues were going into the office under covid safe measures to carry out tasks that were more difficult or impossible from home.

A great deal of learning has taken place during this period in terms of working from home, from ICT enabling excellent business and service continuity to working in a more agile and flexible way and of critical importance, ensuring the wellbeing and safety of colleagues and our customers.


I am proud to say that despite the volatile environment and need to adapt to new ways of working the team successfully delivered most of our Corporate Plan objectives for year one and brought forward new projects. Our new supply and planned maintenance programmes were inevitably suspended with some delays because of lockdowns and restrictions imposed on us to keep everyone safe.

Our Board and Committee continued to meet virtually during 2020/21 and have adapted well to the new way of meeting and ensuring direction and oversight of Clyde Valley Group and I am delighted to note that we submitted all returns in a timely fashion and continued to deliver to our statutory deadlines.

Engaging with our customers was much more challenging, however, the introduction of new technology allowed us to continue to keep in touch via surveys, virtual appointments as well as maintaining more traditional methods such as telephone and email.

The last year has pushed us to think differently and look for new opportunities and has demonstrated our ability to be agile and responsive and I am encouraged at the positive way our colleagues, customers, partners and contractors have responded to the unprecedented situation.

We have a strong experienced team and together we will continue to develop and grow the business and make the difference to peoples' lives and in our communities.


Allan Murray
Chairman
Clyde Valley Housing Association Limited

12 August 2021

Chief Executive's Report

Despite the pandemic it has been another strong year for Clyde Valley Group (CVG) with the achievement of several significant milestones towards our 5-year Corporate Plan. Like every RSL, some areas of service delivery and performance have been affected by lockdown restrictions and the need to ensure our team and customers have been kept safe. We continue to benchmark our performance with the rest of the sector.

CVG remains an agile, commercially focused and growing modern business. With customers at our heart, we continue to offer value for money, new homes and exceptional service. We have grown and diversified our business as a landlord and factor over the last 25 years and continue to do so, including through our wholly owned subsidiary, Clyde Valley Property Services.

We launched our five-year Corporate Strategy and Supporting Strategies during 2020 and have been working tirelessly to deliver on our objectives and key milestones for the year as well as dealing with the impacts of the pandemic and adapting to new ways of working. We continue to deliver new build homes, albeit at a slower pace in 2020/21 with 98 handovers, whilst developing our programme beyond 2022.

We want our customers to experience excellent service that makes them feel valued and understood. Our service will be increasingly responsive, easier to access, modern and flexible. Our plans are to work more closely with our customers and put ourselves in their shoes in ways that will mean our future service design is truly customer led. Restrictions in place during 2020 and into 2021 meant we have had to think more innovatively about how we approached customer engagement and obtained feedback from our customers and this has proved successful. We have also been able to respond more quickly to requests for support, including crucial financial help and advice.

We want customers to have more choice and our ambition is to develop new people centred ways of working and provide services designed for customers by customers. Our Contact Centre development has remained a key priority this year, with software implementation and team recruitment well underway. There will be more opportunities to access services 24/7 online in response to current and projected customer demand. The pandemic has shown us that this is more important than ever. Our new Wellbeing Hub is also up and running and will focus on community development and income generation through new funding streams.

We'll continue to test and drive up our service performance when compared to others, including through our Customer Services Excellence Accreditation framework. Following the full 3 year review in 2020 we were awarded 3 additional compliant plus indicators and now have 10 in total.

Having a great culture at Clyde Valley Group is a key priority. As we grow, we continue to have great relationships with our people and a great team relationship based on our Values. We have engaged our growing team in a new 2-year Workforce Plan during 2020/21 to make sure we have the right people and the right skills in the right place to deliver our ambitious plans.

During the year we retained Healthy Work Lives Gold and placed our teams' health and well-being at the forefront with a programme of activities and support and sought regular feedback. Our people are important to us as they sustain and strengthen our relationships with customers and communities that is at the heart of what we do. We held our 'virtual' Annual Star Awards in December, voted for by colleagues and it was amazing to see the number of nominations received.

During 2020/21 we participated in the Scottish Federation of Housing Associations Brilliant Scotland project in partnership with the Dolphin Index with some fantastic results. Brilliant Scotland supports organisations to drive a culture of innovation and the findings are helping us emerge from the pandemic crisis through shared learning and with confidence and energy.

Clyde Valley Housing Association Limited

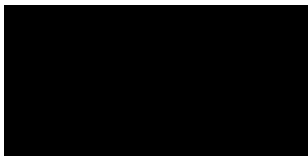
Group Report of the Board For the year ended 31 March 2021

Chief Executive's Report (continued)

CVHA also continues to play a significant role in working with Local Authorities, RSLs and other partners. We have worked closely on new housing investment, demand and delivery and contributed to future housing strategy and thinking for Housing 2040. We remain committed to supporting Housing First and rapid rehousing to end the use of temporary homelessness accommodation and have made an unprecedented contribution to providing homes for homeless applicants this year.

G8 Group of RSLs has been invaluable in sharing experience, ideas and challenges during the pandemic and for the future. We have held joint training on understanding our carbon footprint and intend to work together with SFHA as a group to prepare for zero carbon targets and consider investment needs. We know there are significant challenges that many of our customers are facing as a result of the pandemic and there are changes in their expectations. The challenges are very real – unemployment, poverty, poor health outcomes, digital inclusion and increased stress in communities from anti-social behaviour. CVHA will continue to work closely with our Local Authorities and other partners to tackle these issues and seek solutions.

CVG remains in a strong financial position, reporting turnover of £22.9m this year, compared to £21.5m in 2020 and surplus before tax this year of £3.5m, compared with £1.7m in 2020. This surplus allows us to continue to invest in our current homes as well as invest in new homes. Our business plan reflects our robust and prudent approach to treasury management, and we ensure we are responsive and alert to economic and financial impacts.



**Lynn Wassell
Chief Executive**

12 August 2021

Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2021

Strategic Report Who We Are

The Clyde Valley Group (CVG) is a thriving social business recognised for innovative and partnership approaches to meeting community needs. Clyde Valley Housing Association (CVHA), the Group's main operating company, has a 25 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 companies 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 (CVPS)**
A Commercial property company (and wholly owned subsidiary of CVHA).

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

	31 March 2021	31 March 2020
Tenanted Properties	4,240	4,142
Shared Ownership Properties	3	5
Total	4,243	4,147

Principal Activities

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

Clyde Valley Housing Association sets the Group's overall direction and growth strategy and oversees Group performance. It delivers housing management services to all customers, as well as asset management and responsive repairs services. It also delivers central support services 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 2021

Objectives

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

Our Vision

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

We'll always make a difference to people – from providing a life changing new home to making it easier and quicker to pay rent or get repairs 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 school in the centre of Larkhall or set up a new service to help private landlords let their property. We'll be measuring our social impact upon neighbourhoods and communities as well as satisfaction and value for money in delivering our core landlord services.

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

Our Values

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

"BE all about customer"

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

"BE ambitious"

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

"BE driven by excellence"

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

"BE caring"

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

Together we make *the* difference.

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

Strategic Themes

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

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

Strategy for Achieving Objectives

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

Figure 1 – CVG Corporate Plan and Supporting Framework

Corporate Strategy:		
30 Year Business Plan		
Customer Experience Strategy		Asset Management 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 a number of operational tools that support this and some of these include:

- Service Activity Plans
- Individuals Activity Plans
- Action and Improvement Plans

Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2021

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

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

Operational Objectives

The Association 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:

1.	Providing a brilliant customer experience, delivering service excellence
	<ul style="list-style-type: none">- We have developed a better understanding of our customers through a programme of user research. This included focus groups, depth interviews a telephone survey and customer journey mapping with customers from across the Group.- Customer Service Excellence 3-year full assessment completed 2020/21 Additional compliance plus awards - 10 now held- We planned, designed and commenced delivery of a new Customer Contact Centre to go-live in Summer 2021.- Commenced Service Design project with customers based on the Scottish Approach to Service Design from the Scottish Government.- New CRM system procured to provide a better experience to both staff and customers in terms of Customer Experience Management and support our Customer Contact Centre.- Customer CX feedback surveys and support 2020 to target support for vulnerable customers and those needing financial advice, use of technology e.g., 'Whereby' to substitute face to face home visits and interviews, photography, repairs orders by email, pro-active outbound calls to vulnerable customers and follow up.- We introduced a new monthly Customer Bulletin to complement the bi-annual Customer Newsletter and keep customers up to date on a more regular basis
2.	Addressing housing need and offering services across all tenures
	<ul style="list-style-type: none">- Our delivery of new homes was disrupted significantly by the pandemic however during the year we did complete 98 new homes 88 for social rent and 10 for mid-market rent.- We continued to offer a repairs service to customers throughout the pandemic offering emergency repairs during lockdown periods but significantly increasing the volume of repairs carried out when guidance permitted. Whilst we had a small backlog of repairs at the end of the financial year, we were confident that these would all be cleared by the end of the first quarter 2021-2022

Operational Objectives (continued)

3.	<p>The leading RSL partner to create sustainable homes and communities</p>
	<ul style="list-style-type: none"> - We worked in partnership with local authorities to ensure that allocations to homeless households were prioritised throughout the pandemic. - We dealt with a huge increase in reports of ASB from customers and communities as a result of the pandemic and associated lockdowns. - We developed our plans to better support customers at a higher risk of having issues that might impact their ability to sustain their tenancy. These included the creation of a Customer Success Team and a new Wellbeing Hub to be launched June 2021. - As with other investment programme our component replacement and improvement programmes were impacted by Covid 19 but in line with our asset strategy and across the year we:- <ul style="list-style-type: none"> - Replaced 300 kitchens. - Improved the thermal efficiency of older properties with the installation of internal wall insulation to 70 properties. - We replaced older central heating in 149 properties with the installation new energy efficient systems.
4.	<p>Focused on value for money and excellent governance as a growing and sustainable business.</p>
	<ul style="list-style-type: none"> - A year of pandemic has tested and reframed how we operate, and regulatory requirements and relationships have been temporarily changed. We met all requirements and reported relevant notifiable events and managed risks and communication effectively. - Covid Planning Group for Business Continuity and new SHR reporting requirements met. - Successfully managed to have full staff team working from home, delivering on corporate objectives and meeting customer needs. - Implemented Annual Business Plan and undertook scenario testing. - Produced our Value for Money Strategy and Annual Assurance Statement. - Reviewed Board Composition, Skills and Recruitment Policy. - Introduced Board Remuneration for Office Bearers and changed Rules to reflect. - Recruited and inducted new Board members for our CVPS Board enhancing the skills of our existing Board. - Annual independent reports from internal and external auditors. - Launched new ICT Plan and investment 2020 and delivered share point, Microsoft office 365, new cloud telephony system and mobiles, fibre line, server migration and memory increase, team equipped for 100% home working, Contact Centre software procurement, Clyde Valley Lets software and website set up. - Appointment, set up and expansion of Business Improvement Team and new restructure to combine with ICT operation to deliver Smart think Strategy and Contact Centre/CXM. Central to our customer offer and future platform for growth. - Customer journey and process mapping completed for a range of service areas delivered efficiencies - Contact Centre, repairs, factoring, Clyde Valley Lets, tenancy sustainment. - Completed the final drawdown of Private Placement £35m funding. - Procured new CRM System to support the implementation of our Contact Centre. - Delivered on our Board Development programme enhancing the skills of our Board in areas such as Finance, Customer Experience, IT and Digital and How to Challenge Effectively.

5.	Aim to be the best housing association employer, committed to developing employees to realise their potential
	<ul style="list-style-type: none">- Healthy Working Lives Accreditation maintained and demonstrated commitment to wellbeing and a healthy and safe working culture. New programme implemented during the pandemic, 2 REPOS well-being surveys.- Revised and developed our Stress Policy into a Mental Health and Wellbeing Policy and trained mental health first aiders.- Introduction of our agile working policy – brought forward from 2022 target during pandemic with home working -soft tested.- Annual employee engagement survey results and improvements – high level summary (covid surveys and engagement groups launched -SmartThink, Equalities, Employee Champions).- Workforce plan completed with full employee engagement on priorities for investment over 2 years and business case approved for resource and skills optimisation, job role reviews.- Growth Mindset – leaders managing through change, innovation (Brilliant Scotland SFHA survey completed and project set up to develop a culture of innovation).- Succession Planning (year 1 phase 1 completed).- Recruitment and Retention -workforce planning completed and induction re-design.

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 27. The Group made a surplus of £2,105,150 (2020: £3,512,055) after providing for Corporation Tax relief of £nil (2020: £nil) 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 2020/21 accounted for about 61% of the total spend of the Association in relation to social letting activities. Spend consists mainly of maintaining and improving rented housing stock. The movement on the fair value of financial instruments has resulted in these decreasing at the year-end by £1,302,549 compared to an increase in the previous year of £809,360.

The Association undertakes stock condition surveys which samples our properties. The most recent survey was carried out in June 2017 with 30% of the stock being sampled bringing the total stock surveyed in the last 5 years to 60%. Through a stratified survey sample and cloning this gives the organisation a robust data set to plan our stock investment. The stock condition survey was due to take place in 2020 however as a result of the Covid Pandemic this had to be delayed and will take place during 2021.

The total expenditure on works to existing properties was £2,794,722 of which £2,240,070 was capitalised and £554,652 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.

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Group Report of the Board For the year ended 31 March 2021

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. 2020/21 was the final year of our five-year rent strategy. As a result of the environment, we were operating in it was agreed by the Board not to consult on the next five years but to focus on the one-year rent review for 2021/22. Following a review of our financial plan, several Board discussions and consultation with customers it was agreed to adopt a 1% rent increase for 2021/22.

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 Leadership 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.

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 2021/22, which was approved by the Board in March 2021. Covid has had an impact on year 1 of the plan in terms of the development programme which despite this continues to show a strong financial performance with significant investment in new supply of housing stock, management and maintenance of housing stock and full repayment of all borrowings in the lifetime of the plan. Cash flows remain positive throughout the plan and all financial covenants are met and forecast to be met in the future. The subsidiary company is reliant on the support of the parent entity, CVHA, continues 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 £73m 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.

In May 2018, CVHA successfully secured a £70m private placement with Canada Life, £35m to be drawn down in June 2018 and the remaining £35m was drawn in October 2020. The £35m in 2020 was used to repay a revolving credit facility that matured at this time. This brings the overall borrowings for CVHA to £143m.

CVHA has active treasury management controls, which operate in accordance with the Treasury Policy annually reviewed and approved by the Board. In this way CVHA manages cash flow and borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2021

CVHA, as a matter of policy, does not enter into transactions of a speculative nature. As at 31 March 2021, CVHA had a mix of fixed and variable rate finance, which it considers appropriate at this time.

SHAPS Pension scheme

Due to recent developments as at 1 April 2018 the share of assets and liabilities per employer is now available such that the scheme can now be accounted for on a defined benefit basis. Further detail in relation to this change in accounting is included in the accounting policy on page 42 and Note 24 to the financial statements on page 66.

The new defined benefit liability as at 1 April 2021 is £1,090,000, resulting in a re-measurement through other comprehensive income of (£1,424,842).

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 2021 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 2021 is £30,524,941. Some of these reserves are earmarked towards the Association's loan repayment schedule, which commenced in May 2019 and will continue through until 2052.

Sales of Housing Properties

Properties are disposed of under the appropriate legislation and guidance. All costs, first tranche sales, and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

Future New Supply Developments

The Association has a track record of New Supply development with over £449m of development spend since it was formed and the provision of over 2,701 new build properties either delivered or awaiting delivery. We plan to continue with this policy of improving the supply of quality housing and delivering effective housing services, working with existing and new partners as the opportunity arises.

The Business Plan for 2021 includes the development of over 800 properties which are being part funded through the existing facility from the current lending syndicate and our Private Placement. These properties are planned to be delivered up to the end of March 2024. The number of new properties may vary slightly as individual projects are delivered and this will increase the Association's overall portfolio to just under 5,000 properties.

Whilst the program comprises mainly homes for social rent there is a provision for intermediate rented accommodation (known as Mid-Market Rent). This takes account of the fact that in the current economic climate there has been a change in the client group who may be seeking rented accommodation. This includes customers who would traditionally have considered home ownership and not be eligible for social rented accommodation now seeking rented accommodation with rent levels between the social rented level and the open market level.

In addition, the Association acknowledges that a more flexible approach to development and development funding is required to deliver a range of projects accommodating mixed tenure and coping with the

Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2021

changing housing needs of the Scottish population and the Association has been responding to this. The Association continues to work with Scottish Government and Strategic Housing Authorities to deliver the overall housing strategy.

Health and Safety

The Association is aware of its responsibilities on Health & Safety matters and has a detailed policy in place. Employees are provided with instruction, training and supervision to secure health and safety. The Association's Health and Safety Board meets quarterly, and an annual action plan is developed and monitored. This is led by the Chief Executive and has representative from the CVHA Board and the Customer Panel.

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.

The Association regularly reviews its service delivery and takes any action necessary to deliver best value based upon the results of these reviews. In line with its Procurement Strategy, services are periodically subject to tender to achieve best value.

We have an on-going programme of major investment in our housing stock, which accounts for a significant proportion of our budget. This includes carrying out major repairs and energy efficiency works. We have commenced a major review of our stock condition information and continue to work with this database to ensure that our long-term financial planning reflects our future investment requirements.

We look beyond the organisation when measuring performance, including:

- Benchmarking performance and carrying out peer work against other comparable and locally based organisations such as our G8 group of RSLs, and the Lanarkshire Voluntary Housing Forum.
- Reviewing best practice within and beyond the industry through professional membership including CIPFA; the Governance Institute; the Institute of Directors; the Chartered Institute of Housing (CIH); Chartered Institute for Personnel and Development (CIPD); Chartered Institute for Management Accountants (CIMA); Chartered Association of Certified Accountants (ACCA).
- Membership of the Scottish Housing Network (SHN), which is a consortium of local authority and housing association landlords working together to drive up performance, meet the demands of Best Value and deliver quality services by means of benchmarking, self-assessment, good practice exchange and information sharing.

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Group Report of the Board For the year ended 31 March 2021

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.

Future Prospects

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

- Changing the way, we work to focus upon those customers who need our help the most.
- Designing and modernising customer services around their priorities.
- Understanding more about what is driving customer satisfaction as we move out of the pandemic.
- Increasing our contribution to creating safe, successful, connected communities and neighbourhoods and sustaining tenancies.
- Increasing efficiency and productivity, reviewing affordability and generating increased grants.
- Attracting and retaining top talent and have the right skills in the right place.
- Introducing a blended 'hub, home and roam model' for our employees.
- Maintaining a 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.
- Completing our stock condition survey and determining long term investment priorities, including meeting zero carbon targets.
- Working with key strategic partners focusing on our low demand area in Douglas to seek the right solution for the community as a whole.

Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2021

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

1.	<p>Providing a brilliant customer experience, delivering service excellence</p> <ul style="list-style-type: none"> - To retain and build on compliance score. Annual assessment due August 2021. - Go live with our Customer Contact Centre in August 2021. - Continue with our Service Design project during 2021. - Roll out or more interactive repairs service during 2021. - Implement a new set of measurable and clear customer promises, based on customer insight and research. - Introduce a new system for the delivery of transactional customer feedback surveys to be delivered by text/email following customer interactions with CVG. - Introduce a new customer portal which will allow customers to interact directly with our new CRM, enabling true self-service. - Introduce a new mobile working solution for customer facing colleagues, allowing them to better serve customers out in their communities. <p>Continue to develop approaches for Customer Engagement, allowing customers to engage in ways, and on topics that matter most to them.</p>
2.	<p>Addressing housing need and offering services across all tenures</p> <ul style="list-style-type: none"> - In terms of addressing housing need through the provision of new affordable homes we are anticipating the completion of 509 new homes for social rent and 39 for mid-market rent. These figures include homes which we are delivering for Abronhill Housing Association and South Lanarkshire Council.
3.	<p>The leading RSL partner to create sustainable homes and communities.</p> <ul style="list-style-type: none"> - Embed Customer Success Team and Risk-Based approach to tenancy management. - Introduce and develop a new Customer Wellbeing Hub to provide a focus on Customer Engagement and support on issues relating to health, employment, benefits and debt. - Deliver approved partnership funding from SG Community Resilience Fund for one part-time Family Housing Support Worker. - Implement Gender Based violence policy and continue to raise awareness. - Work in partnership with local authorities to achieve joint targets on lets to homeless Households. - Identify and seek additional funding to support projects that will provide positive outcomes for our customers and their communities.
4.	<p>Focused on value for money and excellent governance as a growing and sustainable business.</p> <ul style="list-style-type: none"> - Repairs service redesign (including planned transition to Contact Centre). - Business Continuity ICT infrastructure assessment and 'help desk' service review. - Continue to develop our Board Skills through the annual appraisals and development programme. - Build CRM System and roll out across the organisation. - Implement an improved purchase to pay system. - Implement an improved asset management system. - Continue with the integration of our Capita System and further develop insight reporting. - Implement new Board meetings, Risk Management and Goals tools. - Review and refresh our Risk Management Frameworks - Consider the future develop programme and lending to support this. - Consider the impact of Zero Carbon on the Business Plan. - Develop new Rent Strategy.

5.	Aim to be the best housing association employer, committed to developing employees to realise their potential
	<ul style="list-style-type: none">- Hub, home, roam' blended model of working to be piloted summer 2021 and put in place after August 2021.- Extra budget investment available to recruit to new roles and fill vacancies held during the pandemic. IIP for Young People to be explored.- Employee engagement survey methods to be reviewed to include 'pulse' surveys on organisational culture. Action plan development and delivery for Brilliant Scotland survey results.- IIP accreditation journey will start 2022 following self-assessment.- ROI for learning and development will be a focus.- Equalities Group development. We are working towards becoming a Disability Confident Employer through 2021.- New menopause policy to be implemented.- Recruitment and onboarding refresh implementation.- Phase 2 succession plan to be completed.- Assessment of Terms and Conditions to complement new 'hub, home, roam' model and benchmarking. To be tested against Good Work Assessment CIPD model

Principal Risks and Uncertainties

As part of the Business Planning the Board considers and approves its Risk Appetite. This provides a framework for executives on the amount of risk that the organisation is prepared to accept, tolerate or be exposed to at any point in time, in order to meet its strategic objectives. Key risks areas are summarised as:

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

Risk Oversight and Management Framework

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

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

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

During 2021/22 we will review and refresh our Risk Management Framework, provide further training to staff and Board and implement a new system to help with efficient reporting of risks.

Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2021

Our operating environment is characterised by change and uncertainty and the current Covid-19 Pandemic has outlined the needs to be agile in reacting to risks and unknowns as they crystallise. Covid has also increased a number of our risks. Our main strategic risks are highlighted as:

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

In addition to the above the organisation also has a three-year rolling Internal Audit programme, aimed at routinely reviewing the adequacy of internal controls. For 2021/22 this will focus on:

- HR Systems & Processes
- Customer Survey Process and Design
- EESSH compliance
- Asbestos Management
- VFM
- GDPR/FOI
- IT Systems and Security

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 (financial and non-financial)

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. This performance for 20/21 in a number of areas has suffered as a result of Covid-19 pandemic. This is not surprising given the restrictions imposed as a result of keeping everyone safe. Key impact was on our repairs and maintenance programme, development programme and letting properties. Since April 2021 we have been targeting our resource to ensure no further delays.

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.

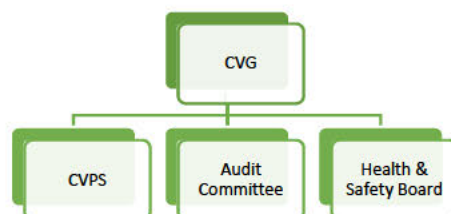
Governance

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:

Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2021

Governing Structure



The majority of the Members of the Board of Management serve in a voluntary capacity. During 2020 we moved to pay our Chair of CVHA Board, Chair of CVPS Board and Chair of Audit Committee to reflect the increasing demands on their time and to provide a more robust succession plan for these key roles. 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.

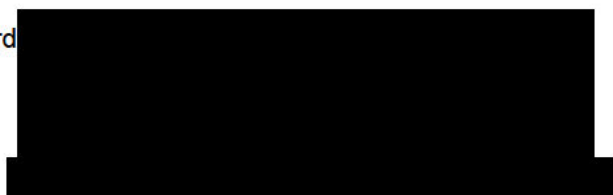
Disclosure of Information to the Auditor

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



Name: Allan Murray

Position: Chairperson

Date: 12 August 2021

Clyde Valley Housing Association Limited

Statement of Board's Responsibilities For the year ended 31 March 2021

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 to 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 and Regeneration Act 2008 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



Name: Allan Murray

Position: Chairperson

Date: 12 August 2021

Clyde Valley Housing Association Limited

Board's Statement of Internal Financial Control For the year ended 31 March 2021

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

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

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable, and not absolute, assurance against material financial misstatement or loss or failure to meet objectives. Key elements of the Association's systems include ensuring that:

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

The effectiveness of the Association's system of internal financial control has been reviewed by the Audit Committee and Board for the year ended 31 March 2021. 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


Name: Allan Murrav
Position: Chairperson
Date: 12 August 2021

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 2021

In addition to our audit of the Financial Statements, we have reviewed your statement on page 26 concerning the Association's compliance with the information required by the Regulatory Standards 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 26 has provided the disclosures required by the relevant Regulator Standards for systemically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.



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

Date: 28 September 2021

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 2021

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 2021 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 Association's affairs as at 31 March 2021 and of its income and expenditure 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, 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 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 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.

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 2021

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.

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.

**Report of the Independent Auditors to the Members of Clyde Valley Housing Association Limited
For the year ended 31 March 2021**

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 audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Association operates in and how 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, Housing SORP 2018, the Scottish Housing Regulator's Determination of Accounting Requirements – February 2019 and the Housing (Scotland) Act 2010. 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 and 2014, the Co-operative and Community Benefit Societies Act 2014, the Scottish Housing Regulator's Regulatory Framework (published 2019), Public Services Reform (Scotland) Act 2010 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 audit engagement team identified the risk of management override of controls 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.

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.

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: 28 September 2021

Clyde Valley Housing Association Limited

**Group Statement of Comprehensive Income
For the year ended 31 March 2021**

	Notes	2021 £	2020 £
TURNOVER	2	22,934,058	21,546,274
Operating expenditure	2	(16,252,564)	(14,915,475)
OPERATING SURPLUS		<u>6,681,494</u>	<u>6,630,799</u>
Gain on disposal of property, plant and equipment		(572,860)	(65,134)
Surplus on Revaluation of Housing Investment Properties		(5,500)	(8,110)
Interest receivable	6	(4,795)	143,750
Interest and financing costs	7	(4,034,909)	(4,249,432)
Movement in fair value of financial instruments		1,302,549	(809,360)
Operating surplus from Associate	12	<u>164,013</u>	<u>78,056</u>
SURPLUS BEFORE TAX		<u>3,529,992</u>	<u>1,720,569</u>
Taxation		-	-
SURPLUS FOR THE YEAR		<u>3,529,992</u>	<u>1,720,569</u>
Other Comprehensive Income			
Actuarial (loss)/gain in respect of defined benefit pension scheme	24	(1,424,842)	1,791,486
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>2,105,150</u></u>	<u><u>3,512,055</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 2021**

	Notes	2021 £	2020 £
TURNOVER	2	21,633,476	20,883,801
Operating expenditure	2	<u>(15,161,625)</u>	<u>(14,474,227)</u>
OPERATING SURPLUS		<u>6,471,851</u>	<u>6,409,574</u>
Loss on disposal of property, plant and equipment		(572,860)	(65,134)
Interest receivable	6	24,575	175,837
Interest and financing costs	7	(4,034,909)	(4,249,432)
Movement in fair value of financial instruments		1,302,549	(809,360)
Surplus from Associate	12	<u>164,013</u>	<u>78,056</u>
SURPLUS BEFORE TAX		<u>3,355,219</u>	<u>1,539,541</u>
Taxation		-	-
SURPLUS FOR THE YEAR		<u>3,355,219</u>	<u>1,539,541</u>
Other Comprehensive Income			
Actuarial (loss)/gain in respect of defined benefit pension scheme	24	<u>(1,424,842)</u>	<u>1,791,486</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>1,930,377</u></u>	<u><u>3,331,027</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 2021**

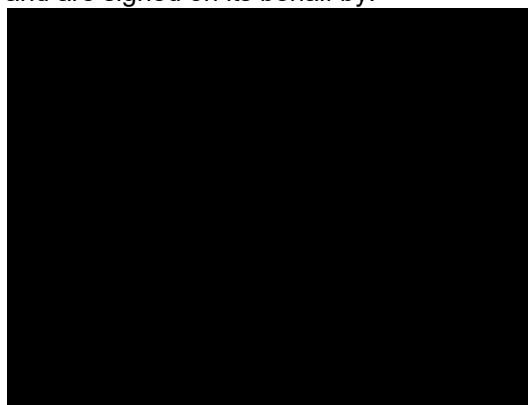
	Notes	2021 £	2020 £
FIXED ASSETS			
Housing properties	10.A	344,827,380	318,538,218
Other fixed assets	10.B	3,951,039	6,386,667
Investment properties	11	2,082,500	2,088,000
Fixed asset investments	12	3,004,175	2,840,165
		<u>353,865,094</u>	<u>329,853,050</u>
CURRENT ASSETS			
Work in progress and Properties held for sale	14	2,193,077	4,112,395
Trade and other debtors	15	3,742,468	1,995,114
Cash and cash equivalents		<u>31,698,615</u>	<u>14,749,935</u>
		<u>37,634,160</u>	<u>20,857,444</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	16	<u>(10,748,532)</u>	<u>(16,869,287)</u>
NET CURRENT ASSETS			
		<u>26,885,628</u>	<u>3,988,157</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
Creditors: Amounts falling due after more than one year	17	<u>(349,135,864)</u>	<u>(305,421,497)</u>
Defined benefit pension liability	24	<u>(1,090,000)</u>	<u>-</u>
		<u>(350,225,864)</u>	<u>(305,421,497)</u>
TOTAL NET ASSETS			
		<u>30,524,858</u>	<u>28,419,710</u>
RESERVES			
Share Capital	21	81	83
Income and Expenditure Reserve		30,524,777	28,419,627
TOTAL RESERVES			
		<u>30,524,858</u>	<u>28,419,710</u>

The financial statements on pages 30 to 74 were approved by the Board and authorised for issue on 23 August 2021 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 2021**

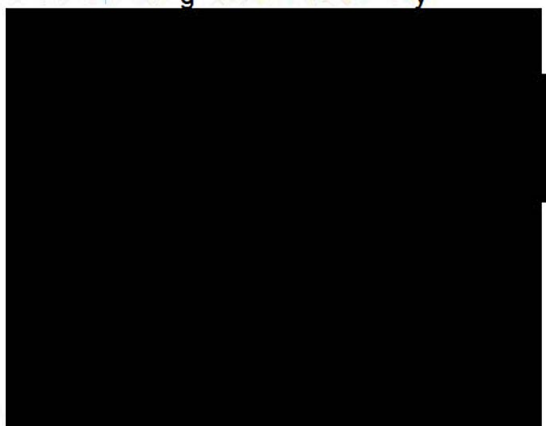
	Notes	2021 £	2020 £
FIXED ASSETS			
Housing properties	10.A	345,043,683	318,754,522
Other fixed assets	10.B	3,951,039	6,386,667
Fixed asset investments	12	3,004,175	2,840,165
Investment in subsidiaries	13	1	1
		<u>351,998,898</u>	<u>327,981,355</u>
CURRENT ASSETS			
Work in progress and Properties held for sale	14	355,182	1,755,324
Trade and other debtors	15	5,383,920	4,306,645
Cash and cash equivalents		31,593,796	14,684,216
		<u>37,332,898</u>	<u>20,746,185</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	16	<u>(10,544,312)</u>	<u>(16,672,293)</u>
NET CURRENT ASSETS		<u>26,788,586</u>	<u>4,073,892</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>378,787,484</u>	<u>332,055,247</u>
Creditors: Amounts falling due after more than one year	17	(349,079,797)	(305,367,935)
Pension provision	24	(1,090,000)	-
		<u>(350,169,797)</u>	<u>(305,367,935)</u>
TOTAL NET ASSETS		<u>28,617,687</u>	<u>26,687,312</u>
RESERVES			
Share Capital	21	81	83
Income and Expenditure Reserve		28,617,606	26,687,229
TOTAL RESERVES		<u>28,617,687</u>	<u>26,687,312</u>

The financial statements on pages 30 to 74 were approved by the Board and authorised for issue on 23 August 2021 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 2021**

	Income and expenditure reserve £
Balance at 1 April 2019	24,907,572
Surplus for the year	1,720,569
Other comprehensive income	1,791,486
Balance as at 1 April 2020	<u>28,419,627</u>
Surplus for the year	3,529,992
Other comprehensive income	<u>(1,424,842)</u>
Balance as at 31 March 2021	<u>30,524,777</u>

Clyde Valley Housing Association Limited

**Association Statement of Changes in Reserves
For the year ended 31 March 2021**

	£
Balance at 1 April 2019	23,356,202
Surplus for the year	1,539,541
Other comprehensive Income	<u>1,791,486</u>
Balance as at 1 April 2020	<u>26,687,229</u>
Surplus for the year	3,355,219
Other comprehensive Income	<u>(1,424,842)</u>
Balance as at 31 March 2021	<u>28,617,606</u>

Clyde Valley Housing Association Limited

**Group Statement of Cashflows
For the year ended 31 March 2021**

	Notes	2021 £	2020 £
Net cash generated from operating activities	22	7,645,190	9,073,189
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(29,974,164)	(38,178,397)
Purchase and Development of Housing for Sale		-	-
Capitalised component replacements		(716,700)	(2,179,124)
Purchase of other fixed assets		(85,405)	-
Fixed asset investment		-	(23,111)
Proceeds on disposal of commercial properties		-	-
Proceeds on disposal of residential properties		-	-
Proceeds on disposal of housing properties		96,000	(23,225)
Net issue of ordinary share capital		-	16
Grants received		17,083,464	26,551,329
Interest received		(4,795)	143,750
NET CASH USED IN INVESTING ACTIVITIES		(13,601,600)	(13,708,762)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(4,034,909)	(4,651,140)
Interest element of finance lease rental payments		-	-
New secured loans		35,000,000	5,000,000
Repayments of borrowings		(8,060,000)	(4,000,000)
Capital element of finance lease rental payments		-	-
Withdrawal from deposits		-	-
NET CASH FROM FINANCING ACTIVITIES		22,905,091	(3,651,140)
		9,303,491	(17,359,902)
NET DECREASE IN CASH AND CASH EQUIVALENTS		16,948,681	(8,286,713)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		14,749,935	23,036,648
CASH AND CASH EQUIVALENTS AT END OF YEAR	22	31,698,615	14,749,935

Clyde Valley Housing Association Limited

**Statement of Cashflows - Association
For the year ended 31 March 2021**

	Notes	2021 £	2020 £
Net cash generated from operating activities	22	7,576,718	9,007,419
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(29,974,164)	(38,178,397)
Purchase and Development of Housing for Sale		-	-
Capitalised component replacements		(716,700)	(2,179,124)
Purchase of other fixed assets		(85,405)	-
Fixed asset investment		-	-
Proceeds on disposal of commercial properties		-	-
Proceeds on disposal of residential properties		-	-
Proceeds on disposal of housing properties		96,000	(23,225)
Net issue of ordinary share capital		-	16
Grants received		17,083,464	26,551,329
Interest received		24,575	175,837
NET CASH USED IN INVESTING ACTIVITIES		(13,572,230)	(13,653,564)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(4,034,909)	(4,651,140)
Interest element of finance lease rental payments		-	-
New secured loans		35,000,000	5,000,000
Repayments of borrowings		(8,060,000)	(4,000,000)
Capital element of finance lease rental payments		-	-
Withdrawal from deposits		-	-
NET CASH FROM FINANCING ACTIVITIES		22,905,091	(3,351,140)
		9,332,861	(17,304,704)
NET DECREASE IN CASH AND CASH EQUIVALENTS		16,909,579	(8,297,285)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		14,684,216	22,981,501
CASH AND CASH EQUIVALENTS AT END OF YEAR	22	31,593,796	14,684,216

Clyde Valley Housing Association Limited

ACCOUNTING POLICIES For the year ended 31 March 2021

ACCOUNTING POLICIES

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

LEGAL STATUS

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

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

The Association meets the definition of a public benefit entity.

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

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Determination of Accounting Requirements 2019, and under the historical cost convention, modified to include certain financial instruments at fair value.

The financial statements are prepared in Sterling (£).

BASIS OF CONSOLIDATION

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

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

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

Valuation of Investment Property

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

Clyde Valley Housing Association Limited

ACCOUNTING POLICIES (continued) For the year ended 31 March 2021

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT (continued)

Components of Housing Properties

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

Recoverable Amount of Rent Arrears and Other Debtors

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

Defined benefit obligation

Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases and is based on the input of the actuary. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 24). The net defined benefit pension liability at 31 March 2021 was £1,090,000.

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 Business plan for 2022, which was approved by the Board in March 2021. 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 2021

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT (continued)

Turnover and Revenue Recognition

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

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

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

Government Grants

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

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

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

Other Grants

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

Clyde Valley Housing Association Limited

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2021

Other Income

Interest income

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

Investment income

Investment income is recognised on an accruals basis.

Tangible Fixed Assets – Housing Properties

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

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

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

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

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

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

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

Donated Land and Other Assets

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

Investment Properties

Investment properties (including properties held under an operating lease) consist of commercial properties and properties not held for social benefit. These properties are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in income and expenditure. The valuation of these is carried out by a 3rd party as mentioned in Note 11.

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

Clyde Valley Housing Association Limited

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2021

Investment Properties (cont.)

in FRS 102. The Board consider that, because investment properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view.

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

Fixed Asset Investment

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

Associates

Undertakings in which the Association has significant influence (re the power to participate in the financial and operational decisions but does not control or have significant control over their policies) are classified as Associates. Under FRS 102 Clyde Valley Housing Association Ltd must recognise a share of the associate company's profit or loss in proportion to this shareholding and the addition relates to the Association's 42% share of the associate company of the year. However, under the terms of the shareholders' agreement the Association's ultimate return may differ from the 42% at the end of the agreement.

Depreciation of Housing Properties

Freehold land or assets under construction are not depreciated.

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

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

Impairment of Fixed Assets

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

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

Clyde Valley Housing Association Limited

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2021

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

Other Tangible Fixed Assets

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

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

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

Borrowing Costs

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

All other borrowing costs are expensed as incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value. Work in progress comprises buildings under development and is valued on the basis of direct cost plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Taxation

Clyde Valley Housing Association Limited has charitable status and is registered with the Office of Scottish Charities Regulator and is therefore exempt from paying Corporation Tax on charitable activities. CVPS is a commercial subsidiary and is liable to Corporation Tax and has the option to donate its profits to the charity through the gift aid scheme once all other liabilities due to the Parent are settled.

VAT

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

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 2021, the net defined benefit pension deficit liability was £1,090,000 (2020 £nil), which has been included within the provisions for pensions liability in the financial statements.

In the year ended 31 March 2021, 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.

Clyde Valley Housing Association Limited

ACCOUNTING POLICIES (continued) For the year ended 31 March 2021

Financial Instruments

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

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

Financial assets

Debtors

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

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

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

Financial liabilities

Trade creditors

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

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

Borrowings

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

Clyde Valley Housing Association Limited

ACCOUNTING POLICIES (continued) For the year ended 31 March 2021

FINANCIAL INSTRUMENTS (CONTINUED)

Derivatives

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

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

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

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

Provisions

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

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

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

			2021	2020
	Notes	Turnover £	Operating Costs £	Operating Surplus/(Deficit) £
Affordable letting activities	3	20,950,042	(14,316,342)	6,633,700
Other activities	4	1,984,016	(1,936,221)	47,795
Total		22,934,058	(16,252,564)	6,681,494
Total for previous reporting period		21,546,274	(14,915,475)	6,630,799

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

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

			2021	2020
	Notes	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3	20,950,043	(14,316,344)	6,633,699
Other activities	4	683,433	(845,281)	(161,848)
Total		21,633,476	(15,161,625)	6,471,851
Total for previous reporting period		20,883,801	(14,474,227)	6,409,574

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

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 2021 £	Total 2020 £
Rent receivable net of service charges	18,765,266	-	6,282	18,771,548	17,670,715
Service charges	105,000	-	-	105,000	98,105
Gross income from rents and service charges	18,870,266	-	6,282	18,876,548	17,768,820
Less voids	(276,922)	-	-	(276,922)	(106,315)
Net income from rents and service charges	18,593,344	-	6,282	18,599,626	17,662,505
Grants released from deferred income	2,350,416	-	-	2,350,416	2,329,520
Revenue grants from Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
Total turnover from affordable letting activities	20,943,760	-	6,282	20,950,042	19,992,025
Management and maintenance administration costs	4,553,127	-	-	4,553,127	3,939,086
Service costs	99,230	-	-	99,230	100,712
Planned and cyclical maintenance including major repairs costs	1,480,813	-	-	1,480,813	1,965,804
Reactive maintenance costs	2,544,825	-	-	2,544,825	2,192,063
Bad debts - rents and service charges	156,129	-	-	156,129	43,963
Depreciation of affordable let properties	5,481,050	-	1,168	5,482,218	5,304,110
Impairment of affordable let properties	-	-	-	-	-
Operating Costs for affordable letting activities	14,315,174	-	1,168	14,316,342	13,545,738
Operating surplus or deficit for affordable letting activities	6,628,586	-	5,114	6,633,700	6,446,287
Operating surplus or deficit for affordable letting activities for previous reporting period	6,442,561	-	3,726	6,446,287	

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

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 2021 £	Total 2020 £
Rent receivable net of service charges	18,765,267	-	6,282	18,771,549	17,670,715
Service charges	105,000	-	-	105,000	98,105
Gross income from rents and service charges	18,870,267	-	6,282	18,876,549	17,768,820
Less voids	(276,922)	-	-	(276,922)	(106,315)
Net income from rents and service charges	18,593,345	-	6,282	18,599,627	17,662,505
Grants released from deferred income	2,350,416	-	-	2,350,416	2,329,520
Revenue grants from Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
Total turnover from affordable letting activities	20,943,761	-	6,282	20,950,043	19,992,025
Management and maintenance administration costs	4,553,129	-	-	4,553,129	3,939,086
Service costs	99,230	-	-	99,230	100,712
Planned and cyclical maintenance including major repairs costs	1,480,813	-	-	1,480,813	1,965,804
Reactive maintenance costs	2,544,825	-	-	2,544,825	2,192,063
Bad debts - rents and service charges	156,129	-	-	156,129	43,963
Depreciation of affordable let properties	5,481,050	-	1,168	5,482,218	5,304,110
Impairment of affordable let properties	-	-	-	-	-
Operating Costs for affordable letting activities	14,315,176	-	1,168	14,316,344	13,545,738
Operating surplus or deficit for affordable letting activities	6,628,585	-	5,114	6,633,699	6,446,287
Operating surplus or deficit for affordable letting activities for previous reporting period	6,442,561	-	3,726	6,446,287	

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

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	-	-	-	362,216	362,216	(134,735)	87,689	409,262	259,640
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	-	-	-	748,398	748,398	-	748,398	-	34,751
Wellwynd Community	-	-	-	69,618	69,618	-	168,394	(98,776)	(53,060)
Other activities	-	-	-	803,784	803,784	-	1,066,475	(262,691)	(56,819)
Total from other activities	-	-	-	1,984,016	1,984,016	(134,735)	2,070,956	47,795	184,512
Total from other activities for the previous reporting period	-	-	-	1,554,249	1,554,249	2,926	1,366,811	184,512	

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

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

	Grants From Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs Bad debts £	Other Operating Costs £	Operating Surplus Or deficit £	Operating Surplus Or Deficit For previous Reporting Period £
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	-	-	-	-	-	-	-	-
Care and repair	-	-	-	-	-	-	-	-	-
Investment property activities	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Contracted out activities undertaken for registered social landlords	-	-	-	-	-	-	-	-	-
Contracted out services undertaken for other organisations	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to other organisations	-	-	-	-	-	-	-	-	-
Wellwynd Community	-	-	-	69,618	69,618	-	168,394	(98,776)	(53,060)
Other activities	-	-	-	613,815	613,815	-	676,887	(63,072)	16,347
Total from other activities	-	-	-	683,433	683,433	-	845,281	(161,848)	(36,713)
Total from other activities for the previous reporting period	-	-	-	891,776	891,776	-	928,489	(36,713)	

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

5. ACCOMMODATION IN MANAGEMENT

	Group Units Under Management		Association Units Under Management	
	2021	2020	2021	2020
General needs housing	4,240	4,142	4,223	4,125
Shared ownership	3	5	3	5
Total units in management	4,243	4,147	4,226	4,130

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
Interest on bank deposits	(4,795)	143,750	(4,795)	143,750
Group Loan interest	-	-	29,370	32,087
	(4,795)	143,750	24,575	175,837

7. INTEREST PAYABLE AND SIMILAR CHARGES

	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
Interest arising on:				
Bank loans and overdrafts	4,576,527	4,537,553	4,576,527	4,537,553
Defined benefit pension charge	-	45,000	-	45,000
Amortisation of issue costs of bank loan	43,510	68,587	43,510	68,587
	4,620,037	4,651,140	4,620,037	4,651,140
Less: Interest capitalised on housing properties under construction	(585,128)	(401,708)	(585,128)	(401,708)
	4,034,909	4,249,432	4,034,909	4,292,432

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 2021

8. OPERATING SURPLUS OR DEFICIT

	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
Operating surplus is stated after charging/(crediting):				
Depreciation of housing properties	5,280,624	5,304,109	5,280,624	5,304,109
Depreciation of other tangible fixed assets (note 10.B) - Owned	199,310	224,329	199,310	224,329
Deficit on disposal of tangible fixed assets	572,860	65,134	572,860	65,134

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

	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
Audit services - statutory audit of the Association	18,750	20,254	15,000	15,004
<i>Other services:</i>				
Taxation compliance services	6,000	4,060	2,000	2,280

9. EMPLOYEES

	Group		Association	
	2021	2020	2021	2020
	No.	No.	No.	No.
The average monthly number of full time equivalent persons (including key management personnel) employed by the Association during the year was:				
Office and Management/Administration	72	64	72	64
	2021	2020	2021	2020
	£	£	£	£
Staff costs for the above persons:				
Wages and salaries	2,647,225	2,222,446	2,647,225	2,222,446
Social security costs	267,791	222,873	267,791	222,873
Defined contribution pension cost	231,561	198,521	231,561	198,521
	3,146,577	2,643,840	3,146,577	2,643,840

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

9. EMPLOYEES (continued)

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

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

	Group		Association	
	2021	2020	2021	2020
	No.	No.	No.	No.
£60,000 - £70,000	3	1	3	1
£70,001 - £80,000	-	-	-	-
£80,001 - £90,000	1	2	1	2
£90,001 - £100,000	1	-	1	-
£100,001 – £110,000	-	-	-	-
£110,001 - £120,000	1	1	1	1
	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
Aggregate emoluments for all key management personnel (excluding pension contributions)	422,488	340,804	422,488	340,804
The emoluments of the highest paid member of key management personnel (excluding pension contributions)	117,361	112,108	117,361	112,108
Aggregate pension contributions in relation to the above key management personnel	35,954	32,086	35,954	32,086

Remuneration was paid to the chair, chair of Audit committee of CVHA and chair of CVPS during the year amounting to £4,917. This is allocated under consultancy fees.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021
10.A TANGIBLE FIXED ASSETS – HOUSING PROPERTIES – GROUP

	Social housing properties held for letting £	Housing properties for letting under construction £	Completed shared ownership housing properties £	Total housing properties £
Cost				
1 April 2020	313,934,751	47,808,938	317,739	362,061,428
Additions	-	29,974,164	-	29,974,164
Works to existing properties	2,240,070	-	-	2,240,070
Schemes completed	9,737,230	(9,947,812)	-	(210,582)
Disposals	(873,523)	-	-	(873,523)
31 March 2021	<u>325,038,528</u>	<u>67,835,290</u>	<u>317,739</u>	<u>393,191,557</u>
Depreciation and impairment				
1 April 2020	43,457,249	-	65,964	43,523,213
Depreciation charged in year	5,279,456	-	1,168	5,280,624
Released on disposal	(439,660)	-	-	(439,660)
31 March 2021	<u>48,297,045</u>	<u>-</u>	<u>67,132</u>	<u>48,364,177</u>
Net book value				
31 March 2021	<u>276,741,483</u>	<u>67,835,290</u>	<u>250,607</u>	<u>344,827,380</u>
31 March 2020	<u>270,477,506</u>	<u>47,808,937</u>	<u>251,775</u>	<u>318,538,218</u>

EXPENDITURE ON WORKS TO EXISTING PROPERTIES

	2021 £	2020 £
Improvement work capitalised		
Replacement component spend capitalised	2,240,070	2,179,124
Amounts charged to income and expenditure	554,652	463,871
Total major repairs spend	<u>2,794,722</u>	<u>2,642,995</u>

FINANCE COSTS

	2021 £	2020 £
Aggregate amount of finance costs included in the cost of housing properties	<u>1,505,887</u>	<u>920,759</u>

The cost of land Included above was £44,865,398 (2020 £43,964,661)

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

10.A TANGIBLE FIXED ASSETS – HOUSING PROPERTIES - ASSOCIATION

	Social housing properties held for letting £	Housing properties for letting under construction £	Completed shared ownership housing properties £	Total housing properties £
Cost				
1 April 2020	314,151,055	47,808,938	317,739	362,277,732
Additions	-	29,974,163	-	29,974,163
Works to existing properties	2,240,070	-	-	2,240,070
Schemes completed	9,737,230	(9,947,812)	-	(210,582)
Disposals	(873,523)	-	-	(873,523)
31 March 2021	<u>325,254,832</u>	<u>67,835,289</u>	<u>317,739</u>	<u>393,407,860</u>
Depreciation and impairment				
1 April 2020	43,457,249	-	65,964	43,523,213
Depreciation charged in year	5,279,456	-	1,168	5,280,624
Released on disposal	(439,660)	-	-	(439,660)
31 March 2021	<u>48,297,045</u>	<u>-</u>	<u>67,132</u>	<u>48,364,177</u>
Net book value				
31 March 2021	<u>276,957,787</u>	<u>67,835,289</u>	<u>250,607</u>	<u>345,043,683</u>
31 March 2020	<u>270,693,810</u>	<u>47,808,937</u>	<u>251,775</u>	<u>318,754,522</u>

EXPENDITURE ON WORKS TO EXISTING PROPERTIES

	2021 £	2020 £
Improvement work capitalised		-
Replacement component spend capitalised	2,240,070	2,179,124
Amounts charged to income and expenditure	554,652	463,871
Total major repairs spend	<u>2,794,722</u>	<u>2,642,995</u>

FINANCE COSTS

	2021 £	2020 £
Aggregate amount of finance costs included in the cost of housing properties	<u>1,505,887</u>	<u>920,759</u>

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 £44,865,398 (2020 £43,964,661).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

10.B TANGIBLE FIXED ASSETS – OTHER – GROUP

	Land and Buildings	Leasehold Improvement	Office Equipment	Fixtures and fittings	Plant and Other Equipment	Computer Equipment	Total
Cost							
1 April 2020	4,599,168	3,569,524	276,929	41,728	14,407	838,199	9,339,955
Additions	-	-	9,967	-	-	75,438	85,405
Disposals	-	(3,569,524)	(10,869)	(41,728)	-	(8,529)	(3,630,650)
31 March 2021	4,599,168	-	276,027	-	14,407	905,108	5,794,710
Depreciation and impairment							
1 April 2020	780,601	1,188,309	272,930	41,728	14,407	655,313	2,953,288
Depreciation charged in year	71,263	59,492	3,080	-	-	65,475	199,310
Disposals	-	(1,247,801)	(10,868)	(41,728)	-	(8,530)	(1,308,928)
31 March 2021	851,864	-	265,142	-	14,407	712,258	1,843,671
Net book value							
31 March 2021	3,747,304	-	10,885	-	-	192,850	3,951,039
31 March 2020	3,818,567	2,381,215	3,999	-	-	182,882	6,386,667

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021
10.B TANGIBLE FIXED ASSETS – OTHER - ASSOCIATION

	Land and Buildings £	Leasehold Improve- ment £	Office Equipment £	Furniture, fixtures and fittings £	Plant and Other Equipment £	Computer Equipment £	Total £
Cost							
1 April 2020	4,599,168	3,569,524	276,929	41,728	14,407	838,199	9,339,955
Additions	-	-	9,967	-	-	75,438	85,405
Disposal	-	(3,569,524)	(10,868)	(41,728)	-	(8,530)	(3,630,650)
31 March 2021	4,599,168	-	276,027	-	14,407	905,108	5,794,710

Depreciation and impairment

1 April 2020	780,601	1,188,309	272,930	41,728	14,407	655,313	2,953,287
Depreciation charged in year	71,263	59,492	3,080	-	-	65,475	199,310
Disposal	-	(1,247,801)	(10,868)	(41,728)	-	(8,530)	(1,308,928)
31 March 2021	851,864	-	265,142	-	14,407	712,258	1,843,671

Net book value

31 March 2021	3,747,304	-	10,885	-	-	192,850	3,951,039
31 March 2020	3,818,567	2,381,215	3,999	-	-	182,886	6,386,667

11. INVESTMENT PROPERTIES - GROUP

	2021 £	2020 £
At 1st April	2,088,000	2,072,999
Additions	-	23,111
Increase in value	(5,500)	(8,110)
At 31 March	2,082,500	2,088,000

Investment properties were valued as at 31 March 2021 by Allied Surveyors Scotland Chartered Surveys, Whyte & Barrie First Surveyors Scotland and DM Hall Chartered Surveyors. The valuation of the Association's properties was carried out in accordance with the Royal Institution of Chartered Surveyors ("RICS") Appraisal and Valuation Manual. A report has been provided for each property that has been valued by the Surveyors.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

12. FIXED ASSET INVESTMENTS

	Group		Association	
	Shares in trade investments	Total	Shares in trade investments	Total
Cost or valuation:	£	£	£	£
1 April 2020	2,840,162	2,840,162	2,840,162	2,840,162
Additions	164,013	164,013	164,013	164,013
31 March 2021	3,004,175	3,004,175	3,004,175	3,004,175

Clyde Valley Housing Association Ltd owns 2,000,002 ordinary £1 shares in Innov8 Housing Solutions Ltd. This represents a 42% shareholding in Innov8 Housing Solutions Ltd, a company registered in Scotland, whose principal activity is that of provision of rented residential accommodation at intermediate market levels. Under FRS 102, Clyde Valley Housing Association Ltd must recognise a share of the associate company's profit or loss in proportion to this shareholding and the addition relates to the Association's 42% share of the associate company for the year. However, under the terms of the shareholders' agreement the Association's ultimate return may differ from 42% at the end of the agreement. As at 31 March 2021, the capital and reserves of Innov8 Housing Solutions were £7,055,879 (2020 £6,724,094) with a taxable profit for the year of £390,507 (2020 £190,383).

13 INVESTMENTS	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
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 2021, the capital and reserves of Clyde Valley Property Services were £2,125,876 (2020 £1,984,554) with a taxable profit for the year of £141,324 (2020 £214,475).

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

14. WORK IN PROGRESS AND PROPERTIES HELD FOR SALE

	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
Work in progress	1,837,895	2,414,111	-	57,040
Incomplete renovation contacts	355,182	1,698,284	355,182	1,698,284
	2,193,077	4,112,395	355,182	1,755,324

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021
15. DEBTORS

Amounts falling due within one year:	Group		Association	
	2021 £	2020 £	2021 £	2020 £
Rent and service charges receivable	1,597,756	1,222,596	1,597,756	1,222,596
Less: provision for bad and doubtful debts	(802,065)	(744,834)	(802,065)	(744,834)
	795,690	477,762	795,690	477,762
Other debtors	1,370,223	394,440	957,747	155,187
Prepayments and accrued income	1,576,555	1,122,912	1,572,078	1,116,825
Amounts due from Group undertakings	-	-	2,058,405	2,556,871
	<u>3,742,468</u>	<u>1,995,114</u>	<u>5,383,920</u>	<u>4,306,645</u>

Debtors ageing for amounts owed from Group undertakings:

	2021 £	2020 £
Amounts due within 1 year	2,058,405	2,140,891
Amounts due between 1 and 2 years	-	-
Amounts due within 3 and 5 years	-	-
Amounts due after 5 years	-	415,980

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Association	
	2021 £	2020 £	2021 £	2020 £
Debt (note 19)	3,060,000	8,060,000	3,060,000	8,060,000
Rent and service charges received in advance	428,807	305,790	428,807	305,790
Deferred capital grants (note 18)	2,900,484	2,718,506	2,900,484	2,718,506
Trade creditors	553,710	2,534,212	544,278	2,531,005
Corporation tax	340	-	-	-
Other creditors	200,586	170,876	100,455	68,461
Accruals and deferred income	3,604,605	3,079,903	3,510,288	2,988,531
	<u>10,748,532</u>	<u>16,869,287</u>	<u>10,544,312</u>	<u>16,672,293</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

17. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	GROUP		ASSOCIATION	
	2021	2020	2021	2020
	£	£	£	£
Debt (note 19)	139,455,304	107,495,967	139,455,304	107,495,967
Deferred capital grant (note 18)	200,133,378	187,576,948	200,133,378	187,576,948
Retentions	1,389,797	887,900	1,333,277	834,643
Interest Rate SWAPS	5,734,714	7,037,263	5,734,714	7,037,263
Other Creditors	2,422,671	2,423,419	2,423,124	2,423,115
	<u>349,135,864</u>	<u>305,421,497</u>	<u>349,079,797</u>	<u>305,367,935</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

18. DEFERRED CAPITAL GRANT GROUP AND ASSOCIATION

	Housing Properties Held for letting £	Housing Properties Course of Construction £	Shared Ownership Properties Held for letting £	Total Social Housing £	One Wellwynd Other FA £	Total £
Social Housing only						
Gross Grant Creditor						
At 31st March 2020	156,605,874	52,021,715	115,618	208,743,207	2,970,107	211,713,314
Transfers	19,815,221	(18,667,271)	-	1,147,950	-	1,147,950
Grant Received in the year 2020/21	-	15,934,126	-	15,934,126	-	15,934,126
On Disposals 2020/21	(139,350)	-	-	(139,350)	(2,970,107)	(3,109,457)
Gross Grant Creditor as at 31st March 2021	176,281,745	49,288,570	115,618	225,685,933	-	225,685,933
Amortisation						
At 1st April 2020	(20,337,705)	-	(49,423)	(20,387,128)	(1,030,787)	(21,417,915)
Amortisation in the year	(2,264,199)	-	(744)	(2,264,943)	1,030,787	(1,234,156)
Total Amortisation as at 31st March 2021	(22,601,904)	-	(50,167)	(22,652,071)	-	(22,652,071)
Net Grant Creditor						
As at 31st March 2021	153,679,841	49,288,570	65,451	203,033,862	-	203,033,862
As at 1st April 2020	136,268,169	52,021,770	66,195	188,356,134	1,939,320	190,295,454
Deferred Capital Grant due within 1 year						2,900,484
Deferred Capital Grant due after 1 year						<u>200,133,378</u>
Total deferred Capital Grant due						<u>203,033,862</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021
19. DEBT ANALYSIS – BORROWINGS

	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
Creditors: amounts falling due within one year:				
Bank loans	3,060,000	8,060,000	3,060,000	8,060,000
Creditors: amounts falling due after more than one year:				
Bank loans	139,880,000	107,940,000	139,880,000	107,940,000
Private Placement fees paid	(424,696)	(444,033)	(424,696)	(444,033)
Total	142,515,304	115,555,967	142,515,304	115,555,967

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

Bank Borrowings of £142,940,000 (2020: £116,000,000) are secured against the Associations Housing properties.

Bank Borrowings of £5,000,000 bear average fixed-rate coupons of 5.08% per annum (2020: 5.08%). Bank Borrowings of £67,940,000 bear average variable-rate coupons of 0.75% above LIBOR (2020: 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 20.

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

The private placement fees are in respect of the borrowings which were drawn down by the Association in June 2018 and October 2020.

	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
Due within one year	3,060,000	8,060,000	3,060,000	8,060,000
Due in one year or more but less than two years	-	-	-	-
Due between two and five years	9,460,000	12,520,000	9,460,000	12,520,000
Due more than five years	130,420,000	95,420,000	130,420,000	95,420,000
	142,940,000	116,000,000	142,940,000	116,000,000

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

20. FINANCIAL INSTRUMENTS

	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
Financial liabilities: Measured at fair value through income and expenditure				
- Other financial liabilities	5,734,714	7,037,263	5,734,714	7,037,263

In order to manage interest rate risk, the Association has entered into the following hedging instruments, which are in place as at 31st March 2021.

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

21. SHARE CAPITAL

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

	Group		Association	
	2021	2020	2021	2020
	Number	Number	Number	Number
Number of members				
1 April 2020	83	72	83	72
Joined during the year	-	16	-	16
Left during year	(2)	(5)	(2)	(5)
31 March 2021	<u>81</u>	<u>83</u>	<u>81</u>	<u>83</u>

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

	2021	2020
	£	£
Surplus for the year	6,681,494	6,630,799
Adjustments for non-cash items	-	-
Depreciation of tangible fixed assets	5,479,934	5,079,780
Impairment losses on Fixed Asset investments	-	-
Fair value losses on investment properties	5,500	8,110
Defined benefit pension schemes	(346,000)	(347,000)
Amortisation of Grants	(2,313,426)	(2,426,486)
Decrease in Fixed Asset Investments	-	-
Wellwynd Grant Creditor	(1,890,838)	-
Loss/(Gain) on disposal of tangible fixed assets	572,860	65,134
Taxation	-	-
Operating cash flows before movements in working capital	<u>8,189,524</u>	<u>9,010,337</u>
(Increase)/Decrease/ in stock	1,919,318	(1,868,645)
Decrease/(Increase) in trade and other debtors	(1,746,902)	2,799,599
(Increase)/Decrease in trade and other creditors	(716,750)	(868,102)
Cash generated from operations	<u>7,645,190</u>	<u>9,073,189</u>

Cash and Cash Equivalents (Group)

	2021	2020
	£	£
Cash and Cash Equivalents represent:-		
Cash at Bank	31,698,615	14,749,935
Short Term Deposits	-	-
Overdraft	-	-
	<u>31,698,615</u>	<u>14,749,935</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

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

	2021	2020
	£	£
Surplus for the year	6,471,851	6,409,574
Adjustments for non-cash items	-	-
Depreciation of tangible fixed assets	5,479,934	5,079,780
Impairment losses on tangible fixed assets	-	-
Impairment losses on investments	-	-
Fair value (gains)/losses on investment properties	-	-
Defined benefit pension schemes	(346,000)	(347,000)
Fair value (gains)/losses on financial instruments	-	-
Amortisation of Grants	(2,313,426)	(2,426,486)
(Gain) on disposal of tangible fixed assets	572,860	65,134
Wellwynd Grant Creditor	(1,890,838)	-
Interest receivable	-	-
Interest payable	-	-
Taxation	-	-
Operating cash flows before movements in working capital	7,974,381	8,781,002
Decrease/(increase) in stock	1,400,142	(4,269)
(Increase)/Decrease in trade and other debtors	(1,076,823)	1,374,349
Increase/(decrease) in trade and other creditors	(720,982)	(1,143,664)
Cash generated from operations	7,576,718	9,007,419

Cash and Cash Equivalents (Association)

	2021	2020
	£	£
Cash at Bank	31,593,796	14,684,216
Short Term deposits	-	-
Overdraft	-	-
	31,593,796	14,684,216

23. CAPITAL COMMITMENTS AND OTHER CONTRACTUAL OBLIGATIONS

	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
Capital expenditure contracted for but not provided in the financial statements	37,698,898	32,221,896	37,698,898	31,727,081

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

24. RETIREMENT BENEFITS

From 1st April 2014 the Association has participated in a defined contribution pension scheme for all qualifying employees. There are 71 employees currently participating in the scheme.

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

No other post-retirement benefits are provided. The scheme is a fully funded scheme.

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

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

A full actuarial valuation for the scheme was carried out at 30 September 2015. This actuarial valuation showed assets of £616m, liabilities of £814m and a deficit of £198m.

For the year ended 31 March 2021, sufficient information is available for the Association in respect of SHAPS to account for its obligation on a defined benefit basis. The most recent formal actuarial valuation was completed as at 30 September 2015 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2021 by a qualified independent actuary.

Under the defined benefit pension accounting approach, the SHAPS net deficit as at 1 April 2020 is £nil and is £1,090,000 as at 31 March 2021.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

24. RETIREMENT BENEFITS (continued)

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

	31 March 2021	31 March 2020
	(£000s)	(£000s)
Fair value of plan assets	10,628	9,621
Present value of defined benefit obligation	11,718	9,597
Deficit in plan	(1,090)	24
Unrecognised surplus	-	24
Defined benefit (liability) to be recognised	(1,090)	-
Deferred tax	*	-
Net defined benefit (liability) to be recognised	*	-

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended
	31 March 2021
	(£000s)
Defined benefit obligation at start of period	9,597
Current service cost	-
Expenses	11
Interest expense	225
Actuarial losses due to scheme experience	(16)
Actuarial losses due to changes in demographic assumptions	-
Actuarial losses due to changes in financial assumptions	2,090
Benefits paid and expenses	(189)
Defined benefit obligation at end of period	11,718

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

24. RETIREMENT BENEFITS (continued)

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

	Period ended 31 March 2021 (£000s)
Fair value of plan assets at start of period	9,621
Interest income	230
Experience on plan assets (excluding amounts included in interest income) - gain	620
Contributions by the employer	346
Benefits paid and expenses	(189)
Fair value of plan assets at end of period	10,628

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £850,000

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

	Period from 31 March 2020 to 31 March 2021 (£000s)
Expenses	11
Net interest expense	-
Defined benefit costs recognised in statement of comprehensive income (SoCl)	11

24. RETIREMENT BENEFITS (continued)

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended
	31 March 2021
	(£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain	620
Experience gains and losses arising on the plan liabilities – gain	16
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – (loss)	(2,090)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – (loss)	(1,454)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	29
Total amount recognised in other comprehensive income – (loss)	(1,425)

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

24. RETIREMENT BENEFITS (continued)

ASSETS

	31 March 2021	31 March 2020
	(£000s)	(£000s)
Global Equity	1,644	1,323
Absolute Return	524	591
Distressed Opportunities	363	176
Credit Relative Value	326	231
Alternative Risk Premia	426	771
Emerging Markets Debt	428	342
Risk Sharing	380	305
Insurance-Linked Securities	222	258
Property	191	179
Infrastructure	593	567
Private Debt	250	191
Opportunistic Illiquid Credit	272	234
High Yield	279	-
Opportunistic Credit	290	-
Cash	4	-
Corporate Bond Fund	802	703
Liquid Credit	184	252
Long Lease Property	247	235
Secured Income	584	534
Over 15 Year Gilts	5	122
Liability Driven Investment	2,555	2,534
Net Current Assets	79	73
Total assets	10,628	9,621

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2021

24. RETIREMENT BENEFITS (continued)

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.

KEY ASSUMPTIONS

	31 March 2021	31 March 2020
	% per annum	% per annum
Discount Rate	2.18%	2.37%
Inflation (RPI)	3.27%	2.6%
Inflation (CPI)	2.87%	1.6%
Salary Growth	3.87%	2.6%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2021	21.5
Female retiring in 2021	23.4
Male retiring in 2041	22.8
Female retiring in 2041	25.0

25. RELATED PARTY TRANSACTIONS

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

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

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

We have no tenants on our Board.

Innov8 housing solutions is a 42% owned Joint Venture of Clyde Valley Housing Association. During the year, CVHA sold goods and services, in the normal course of business activities, to Innov8 Housing Solutions Limited, amounting to £41,119 (2020: £41,484).

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