

CLYDE VALLEY HOUSING ASSOCIATION LIMITED

GROUP REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

Clyde Valley Housing Association Limited

Group Report and Financial Statements For the year ended 31 March 2022

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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 2022

Members of Board

The Members of the Board of the Association during the year to 31 March 2022, and up to the date of signing of these financial statements were as follows:

1. Allan Murray. Chairman (retiring 19/09/22)
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 (resigned 28/02/22)
10. Shannon Watson
11. Lorna Wilson
12. Kenneth Gibb (appointed 23/08/21)

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

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

Bankers

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

Solicitors

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

TC Young
7 West George Street
Glasgow
G2 1BA

Clyde Valley Housing Association Limited

Board, Executives and Advisers For the year ended 31 March 2022

Executive Team

The Executive Team of the Association during the year to 31 March 2022, and up to the date of signing these financial statements were as follows:

Lynn Wassell	Chief Executive
Carron Garmory	Finance Director
Fin Smith	Customer Services Director
John Duncan	Property & Development Director (resigned 30/11/21)
Lisa Beresford	People Director
Lindsay Forrest	Property & Development Director (appointed 13/04/22)

Committee Membership 2022

Audit Committee	Andrew McFarlane (Chair) Campbell Boyd Ilona McGowan Eleanor Walker Shannon Watson Ken Gibb
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Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2022

The Board presents their report and audited financial statements for the year ended 31 March 2022.

Chairman's Report

I write this as my last year as Chair of Clyde Valley Group. I am coming to the end of my 5 years as Chair and my 10 years on the board of CVHA. During 2022 we will embark on the journey to find a new Chair for the Group to continue to lead the Board, support the Executive Team and staff to deliver on our corporate strategy.

2021/22 has been another challenging and interesting year for all individuals and organisations and Clyde Valley is no exception to that. The global pandemic completely changed how we operate as a business and Government Tier Guidelines as time dictated what services we could provide.

We have however continued to grow during the year and change how we deliver despite the challenges the external environment posed on us.

Our new build housing stock grew by 288 as a result of our development programme across North and South Lanarkshire.

As an organisation we have moved to a more agile approach to work and our staff now work in an agile way, either at home in the office or out in our communities. This is proving to be a successful model in terms of delivery.

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 two. From the successful implementation of our Contact Centre and new CRM system to support this in August 2021, an improvement in our overall customer satisfaction to 85% to the recruitment of 26 staff throughout 2021/22 to support this has been a great achievement.

Our Board and Committee continued to meet virtually during 2021/22 introducing face to face meetings in December 2021 and holding a face to face strategy day in November 2021. Whilst we have a preference going forward for face to face meetings, we now have the ability to hold hybrid meetings which provides some flexibility for our Board members who are volunteers with busy day jobs.

The last two years 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.

I can honestly say I have enjoyed my time at Clyde Valley and it's has been great to be part of an organisation that is passionate about their mission. I know I leave this in good hands of the Board, The Executive Team and the staff teams who will continue to develop and grow the business and make the difference to peoples' lives and in our communities and will keep a watching brief on the success of Clyde Valley Group over the coming years.

Allan Murray
Chairman
Clyde Valley Housing Association Limited

Chief Executive's Report

It has been another strong year for Clyde Valley Group (CVG) with the achievement of several significant milestones towards our 5-year Corporate Plan. Some areas of service delivery and performance have been affected by Tier Guidance restrictions, staff turnover 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.

We continue to deliver new build homes with 288 handovers, whilst developing our programme beyond 2022. However, we also continued to face challenges within our Development programme as a result of contractor challenges with materials, price rises and impacts of the pandemic and we monitor this closely.

Our new Wellbeing Hub continues to grow focusing on community development and income generation through new funding streams. During the year the team managed successfully to distribute 360 iPads to our customers to enhance their digital and online engagement, assisting over 1000 customers to get access to over £2m in benefits. Accessing £200k in grant funding to provide support to our customers including fuel debt and energy advice.

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. 2021/22 saw the introduction of our Customer Promises and our Customer Services Excellence Accreditation framework review in August 2021 resulted in being awarded an additional compliance plus taking us to 11 in total.

The pandemic changed the way in which people wanted to work and employers started offering a much more flexible approach. This resulted in a difficult recruitment market as more employers were moving towards more flexible ways of working. Remuneration in many sectors was also pushed up, making the market much more competitive for recruitment. We want to attract the best people for our roles therefore we introduced an agile working approach during 2021/22 which allows our people a great work life balance and the ability to work their week over a 7am to 7pm, Monday to Friday whilst only positively impacting on our customer service. We managed during the year to successfully fill 26 vacancies with new roles and roles vacant due to turnover.

We did during the year have challenges with our Gas Safety programme and worked closely with the Scottish Housing Regulator (SHR) to deliver our action plan. The action plan is now complete. As a result of this SHR changed our status to Compliant (under review).

During the year we retained Healthy Work Lives Gold and continued to place our teams' health and well-being at the forefront with a programme of activities and support. 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 first face to face Annual Star Awards since the pandemic in February this year, voted for by colleagues and it was amazing to see the number of nominations received and to interact in person with our teams.

Each year our staff nominate a staff charity of their choice and during 2021 we supported St Andrews Hospice and donated £6k from Staff Fundraising and assisted them with an award of £10k grant for hot meals for carers of the Hospice during the pandemic. During 2022 our teams have selected The Simon Community to support and have already raised £5,765 to date.

Clyde Valley Housing Association Limited

**Group Report of the Board
For the year ended 31 March 2022**

Chief Executive's Report (continued)

CVG remains in a strong financial position, reporting turnover of £23.7m this year, compared to £22.9m in 2021 and surplus before tax this year of £3.9m, compared with £3.5m in 2021. 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.

I look forward to working with the team to deliver on year 3 of our Corporate Strategy.

**Lynn Wassell
Chief Executive**

Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2022

Strategic Report Who We Are

The Clyde Valley Group (CVG) is a thriving social business recognised for innovative and partnership approaches to meeting community needs. Clyde Valley Housing Association (CVHA), the Group's main operating company, has over a 26 year track record of delivering housing management, scheme development and high-quality housing services for a diverse range of customers.

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

- **Clyde Valley Housing Association Limited**
The Group parent and registered social landlord.
- **Clyde Valley Property Services Limited (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 2022	31 March 2021
Tenanted Properties	4,528	4,240
Shared Ownership Properties	1	3
Total	4,529	4,243

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 2022

Objectives

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

Our Vision

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

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

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

Our Values

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

“BE all about customer”

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

“BE ambitious”

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

“BE driven by excellence”

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

“BE caring”

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

Together we make *the* difference.

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

Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2022

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:

- Department 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 2022

- 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 launched a new set of Customer Promises based on the findings of the customer research.- We launched our new Customer Contact Centre in August 2021.- We delivered a Service Design project with customers based on the Scottish Approach to Service Design from the Scottish Government.- We launched our 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.- We introduced a suite of transactional surveys to gain customer feedback after they experience our repairs service, when they move into one of our homes and when they contact the Contact Centre.- We launched our new Wellbeing Hub to provide support and advice for more vulnerable customers.- We became members of the Institute of Customer Service. Membership will help us to drive up customer experience through insight, benchmarking and best practice.- 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 306 new homes 288 for social rent and 18 for mid-market rent.- We continued to offer a repairs service to customers which has increased in the financial year due to the backlog from pandemic.

Operational Objectives (continued)

3.	The leading RSL partner to create sustainable homes and communities
	<ul style="list-style-type: none"> - We worked in partnership with local authorities to ensure that allocations to homeless households continued to be prioritised. - 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 that launched in June 2021. - We updated our component replacement and improvement programme and our Investment programme all of which were impacted by Covid 19 but in line with our asset strategy and across the year we:- <ul style="list-style-type: none"> - Replaced 171 kitchens through our kitchen replacement programme. - Improved the thermal efficiency of older properties with the installation of internal wall or loft insulation to 123 properties. - We replaced older central heating in 240 properties with the installation new energy efficient systems.
4.	Focused on value for money and excellent governance as a growing and sustainable business.
	<ul style="list-style-type: none"> - Implemented Annual Business Plan and undertook scenario testing. - Produced our Value for Money Report and Annual Assurance Statement. - Annual independent reports from internal and external auditors. - Worked with procurement consultant to provide additional support and training on procurement to ensure we are making best use of procurement options and managing our contracts well - Expansion of Business Improvement Team to include a senior office and a Business Analyst to support the continuous improvement programme across the organisation and deliver on our SmartThink Strategy. - Over the year we launched our Customer Contact Centre supported by a custom built CRM system, rolled out further IT to provide our people with the right tools to do their jobs well. - Delivered on our Board Development programme enhancing the skills of our Board in areas such as Equalities & Diversity, Risk Management, Electrical Safety, Finance and Governance.

Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2022

5.	Aim to be the best housing association employer, committed to developing employees to realise their potential
	<ul style="list-style-type: none">- Introduction of our Agile Working Policy – brought forward from 2022 target during pandemic with home working. Introduced 1st April 2022 with revised terms and conditions.- Removal of 26 week waiting period to request flexible working in Flexible Working Policy.- Launch of Equality, Diversity and Inclusion Strategy and revised Policy to demonstrate deliver services that are accessible to all and ensure that customers and colleagues from all backgrounds are treated equally, fairly and with respect for their individual needs- Annual employee engagement survey results and improvements – high level summary (covid surveys and engagement groups launched - Smarthink, EDI, CV Voice, Communication).- Year 1 of 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.- Healthy Working Lives Accreditation maintained and demonstrated commitment to wellbeing and a healthy and safe working culture. New programme implemented during the pandemic.<ul style="list-style-type: none">- Revised and developed our Stress Policy into a Mental Health and Wellbeing Policy and trained mental health first aiders.- Introduction of Gender Based Violence Policy to support Make a Stand Pledge- Introduction of Menopause Policy- Health & Wellbeing Week- Support national campaigns- Growth Mindset – leaders managing through change, innovation (Brilliant Scotland SFHA survey completed and project set up to develop a culture of innovation).- Maintained a focus on succession planning through our investment in our people by promoting employees internally and providing secondment opportunities through our workforce planning exercise.

Financial Review

The Group has robust financial management policies and procedures in place with management of annual income and expenditure through a devolved budget process. Financial results and performance throughout the year are considered by the Audit Committee. With a focus on the effective management of resources and partnering agreements with suppliers and contractors the Group has continued to deliver cost efficiencies without compromising the level of services to our customers.

The Group Statement of Comprehensive Income is set out on page 29. The Group made a surplus of £5,035,742 (2021: £2,105,150) after providing for Corporation Tax relief of £nil (2021: £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 2021/22 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 £1,900,430 compared to a decrease in the previous year of £1,302,549.

The Association undertakes stock condition surveys which samples our properties. The most recent survey was carried out in February 2022 with 6% of the stock being sampled bringing the total stock surveyed in the last 5 years to 66%. Through a stratified survey sample and cloning this gives the organisation a robust data set to plan our stock investment.

The total expenditure on works to existing properties was £2,249,860 of which £678,962 was capitalised and £1,570,898 recognised in the Income and Expenditure account.

Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2022

Credit Payment Policy

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The Purchase Ledger system is set to generate an automatic payment 28 days after the date of invoice. Where creditors have shorter payment terms these are adhered to.

Rental Income

All rents are set on a fair, equitable and transparent basis, with like for like properties being charged the same rents. The Association adopts a measured approach of seeking to balance the needs of the business financially with the need to maintain rents that remain affordable to tenants on fixed or modest incomes. 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 and 2022/23. Following a review of our financial plan, several Board discussions and consultation with customers it was agreed to adopt a 2.5% rent increase for 2022/23.

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 2022/23, which was approved by the Board in May 2022. As we emerge from Covid and post Brexit, both have 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, to continue as a going concern, being that CVHA will not call the intercompany amounts due in 1 year. As a result of this we continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Group operates a devolved budget system, with all managers playing a key role in controlling expenditure throughout the organisation. Approval procedures are in place in respect of major areas of risk, such as major contract tenders, expenditure, and treasury management.

Treasury Management

CVHA has an agreed loan facility of £70m with lenders Bank of Scotland (part of Lloyds banking group) and Barclays Bank. The relationship the Association has with both banks is very important to us and we look forward to continuing to work in partnership with these key stakeholders.

In May 2018, CVHA successfully secured a £70m private placement with Canada Life, £35m was 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 £140m.

Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2022

CVHA has active treasury management controls, which operate in accordance with the Treasury Policy annually reviewed and approved by the Board. In this way CVHA manages cash flow and borrowing arrangements to ensure that it is always able to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held. CVHA, as a matter of policy, does not enter transactions of a speculative nature. As of 31 March 2022, CVHA had a mix of fixed and variable rate finance, which it considers appropriate at this time.

SHAPS Pension scheme

Further detail in relation to this is included in Note 26 to the financial statements on page 66.

The new defined benefit liability as at 1 April 2022 is nil, resulting in a re-measurement through other comprehensive income of £1,090,000.

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 2022 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 2022 is £35,560,587. Some of these reserves are earmarked towards the Association's loan repayment schedule, which commenced in May 2019 and will continue through until 2048.

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 £473m of development spend since it was formed and the provision of over 2,989 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 2022 includes the development of over 480 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.

Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2022

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 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 sits within the Health & Safety Operations Group with reports being submitted to both CVHA and CVPS Board. During 2021/22 we extended the remit of the Audit Committee to provide oversight of our key tenants health and safety measures.

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.
- 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.

Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2022

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:

- Further modernizing our customer services around their priorities including roll out of our Customer Portal.
- Understanding more about what is driving customer satisfaction and use feedback to improve our services.
- Increasing our contribution to creating safe, successful, connected communities and neighbourhoods and sustaining tenancies.
- Deliver on the actions to improve our performance across our key customer and income related indicators.
- Achieve full compliance with all health & safety standards & obligations and have fully implemented an effective monitoring & assurance framework
- Further strengthen our CVHA and CVPS Board with appointment of a new Chair and new non-executive directors.
- Increasing efficiency and productivity, reviewing affordability, and generating increased grants.
- Attracting and retaining top talent and have the right skills in the right place.
- Maintaining and developing a culture of team collaboration and innovation, underpinned by our values and the right behaviours.
- Understanding our baseline and developing targets towards a new strategy for Zero Carbon and reducing our carbon footprint.
- Determining our pipeline for and design standards for new supply of homes, linked to zero carbon and ensuring homes are in the right place, the right size.
- Determining our long-term investment priorities, including meeting zero carbon targets.
- Future finance to support our ongoing development programme.
- 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 2022

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

1.	Providing a brilliant customer experience, delivering service excellence
	<ul style="list-style-type: none">- To retain and build on our Customer Service Excellence assessment. Annual assessment due August 2022.- Go live with our new Customer Portal in July 2022.- Continue with our Service Design projects during 2022.- Further develop our approaches to transactional feedback to drive up insight into customer experience and how to improve this.- Develop our risk-based approach to tenancy management through the effective use of technology and partnership working.- Continue to develop approaches for Customer Engagement, allowing customers to engage in ways, and on topics that matter most to them.
2.	Addressing housing need and offering services across all tenures
	<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 234 new homes for social rent and 19 for mid-market rent.
3.	The leading RSL partner to create sustainable homes and communities.
	<ul style="list-style-type: none">- Develop our Risk-Based approach to tenancy management to seek better outcomes for tenants and communities.- Continue to develop our Wellbeing Hub to provide a focus on Customer Engagement and support on issues relating to health, employment, benefits and debt.- Deliver advice and financial assistance on fuel and fuel debt.- 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.	Focused on value for money and excellent governance as a growing and sustainable business.
	<ul style="list-style-type: none">- Continue with our Repairs service redesign and further integration with our contractors systems.- Continue to develop our Board Skills through the annual appraisals and development programme.- Recruit our new Chair for Clyde Valley Group and further non-exec directors for both CVHA and CVPS- 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.- Consider the future development programme and lending to support this.- Consider the impact of Zero Carbon on the Business Plan.

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 piloted summer 2021 and new Agile Working Policy in place with effect from 1st April 2022.- Review of all HR policies and terms and conditions.- Updated terms and conditions in place with the introduction of Agile Working terms and conditions.- Flexible Working Policy updated to remove 26 week waiting period to request flexible working.- Significant investment in headcount and our people through Strength-to-Strength Workforce Planning exercise. 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.- ROI for learning and development will be a focus.- Equality, Diversity and Inclusion Group focused achieved Disability Confident Employer status and introduced EDI Strategy, Policy and Action Plan.- New Menopause Policy implemented.- New Gender Based Policy Implemented.- New Mental Health and Wellbeing Policy implemented.- Recruitment and onboarding refresh implemented.- Phase 2 succession plan to be completed.- IIP accreditation journey will start 2022 following self-assessment and introduction of competency behavioural framework.

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
- Legal and Regulation
- Governance
- 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.

Clyde Valley Housing Association Limited

Group Report of the Board For the year ended 31 March 2022

Our Strategic Risk Register is reviewed twice annually by the Board and quarterly by the Audit Committee. During 2021/22 we developed a new Risk Register format on Decision Time which includes a target risk to be achieved. The actions in respect of these target risks are included as part of the work priorities. We also reviewed and updated our Risk Management Framework and provided further training to staff and Board to help with efficient reporting of risks.

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

- Rent Affordability and rising rent arrears linked to cost of living crisis
- Organisational Culture and home working
- New Supply delivery and future programme including private finance
- Failure of our IT systems and cyber crimes
- Health and Safety and in particular tenant 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 2022/23 this will focus on:

- Performance management framework
- Budgetary and financial controls/business planning
- EESSH compliance
- Asbestos Management
- Health and Safety including electrical and gas safety within our properties
- Governance Excellence
- ASB processes and compliance
- Customer complaints
- Business Continuity
- Equality and diversity

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 21/22 in several areas has suffered because of the effects of Covid-19 pandemic. This is not surprising given the restrictions imposed because of keeping everyone safe. Key impact was on our repairs and maintenance programme, development programme and letting properties.

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.

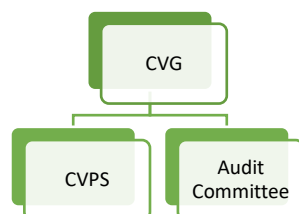
Governance

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 2022

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. Our current Chair is due to retire from office and from the Board in September 2022 after serving 5 years as chair and 9 years on the Board. During 2022 we will embark on the journey to recruit a new Chair to take up office in September 2022.

The Board of Management in line with the Scottish Housing Regulator's Regulatory Framework, must achieve high standards in all their decision-making processes, and ultimately ensure the provision of first-class service delivery to their customers. All Board members undertake an annual appraisal, which also links into the Board Development and Training Plan.

The Executive Team of the group is responsible for achieving the strategy outlined by the Board and undertaking the associated operational activities.

The Group is grateful for the unstinting efforts of our Board and Customer Panel. Every effort is made to encourage volunteering of tenants where possible, and the impact of the Customer Panel during the year has been valued by the Group overall.

Disclosure of Information to the Auditor

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

Auditor

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

By Order of the Board

Position:

Clyde Valley Housing Association Limited

Statement of Board's Responsibilities For the year ended 31 March 2022

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

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

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

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

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

Position: Chairperson

Date:

Clyde Valley Housing Association Limited

Board's Statement of Internal Financial Control For the year ended 31 March 2022

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.
- An internal auditor has been appointed in accordance with the requirements of Guidance note 97/06. An audit plan was set and completed for the year. The results of the work confirm that the Association has satisfactory procedures for managing its finances.

The effectiveness of the Association's system of internal financial control has been reviewed by the Audit Committee and Board for the year ended 31 March 2022. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in these financial statements or in the auditor's report on the financial statements.

By Order of the Board

Position: Chairperson

Date:

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 2022**

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

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 23 has provided the disclosures required by the relevant Regulator Standards for systemically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

Date.....

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 2022

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 2022 which comprise the Group Statement of Comprehensive Income, Statement of Comprehensive Income, Group Statement of Financial Position, Statement of Financial Position, Group Statement of Changes in Reserves, Statement of Changes in Reserves, Group Statement of Cashflows, Statement of Cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Association's affairs as at 31 March 2022 and of its income and expenditure of the Group and the income and expenditure of the Association for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Cooperative and Community Benefits Societies (Group accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

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 2022

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.

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 2022

However, it is the primary responsibility of the Board, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

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

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

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

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

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

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

Use of our report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Cooperative 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.

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 2022**

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

Date:

Clyde Valley Housing Association Limited

**Group Statement of Comprehensive Income
For the year ended 31 March 2022**

	Notes	2022 £	2021 £
TURNOVER	2	23,675,398	22,934,058
Operating expenditure	2	(17,436,219)	(16,252,564)
OPERATING SURPLUS		6,239,179	6,681,494
Loss on disposal of property, plant and equipment		(24,605)	(572,860)
Gain/(Loss) on Revaluation of Housing Investment Properties		59,763	(5,500)
Interest receivable	6	7,638	(4,795)
Interest and financing costs	7	(4,376,360)	(4,034,909)
Movement in fair value of financial instruments		1,900,430	1,302,549
Operating surplus from Associate	12	139,401	164,013
SURPLUS BEFORE TAX		3,945,446	3,529,992
Taxation		296	-
SURPLUS FOR THE YEAR		3,945,742	3,529,992
Other Comprehensive Income			
Actuarial gain/(loss) in respect of defined benefit pension scheme	26	1,090,000	(1,424,842)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,035,742	2,105,150

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 2022**

	Notes	2022 £	2021 £
TURNOVER	2	23,098,451	21,633,476
Operating expenditure	2	<u>(16,842,592)</u>	<u>(15,161,625)</u>
OPERATING SURPLUS		<u>6,255,859</u>	<u>6,471,851</u>
Loss on disposal of property, plant and equipment		(24,605)	(572,860)
Interest receivable	6	76,750	24,575
Interest and financing costs	7	(4,307,248)	(4,034,909)
Movement in fair value of financial instruments		1,900,430	1,302,549
Surplus from Associate	12	<u>139,401</u>	<u>164,013</u>
SURPLUS BEFORE TAX		<u>3,902,363</u>	<u>3,355,219</u>
Taxation		-	-
SURPLUS FOR THE YEAR		<u>3,902,363</u>	<u>3,355,219</u>
Other Comprehensive Income			
Actuarial gain/(loss) in respect of defined benefit pension scheme	26	<u>1,090,000</u>	<u>(1,424,842)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>4,992,363</u></u>	<u><u>1,930,377</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 2022**

	Notes	2022 £	2021 £
FIXED ASSETS			
Housing properties	10.A	363,423,145	344,827,380
Other fixed assets	10.B	3,831,596	3,951,039
Investment properties	11	2,174,030	2,082,500
Fixed asset investments	12	3,143,576	3,004,175
Intangible assets	14	60,000	-
		<u>372,632,347</u>	<u>353,865,094</u>
CURRENT ASSETS			
Work in progress and Properties held for sale	15	3,444,470	2,193,077
Trade and other debtors	16	2,466,548	3,742,468
Cash and cash equivalents		<u>18,709,712</u>	<u>31,698,615</u>
		<u>24,620,730</u>	<u>37,634,160</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	17	<u>(12,106,892)</u>	<u>(10,748,532)</u>
NET CURRENT ASSETS		<u>12,513,838</u>	<u>26,885,628</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>385,146,185</u>	<u>380,750,722</u>
Creditors: Amounts falling due after more than one year	18	(349,585,598)	(349,135,864)
Defined benefit pension liability	26	-	(1,090,000)
		<u>(349,585,598)</u>	<u>(350,225,864)</u>
TOTAL NET ASSETS		<u>35,560,587</u>	<u>30,524,858</u>
RESERVES			
Share Capital	22	68	81
Income and Expenditure Reserve		35,560,519	30,524,777
TOTAL RESERVES		<u>35,560,587</u>	<u>30,524,858</u>

The financial statements on pages 28 to 72 were approved by the Board and authorised for issue on 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 2022**

	Notes	2022 £	2021 £
FIXED ASSETS			
Housing properties	10.A	363,639,451	345,043,683
Other fixed assets	10.B	3,831,596	3,951,039
Fixed asset investments	12	3,143,576	3,004,175
Investment in subsidiaries	13	1	1
		<u>370,614,624</u>	<u>351,998,898</u>
CURRENT ASSETS			
Work in progress and Properties held for sale	15	1,579,108	355,182
Trade and other debtors	16	4,248,898	5,383,920
Cash and cash equivalents		18,628,875	31,593,796
		<u>24,456,881</u>	<u>37,332,898</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	17	(11,934,396)	(10,544,312)
NET CURRENT ASSETS			
		<u>12,522,485</u>	<u>26,788,586</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>383,137,109</u>	<u>378,787,484</u>
Creditors: Amounts falling due after more than one year	18	(349,527,074)	(349,079,797)
Pension provision	26	-	(1,090,000)
		<u>(349,527,074)</u>	<u>(350,169,797)</u>
TOTAL NET ASSETS			
		<u>33,610,035</u>	<u>28,617,687</u>
RESERVES			
Share Capital	22	68	81
Income and Expenditure Reserve		33,609,967	28,617,606
TOTAL RESERVES			
		<u>33,610,035</u>	<u>28,617,687</u>

The financial statements on pages 28 to 72 were approved by the Board and authorised for issue on 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 2022**

	Income and expenditure reserve £
Balance at 1 April 2020	28,419,627
Surplus for the year	3,529,992
Other comprehensive income	<u>(1,424,842)</u>
Balance as at 1 April 2021	<u>30,524,777</u>
Surplus for the year	3,945,742
Other comprehensive income	<u>1,090,000</u>
Balance as at 31 March 2022	<u>35,560,519</u>

Clyde Valley Housing Association Limited

**Association Statement of Changes in Reserves
For the year ended 31 March 2022**

	£
Balance at 1 April 2020	26,687,229
Surplus for the year	3,355,219
Other comprehensive Income	<u>(1,424,842)</u>
Balance as at 1 April 2021	<u>28,617,606</u>
Surplus for the year	3,902,361
Other comprehensive Income	<u>1,090,000</u>
Balance as at 31 March 2022	<u>33,609,967</u>

Clyde Valley Housing Association Limited

**Group Statement of Cashflows
For the year ended 31 March 2022**

	Notes	2022 £	2021 £
Net cash generated from operating activities	23	10,027,528	7,645,190
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(23,683,106)	(29,974,164)
Purchase and Development of Housing for Sale		-	-
Capitalised component replacements		(1,986,887)	(716,700)
Purchase of other fixed assets		(33,508)	(85,405)
Investment – Love Property		(52,500)	-
Fixed asset investment		-	-
Proceeds on disposal of commercial properties		-	-
Proceeds on disposal of residential properties		-	-
Proceeds on disposal of housing properties		167,749	96,000
Net issue of ordinary share capital		-	-
Grants received		9,980,543	17,083,464
Interest received		7,638	(4,795)
NET CASH USED IN INVESTING ACTIVITIES		<u>(15,600,071)</u>	<u>(13,601,600)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(4,376,360)	(4,034,909)
Interest element of finance lease rental payments		-	-
New secured loans		-	35,000,000
Repayments of borrowings		(3,040,000)	(8,060,000)
Capital element of finance lease rental payments		-	-
Withdrawal from deposits		-	-
NET CASH FROM FINANCING ACTIVITIES		<u>(7,416,360)</u>	<u>22,905,091</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(23,016,431)</u>	<u>9,303,491</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>31,698,615</u>	<u>14,749,935</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	<u>18,709,712</u>	<u>31,698,616</u>

Clyde Valley Housing Association Limited**Statement of Cashflows - Association
For the year ended 31 March 2022**

	Notes	2022 £	2021 £
Net cash generated from operating activities	24	9,838,369	7,576,718
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(23,675,576)	(29,974,164)
Purchase and Development of Housing for Sale		-	-
Capitalised component replacements		(1,902,887)	(716,700)
Purchase of other fixed assets		(33,508)	(85,405)
Fixed asset investment		-	-
Proceeds on disposal of commercial properties		-	-
Proceeds on disposal of residential properties		-	-
Proceeds on disposal of housing properties		167,749	96,000
Net issue of ordinary share capital		-	-
Grants received		9,980,543	17,083,464
Interest received		76,750	24,575
NET CASH USED IN INVESTING ACTIVITIES		(15,386,929)	(13,572,230)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(4,376,360)	(4,034,909)
Interest element of finance lease rental payments		-	-
New secured loans		-	35,000,000
Repayments of borrowings		(3,040,000)	(8,060,000)
Capital element of finance lease rental payments		-	-
Withdrawal from deposits		-	-
NET CASH FROM FINANCING ACTIVITIES		(7,416,360)	22,905,091
		(22,803,289)	9,332,861
NET DECREASE IN CASH AND CASH EQUIVALENTS		(12,964,921)	16,909,579
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		31,593,796	14,684,216
CASH AND CASH EQUIVALENTS AT END OF YEAR	24	(18,628,875)	31,593,796

Clyde Valley Housing Association Limited

ACCOUNTING POLICIES For the year ended 31 March 2022

ACCOUNTING POLICIES

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

LEGAL STATUS

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

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

The Association meets the definition of a public benefit entity.

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

BASIS OF ACCOUNTING

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

The financial statements are prepared in Sterling (£).

BASIS OF CONSOLIDATION

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

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

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

Valuation of Investment Property

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

Clyde Valley Housing Association Limited

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2022

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT (continued)

Components of Housing Properties

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

Recoverable Amount of Rent Arrears and Other Debtors

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

Defined benefit obligation

Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases and is based on the input of the actuary. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 26). The net defined benefit pension liability at 31 March 2022 was £nil.

Categorisation of Housing Properties

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

Identification of Cash Generating Units

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

Reduced disclosures

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

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

Going concern

The Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. This is based on the Group's Business plan for 2022, which was approved by the Board in May 2022. 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 2022

Turnover and revenue recognition

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

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

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

Government Grants

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

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

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

Other Grants

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

Other Income

Interest income

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

Investment income

Investment income is recognised on an accruals basis.

Tangible Fixed Assets – Housing Properties

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

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

Cost includes the cost of acquiring land and buildings, 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 in FRS 102. The Board consider that, because investment properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view.

If this departure from the Companies Act 2006 had not been made in order to give a true and fair view, the surplus/deficit for the financial year would have been reduced by depreciation.

Clyde Valley Housing Association Limited

ACCOUNTING POLICIES (continued) For the year ended 31 March 2022

Investment Properties (cont.)

However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount relating to the depreciation of the property cannot be separately identified.

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.

Clyde Valley Housing Association Limited

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2022

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

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

Intangibles

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

Other Tangible Fixed Assets

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

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

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

Borrowing Costs

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

All other borrowing costs are expensed as incurred.

Stocks

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

Taxation

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

Clyde Valley Housing Association Limited

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2022

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 2022, the net defined benefit pension deficit liability was £nil (2021: £1,090,000), which has been included within the provisions for pensions liability in the financial statements.

In the year ended 31 March 2022, the current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account. Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income. Refer to Note 24 for more details.

Financial Instruments

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

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

Financial assets

Debtors

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

Clyde Valley Housing Association Limited

ACCOUNTING POLICIES (continued)

For the year ended 31 March 2022

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

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

Financial liabilities

Trade creditors

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

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

Borrowings

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

Derivatives

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

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

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

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

Clyde Valley Housing Association Limited

ACCOUNTING POLICIES (continued)
For the year ended 31 March 2022

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 2022

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

			2022	2021
	Notes	Turnover £	Operating Costs £	Operating Surplus/(Deficit) £
Affordable letting activities	3	22,244,017	(15,794,806)	6,449,211
Other activities	4	1,431,381	(1,641,413)	(210,032)
Total		23,675,398	(17,436,219)	6,239,179
Total for previous reporting period		22,934,058	(16,252,564)	6,681,495

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

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

			2022	2021
	Notes	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3	22,244,017	(15,794,806)	6,449,211
Other activities	4	854,434	(1,047,786)	(193,352)
Total		23,098,451	(16,842,592)	6,255,859
Total for previous reporting period		21,633,476	(15,161,625)	6,471,851

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

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 2022 £	Total 2021 £
Rent receivable net of service charges	19,825,234	-	4,044	19,829,278	18,771,548
Service charges	116,792	-	-	116,792	105,000
Gross income from rents and service charges	19,942,026	-	4,044	19,946,070	18,876,548
Less voids	(396,571)	-	-	(396,571)	(276,922)
Net income from rents and service charges	19,545,455	-	4,044	19,549,499	18,599,626
Grants released from deferred income	2,692,928	-	1,590	2,694,518	2,350,416
Revenue grants from Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
Total turnover from affordable letting activities	22,239,973	-	5,634	22,244,017	20,950,042
Management and maintenance administration costs	5,484,980	-	-	5,484,980	4,553,127
Service costs	143,520	-	-	143,520	99,230
Planned and cyclical maintenance including major repairs cost	1,570,898	-	-	1,570,898	1,480,813
Reactive maintenance costs	2,401,976	-	-	2,401,976	2,544,825
Bad debts - rents and service charges	170,225	-	-	170,225	156,129
Depreciation of affordable let properties	6,020,341	-	2,866	6,023,207	5,482,218
Impairment of affordable let properties	-	-	-	-	-
Operating Costs for affordable letting activities	15,791,940	-	2,866	15,794,806	14,316,342
Operating surplus or deficit for affordable letting activities	6,448,033	-	1,178	6,449,211	6,633,700
Operating surplus or deficit for affordable letting activities for previous reporting period	6,628,586	-	5,114	6,633,700	

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

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 2022 £	Total 2021 £
Rent receivable net of service charges	19,825,234	-	4,044	19,829,278	18,771,548
Service charges	116,792	-	-	116,792	105,000
Gross income from rents and service charges	19,942,026	-	4,044	19,946,070	18,876,548
Less voids	(396,571)	-	-	(396,571)	(276,922)
Net income from rents and service charges	19,545,455	-	4,044	19,549,499	18,599,626
Grants released from deferred income	2,694,518	-	-	2,694,518	2,350,416
Revenue grants from Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
Total turnover from affordable letting activities	22,239,973	-	4,044	22,244,017	20,950,042
Management and maintenance administration costs	5,484,980	-	-	5,484,980	4,553,127
Service costs	143,520	-	-	143,520	99,230
Planned and cyclical maintenance including major repairs costs	1,570,898	-	-	1,570,898	1,480,813
Reactive maintenance costs	2,401,976	-	-	2,401,976	2,544,825
Bad debts - rents and service charges	170,225	-	-	170,225	156,129
Depreciation of affordable let properties	6,020,341	-	2,866	6,023,207	5,482,218
Impairment of affordable let properties	-	-	-	-	-
Operating Costs for affordable letting activities	15,791,940	-	2,866	15,794,806	14,316,342
Operating surplus or deficit for affordable letting activities	6,448,033	-	1,178	6,449,211	6,633,700
Operating surplus or deficit for affordable letting activities for previous reporting period	6,628,586	-	5,114	6,633,700	

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

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	-	-	-	394,584	394,584	(134,735)	197,756	331,563	409,262
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	-	-	-	-	-	-	7,063	(7,063)	(98,776)
Other activities	-	-	-	1,036,797	1,036,797	-	1,571,335	(534,538)	(262,691)
Total from other activities	-	-	-	1,431,381	1,431,381	(134,735)	1,776,154	(210,038)	47,795
Total from other activities for the previous reporting period	-	-	-	1,984,016	1,984,016	(134,735)	2,070,956	47,795	

Clyde Valley Housing Association Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

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	-	-	-	-	-	-	7,063	(7,063)	(98,776)
Other activities	-	-	-	854,433	854,433	-	1,040,730	(186,297)	(63,072)
Total from other activities	-	-	-	854,433	854,433	-	1,047,793	(193,360)	(161,848)
Total from other activities for the previous reporting period	-	-	-	683,433	683,433	-	845,281	(161,848)	

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

5. ACCOMMODATION IN MANAGEMENT

	Group Units Under Management		Association Units Under Management	
	2022	2021	2022	2021
General needs housing	4,528	4,240	4,511	4,223
Shared ownership	1	3	1	3
Total units in management	4,529	4,243	4,512	4,226

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Interest on bank deposits	7,638	(4,795)	7,638	(4,795)
Group Loan interest	-	-	69,112	29,370
	7,638	(4,795)	76,750	24,575

7. INTEREST PAYABLE AND SIMILAR CHARGES

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Interest arising on:				
Bank loans and overdrafts	5,035,656	4,576,527	4,966,544	4,576,527
Amortisation of issue costs of bank loan	29,665	43,510	29,665	43,510
	5,065,321	4,620,037	4,996,206	4,620,037
Less: Interest capitalised on housing properties under construction	(688,961)	(585,128)	(688,961)	(585,128)
	4,376,360	4,034,909	4,307,248	4,034,909

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 2022

8. OPERATING SURPLUS OR DEFICIT

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Operating surplus is stated after charging/(crediting):				
Depreciation of housing properties	6,023,207	5,280,624	6,023,207	5,280,624
Depreciation of other tangible fixed assets (note 10.B) - Owned	152,952	199,310	152,952	199,310
Deficit on disposal of tangible fixed assets	24,605	572,860	24,605	572,860

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

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Audit services - statutory audit of the Association	20,625	18,750	16,500	15,000
<i>Other services:</i>				
Taxation compliance services	4,435	6,000	2,200	2,000

9. EMPLOYEES

	Group		Association	
	2022	2021	2022	2021
	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	80	72	80	72
	2022	2021	2022	2021
	£	£	£	£
Staff costs for the above persons:				
Wages and salaries	3,003,318	2,647,225	3,003,318	2,647,225
Social security costs	305,647	267,791	305,647	267,791
Defined contribution pension cost	258,695	231,561	258,695	231,561
	3,567,660	3,146,577	3,567,660	3,146,577

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

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	
	2022	2021	2022	2021
	No.	No.	No.	No.
£60,000 - £70,000	2	3	2	3
£70,001 - £80,000	-	-	-	-
£80,001 - £90,000	2	1	2	1
£90,001 - £100,000	-	1	-	1
£100,001 – £110,000	-	-	-	-
£110,001 - £120,000	1	1	1	1
	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Aggregate emoluments for all key management personnel (excluding pension contributions)	463,954	422,488	412,741	422,488
The emoluments of the highest paid member of key management personnel (excluding pension contributions)	136,455	117,361	121,010	117,361
Aggregate pension contributions in relation to the above key management personnel	37,850	35,954	35,242	35,954

Remuneration was paid to the chair, chair of Audit committee of CVHA and chair of CVPS during the year amounting to £13,400. This is allocated under consultancy fees.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

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 2021	325,038,528	67,835,290	317,739	393,191,557
Additions	-	24,401,498	-	24,401,498
Works to existing properties	678,962	-	-	678,962
Schemes completed	42,847,678	(42,847,678)	-	-
Disposals	(354,851)	(251,675)	(122,134)	(728,660)
31 March 2022	<u>368,210,317</u>	<u>49,137,435</u>	<u>195,605</u>	<u>417,543,357</u>
Depreciation and impairment				
1 April 2021	48,297,045	-	67,132	48,364,177
Depreciation charged in year	6,020,343	-	2,866	6,023,209
Released on disposal	(247,735)	-	(19,439)	(267,174)
31 March 2022	<u>54,069,653</u>	<u>-</u>	<u>50,559</u>	<u>54,120,212</u>
Net book value				
31 March 2022	<u>314,140,664</u>	<u>49,137,435</u>	<u>145,046</u>	<u>363,423,145</u>
31 March 2021	<u>276,741,483</u>	<u>67,835,290</u>	<u>250,607</u>	<u>344,827,380</u>

EXPENDITURE ON WORKS TO EXISTING PROPERTIES

	2022 £	2021 £
Improvement work capitalised	-	-
Replacement component spend capitalised	678,962	2,240,070
Amounts charged to income and expenditure	238,366	554,652
Total major repairs spend	<u>917,328</u>	<u>2,794,722</u>

FINANCE COSTS

	2022 £	2021 £
Aggregate amount of finance costs included in the cost of housing properties	<u>2,194,848</u>	<u>1,505,887</u>

The cost of land Included above was £49,589,544 (2021 £44,865,398)

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

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 2021	325,254,834	67,835,289	317,739	393,407,862
Additions	-	24,401,498	-	24,401,498
Works to existing properties	678,965	-	-	678,965
Schemes completed	42,847,678	(42,847,678)	-	-
Disposals	(354,851)	(251,675)	(122,134)	(728,660)
31 March 2022	<u>368,426,626</u>	<u>49,137,434</u>	<u>195,605</u>	<u>417,759,665</u>
Depreciation and impairment				
1 April 2021	48,297,047	-	67,132	48,364,179
Depreciation charged in year	6,020,343	-	2,866	6,023,209
Released on disposal	(247,735)	-	(19,439)	(267,174)
31 March 2022	<u>54,069,655</u>	<u>-</u>	<u>50,559</u>	<u>54,120,214</u>
Net book value				
31 March 2022	<u>314,356,971</u>	<u>49,137,434</u>	<u>145,046</u>	<u>363,639,451</u>
31 March 2021	<u>276,957,787</u>	<u>67,835,289</u>	<u>250,607</u>	<u>345,043,683</u>

EXPENDITURE ON WORKS TO EXISTING PROPERTIES

	2022 £	2021 £
Improvement work capitalised	-	-
Replacement component spend capitalised	678,962	2,240,070
Amounts charged to income and expenditure	238,366	554,652
Total major repairs spend	<u>917,328</u>	<u>2,794,722</u>

FINANCE COSTS

	2022 £	2021 £
Aggregate amount of finance costs included in the cost of housing properties	<u>2,194,848</u>	<u>1,505,887</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 £49,589,544 (2021 £44,865,398).

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022
10.B TANGIBLE FIXED ASSETS – OTHER – GROUP

	Land and Buildings	Office Equipment	Plant and Other Equipment	Computer Equipment	Total
Cost					
1 April 2021	4,599,168	276,027	14,407	905,108	5,794,710
Additions	-	-	-	33,508	33,508
Disposals	-	-	-	-	-
31 March 2022	<u>4,599,168</u>	<u>276,027</u>	<u>14,407</u>	<u>938,616</u>	<u>5,828,218</u>
1 April 2021	851,864	265,142	14,407	712,258	1,843,671
Depreciation charged in year	71,262	4,197	-	77,492	152,951
Disposals	-	-	-	-	-
31 March 2022	<u>923,126</u>	<u>269,339</u>	<u>14,407</u>	<u>789,750</u>	<u>1,996,622</u>
31 March 2022	<u>3,676,042</u>	<u>6,688</u>	<u>-</u>	<u>148,866</u>	<u>3,831,596</u>
31 March 2021	<u>3,747,304</u>	<u>10,885</u>	<u>-</u>	<u>192,850</u>	<u>3,951,039</u>

10.B TANGIBLE FIXED ASSETS – OTHER - ASSOCIATION

	Land and Buildings £	Office Equipment £	Plant and Other Equipment £	Computer Equipment £	Total £
Cost					
1 April 2021	4,599,168	276,027	14,407	905,108	5,794,710
Additions	-	-	-	33,508	33,508
Disposal	-	-	-	-	-
31 March 2022	<u>4,599,168</u>	<u>276,027</u>	<u>14,407</u>	<u>938,616</u>	<u>5,828,218</u>
1 April 2021	851,864	265,142	14,407	712,258	1,843,671
Depreciation charged in year	71,262	4,197	-	77,492	152,951
Disposal	-	-	-	-	-
31 March 2022	<u>923,126</u>	<u>269,339</u>	<u>14,407</u>	<u>789,750</u>	<u>1,996,622</u>
31 March 2022	<u>3,676,041</u>	<u>6,688</u>	<u>-</u>	<u>148,866</u>	<u>3,831,596</u>
31 March 2021	<u>3,747,304</u>	<u>10,885</u>	<u>-</u>	<u>192,850</u>	<u>3,951,039</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022
11. INVESTMENT PROPERTIES – GROUP

	2022	2021
	£	£
At 1st April	2,082,500	2,088,000
Additions	31,767	-
Increase in value	59,763	(5,500)
At 31 March	<u>2,174,030</u>	<u>2,082,500</u>

Investment properties were valued as at 31 March 2022 by Allied Surveyors Scotland Chartered Surveys, Whyte & Barrie First Surveyors Scotland and DM Hall Chartered Surveyors. The valuation of the Association's properties was carried out in accordance with the Royal Institution of Chartered Surveyors ("RICS") Appraisal and Valuation Manual. A report has been provided for each property that has been valued by the Surveyors.

12. FIXED ASSET INVESTMENTS

	Group		Association	
	Shares in trade investments	Total	Shares in trade investments	Total
Cost or valuation:	£	£	£	£
1 April 2021	3,004,175	3,004,175	3,004,175	3,004,175
Additions	139,401	139,401	139,401	139,401
31 March 2022	<u>3,143,576</u>	<u>3,143,576</u>	<u>3,143,576</u>	<u>3,143,576</u>

Clyde Valley Housing Association Ltd owns 2,000,002 ordinary £1 shares in Innov8 Housing Solutions Ltd. This represents a 42% shareholding in Innov8 Housing Solutions Ltd, a company registered in Scotland, whose principal activity is that of provision of rented residential accommodation at intermediate market levels. Under FRS 102, Clyde Valley Housing Association Ltd must recognise a share of the associate company's profit or loss in proportion to this shareholding and the addition relates to the Association's 42% share of the associate company for the year. However, under the terms of the shareholders' agreement the Association's ultimate return may differ from 42% at the end of the agreement. As at 31 March 2022, the capital and reserves of Innov8 Housing Solutions were £7,321,085 (2021 £7,055,879) with a taxable profit for the year of £331,906 (2021 £390,502).

13 INVESTMENTS	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
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 2022, the capital and reserves of Clyde Valley Property Services were £2,169,304 (2021 £2,125,876 with a taxable profit for the year of £43,380 (2021 £141,324).

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022
14. INTANGIBLES

	Total £
Valuation	
At 1 April 2021	-
Addition	60,000
At 31 March 2022	<u>60,000</u>
Net book value	
At 31 March 2022	<u>60,000</u>
At 31 March 2021	<u>-</u>

On the 1st July 2021, CVPS purchased a customer list from Love Homes (Motherwell) Ltd and the payments made will be in staged payments with the final due being paid during 2022/23. No amortisation of the asset has taken place this year until all payments have been made.

15. WORK IN PROGRESS AND PROPERTIES HELD FOR SALE

	Group		Association	
	2022 £	2021 £	2022 £	2021 £
Work in progress	1,865,362	1,837,895	-	-
Incomplete renovation contacts	1,579,108	355,182	1,579,108	355,182
	<u>3,444,470</u>	<u>2,193,077</u>	<u>1,579,108</u>	<u>355,182</u>

16. DEBTORS

Amounts falling due within one year:	Group		Association	
	2022 £	2021 £	2022 £	2021 £
Rent and service charges receivable	1,571,620	1,597,756	1,571,620	1,597,756
Less: provision for bad and doubtful debts	(813,524)	(802,066)	(813,524)	(802,066)
	758,096	795,690	758,096	795,690
Other debtors	541,778	1,370,223	214,638	957,747
Prepayments and accrued income	1,166,674	1,576,555	1,166,063	1,572,078
Amounts due from Group undertakings	-	-	2,110,101	2,058,405
	<u>2,466,548</u>	<u>3,742,468</u>	<u>4,248,898</u>	<u>5,383,920</u>

Debtors ageing for amounts owed from Group undertakings:

	2022 £	2021 £
Amounts due within 1 year	<u>2,110,101</u>	<u>2,058,405</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Debt (note 20)	3,080,000	3,060,000	3,080,000	3,060,000
Rent and service charges received in advance	504,062	428,807	504,062	428,807
Deferred capital grants (note 19)	2,994,780	2,900,484	2,994,780	2,900,484
Trade creditors	706,568	553,710	693,763	544,278
Corporation tax	-	340	-	-
Other Tax and Social Security	(60,240)	-	-	-
Other creditors	219,068	200,586	105,769	100,455
Accruals and deferred income	4,662,654	3,604,605	4,556,022	3,510,288
	<u>12,106,892</u>	<u>10,748,532</u>	<u>11,934,396</u>	<u>10,544,312</u>

18. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	GROUP		ASSOCIATION	
	2022	2021	2022	2021
	£	£	£	£
Debt (note 20)	136,414,969	139,455,304	136,414,969	139,455,304
Deferred capital grant (note 19)	206,157,712	200,133,378	206,157,712	200,133,378
Retentions	1,071,990	1,389,797	1,013,466	1,333,277
Interest Rate SWAPS	3,834,284	5,734,714	3,834,284	5,734,714
Other Creditors	2,423,113	2,422,671	2,423,113	2,423,124
Pension Deficit	(316,470)	-	(316,470)	-
	<u>349,585,598</u>	<u>349,135,864</u>	<u>349,527,074</u>	<u>349,079,797</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

19. 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 £
Social Housing only				
Gross Grant Creditor				
At 31st March 2021	176,281,745	49,288,570	115,618	225,685,933
Transfers	23,380,742	(24,534,245)	-	(1,153,503)
Grant Received in the year 2021/22	-	9,980,543	-	9,980,542
On Disposals 2021/22	(18,057)	-	-	(18,057)
Gross Grant Creditor as at 31st March 2022	199,644,430	34,734,868	115,618	234,494,916
Amortisation				
At 1st April 2021	(22,581,311)	-	(50,167)	(22,631,478)
Amortisation in the year	(2,709,356)	-	(1,590)	(2,710,946)
Total Amortisation as at 31st March 2022	(25,290,667)	-	(51,757)	(25,342,424)
Net Grant Creditor				
As at 31st March 2022	<u>174,353,763</u>	<u>34,734,868</u>	<u>63,861</u>	<u>209,152,492</u>
As at 1st April 2021	<u>153,700,434</u>	<u>49,288,570</u>	<u>65,451</u>	<u>203,054,455</u>
Deferred Capital Grant due within 1 year				2,994,780
Deferred Capital Grant due after 1 year				<u>206,157,712</u>
Total deferred Capital Grant due				<u>209,152,492</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022
20. DEBT ANALYSIS – BORROWINGS

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Creditors: amounts falling due within one year:				
Bank loans	3,080,000	3,060,000	3,080,000	3,060,000
Creditors: amounts falling due after more than one year:				
Bank loans	136,820,000	139,880,000	136,820,000	139,880,000
Private Placement fees paid	(405,031)	(424,696)	(405,031)	(424,696)
Total	139,494,969	142,515,304	139,494,969	142,515,304

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

Bank Borrowings of £139,900,000 (2021: £142,940,000) are secured against the Associations Housing properties.

Bank Borrowings of £5,000,000 bear average fixed-rate coupons of 5.08% per annum (2021: 5.08%). Bank Borrowings of £67,940,000 bear average variable-rate coupons of 0.75% above LIBOR (2021: 0.75%). Bank Borrowings of £70,000,000 bear average fixed rate coupons of 3.51%.

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

Bank borrowings are part of a £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	
	2022	2021	2022	2021
	£	£	£	£
Due within one year	3,080,000	3,060,000	3,080,000	3,060,000
Due in one year or more but less than two years		-		-
Due between two and five years	14,600,000	9,460,000	14,600,000	9,460,000
Due more than five years	122,220,000	130,420,000	122,220,000	130,420,000
	139,900,000	142,940,000	139,900,000	142,940,000

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

21. FINANCIAL INSTRUMENTS

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Financial liabilities: Measured at fair value through income and expenditure				
- Other financial liabilities	3,834,284	5,734,714	3,834,284	5,734,714

In order to manage interest rate risk, the Association has entered into the following hedging instruments, which are in place as at 31st March 2022.

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 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 2022
22. SHARE CAPITAL

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

	Group		Association	
	2022	2021	2022	2021
	Number	Number	Number	Number
Number of members				
1 April 2021	81	83	81	83
Joined during the year	1	-	1	-
Left during year	(14)	(2)	(14)	(2)
31 March 2022	<u>68</u>	<u>81</u>	<u>68</u>	<u>81</u>

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

	2022	2021
	£	£
Surplus for the year	6,239,179	6,681,494
Adjustments for non-cash items	-	-
Depreciation of tangible fixed assets	6,176,159	5,479,934
Impairment losses on Fixed Asset investments	-	-
Fair value losses on investment properties	59,763	5,500
Defined benefit pension schemes	-	(346,000)
Amortisation of Grants	(2,694,518)	(2,313,426)
Decrease in Fixed Asset Investments		
Wellwynd Grant Creditor	-	(1,890,838)
Loss/(Gain) on disposal of tangible fixed assets	-	572,860
Taxation		
Operating cash flows before movements in working capital	<u>9,780,583</u>	<u>8,189,524</u>
(Increase)/Decrease/ in stock	(1,251,392)	1,919,318
Decrease/(Increase) in trade and other debtors	965,462	(1,746,902)
(Increase)/Decrease in trade and other creditors	532,875	(716,750)
Cash generated from operations	<u>10,027,528</u>	<u>7,645,190</u>

Cash and Cash Equivalents (Group)

	2022	2021
	£	£
Cash and Cash Equivalents represent:-		
Cash at Bank	18,709,712	31,698,615
Short Term Deposits	-	-
Overdraft	-	-
	<u>18,709,712</u>	<u>31,698,615</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022
24. RECONCILIATION OF SURPLUS TO NET CASH GENERATED FROM OPERATIONS – ASSOCIATION

	2022	2021
	£	£
Surplus for the year	6,263,497	6,471,851
Adjustments for non-cash items	-	-
Depreciation of tangible fixed assets	6,176,159	5,479,934
Impairment losses on tangible fixed assets	-	-
Impairment losses on investments	-	-
Fair value (gains)/losses on investment properties	-	-
Defined benefit pension schemes	-	(346,000)
Fair value (gains)/losses on financial instruments	-	-
Amortisation of Grants	(2,694,518)	(2,313,426)
(Gain) on disposal of tangible fixed assets	-	572,860
Wellwynd Grant Creditor	-	(1,890,838)
Interest receivable	-	-
Interest payable	-	-
Taxation	-	-
Operating cash flows before movements in working capital	9,745,138	7,974,381
Decrease/(increase) in stock	(1,223,925)	1,400,142
(Increase)/Decrease in trade and other debtors	867,736	(1,076,823)
Increase/(decrease) in trade and other creditors	449,420	(720,982)
Cash generated from operations	9,838,369	7,576,718

Cash and Cash Equivalents (Association)

	2022	2021
	£	£
Cash at Bank	18,628,875	31,593,796
Short Term deposits	-	-
Overdraft	-	-
	18,628,875	31,593,796

25. CAPITAL COMMITMENTS AND OTHER CONTRACTUAL OBLIGATIONS

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Capital expenditure contracted for but not provided in the financial statements	39,808,651	37,698,898	36,867,884	37,698,898

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

26. RETIREMENT BENEFITS

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

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

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

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

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

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

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

Under the defined benefit pension accounting approach, the SHAPS net deficit as at 1 April 2021 is £1,090,000 and is £nil as at 31 March 2022.

The Association has been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over recent years. The Trustee has been advised to seek clarification from the Court on potential changes to the pension liability. This process is ongoing and the Association understands that the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until the outcome of the Court process is known, it is not possible to calculate the impact on the liabilities of this issue, particularly on an individual employer basis, with any accuracy for the purposes of the 31 March 2022 financial statements. Accordingly no adjustment has been made in these financial statements in respect of this potential issue.

26. RETIREMENT BENEFITS (continued)

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

	31 March 2022	31 March 2021
	(£000s)	(£000s)
Fair value of plan assets	10,934	10,628
Present value of defined benefit obligation	10,860	11,718
Surplus (deficit) in plan	74	(1,090)
Unrecognised surplus	74	-
Defined benefit asset (liability) to be recognised	-	(1,090)

RECONCILIATION OF THE IMPACT OF THE ASSET CEILING

	Period from 31 March 2021 to 31 March 2022 (£000s)
Impact of asset ceiling at start of period	-
Effect of the asset ceiling included in net interest cost	-
Actuarial losses (gains) on asset ceiling	74
Impact of asset ceiling at end of period	74

RECONCILIATION OF OPENING AND CLOSING BALANCES OF
THE DEFINED BENEFIT OBLIGATION

	Period from 31 March 2021 to 31 March 2022 (£000s)
Defined benefit obligation at start of period	11,718
Current service cost	-
Expenses	11
Interest expense	250
Member contributions	-
Actuarial losses (gains) due to scheme experience	284
Actuarial losses (gains) due to changes in demographic assumptions	35
Actuarial losses (gains) due to changes in financial assumptions	(949)
Benefits paid and expenses	(489)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	10,860

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

	Period from 31 March 2021 to 31 March 2022 (£000s)
Fair value of plan assets at start of period	10,628
Interest income	230
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	210
Employer contributions	355
Member contributions	-
Benefits paid and expenses	(489)
Assets acquired in a business combination	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	10,934

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2021 to 31 March 2022 was £440,000.

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

	Period from 31 March 2021 to 31 March 2022 (£000s)
Current service cost	-
Expenses	11
Net interest expense	20
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in Statement of Comprehensive Income (SoCl)	31

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME (OCI)

	Period from 31 March 2021 to 31 March 2022 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	210
Experience gains and losses arising on the plan liabilities - gain (loss)	(284)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(35)

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	949
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	840
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	(74)
Total amount recognised in Other Comprehensive Income - gain (loss)	766

ASSETS

	31 March 2022	31 March 2021
	(£000s)	(£000s)
Global Equity	2,162	1,644
Absolute Return	501	524
Distressed Opportunities	392	363
Credit Relative Value	351	326
Alternative Risk Premia	452	426
Emerging Markets Debt	407	428
Risk Sharing	357	380
Insurance-Linked Securities	229	222
Property	283	191
Infrastructure	683	593
Private Debt	275	250
Opportunistic Illiquid Credit	362	272
High Yield	106	279
Opportunistic Credit	38	290
Cash	30	4
Corporate Bond Fund	691	802
Liquid Credit	70	184
Long Lease Property	315	247
Secured Income	584	584
Over 15 Year Gilts	5	5
Liability Driven Investment	2,646	2,555
Currency Hedging	(40)	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2022

Net Current Assets	35	79
Total assets	10,934	10,628

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 2022	31 March 2021
	% per annum	% per annum
Discount Rate	2.79%	2.18%
Inflation (RPI)	3.54%	3.27%
Inflation (CPI)	3.17%	2.87%
Salary Growth	4.17%	3.87%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2022	21.6
Female retiring in 2022	23.9
Male retiring in 2042	22.9
Female retiring in 2042	25.4

27. RELATED PARTY TRANSACTIONS

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

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

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

We have no tenants on our Board.

Innov8 housing solutions is a 42% owned Joint Venture of Clyde Valley Housing Association. During the year, CVHA sold goods and services, in the normal course of business activities, to Innov8 Housing Solutions Limited, amounting to £41,353 (2021: £41,119).

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