CLYDE VALLEY HOUSING ASSOCIATION LIMITED

GROUP REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

Clyde Valley Housing Association Limited

Group Report and Financial Statements
For the year ended 31 March 2019

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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

Board, Executives and Advisers
For the year ended 31 March 2019

Members of Board

The Members of the Board of the Association during the year to 31 March 2019, and up to the date of signing of these financial statements were as follows:

1. Allan Murray. Chairman
2. Andrew McFarlane, Vice Chairman
3. Campbell Boyd
4. Alex Baird
5. Kerr Luscombe
6. Ilona McGowan
7. Lorraine Usher
8. Marie Gilfillan (elected 17/9/18)
9. Eleanor Walker (elected 17/9/18)
10. Connie Hendry (elected 18/3/19)

Resignations

1. Johnathan Fair – 27 September 2018
2. Edward Harkins – 10 December 2018
3. Wilma Kelly – 15 February 2019

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50 Scott Street
Motherwell
ML1 1PN

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

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

Solicitors
BTO Solicitors LLP
48 St Vincent Street
Glasgow
G2 5HS

Board, Executives and Advisers
For the year ended 31 March 2019

Executive Team

The Executive Team of the Association during the year to 31 March 2019, and up to the date of signing these financial statements were as follows:

Lynn Wassell	Chief Executive
Carron Garmory	Finance Director
John Turnbull	Investment Director
Shirley McDonald	Finance Director (to May 2018)
Kirsty Morrison	Customer Services Director (to December 2018)
Fin Smith	Customer Services Director (appointed 3rd June 2019)

Committee Membership 2019

Finance Committee	Kerr Luscombe (Chair) Allan Murray Marie Gilfillan
Audit and Risk Committee	Andrew McFarlane (Chair) Campbell Boyd Alex Baird Ilona McGowan Eleanor Walker Connie Hendry

Group Report of the Board
For the year ended 31 March 2019

The Board presents their report and audited financial statements for the year ended 31 March 2019.

Chairman's Report

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

Our Board ensured the continuing implementation of the Group's Corporate Strategy: 2020 Vision. One of our significant achievements was meeting the delivery targets for our new supply capital programme to help meet the Group's strategic objectives in relation to tackling the demand for social housing in Scotland. As well providing much needed homes for social rent we also provided other tenures in the form of private sector, mid-market rental properties. We also continued to ensure that we invested in our existing customers' homes with a planned and reactive programme of works of £4.4m.

To continue to meet the Group's strategic objectives and contribute to Scottish Government targets for new supply we signed a £70m private placement with Canada Life in May 2018. This allows us to deliver circa 1200 additional properties to 2022. This funding also allows us to meet our refinancing obligation of a £35m revolving credit facility, which matures in 2020.

We continued with our full strategy review and continue with the view of producing a new 5 year Corporate Plan by April 2020 taking us beyond our current 2020 vision.

We had some changes in Board membership and welcomed new members to the Board who bring a range of skills and expertise to complement our existing Board Members. We are currently recruiting for further Board members leading up to the AGM. The input and expertise from our volunteer trustees is vital to the Association's growth, viability and ongoing success. We continue to build on our strengths through our Board Excellence Plan. In addition, I would also like to extend my thanks to our staff team for another successful year of positive results and achievements.

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

- Delivering an effective repairs service
- Improving homes
- Charging affordable rents
- Secure home environment
- Knowledgeable staff

The on-going challenges in the industry continue to challenge us as a business, but also allow us to think differently and look for new opportunities. We have a great experienced team of trustees, staff, contractors and partners and together we will continue to develop and grow.

[redacted]

Allan Murray
Chairman

Chief Executive's Report

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

CVG remains an agile, commercially focused and growing modern business. With customers at our heart, we continue to offer value for money, new homes and exceptional service. We have grown and diversified our business as a landlord and factor over the last 23 years and continue to do so, including through our wholly owned subsidiary, Clyde Valley Property Services.

CVG was awarded accreditation for Customer Excellence for the third time in 2017, with several aspects of our service recognised as 'compliant plus.' A review visit in 2018 was positively received and we maintained our compliant plus indicators. We challenge ourselves every day to do more and do better for over 7,000 customers.

We conducted our 3-year tenant and owner surveys in summer 2018. Our overall tenant satisfaction (based on 1400 customers) remains high at 89%. The results have helped us set our priorities and investment for our Annual Delivery Plan. Our new partner BMG Research has supported us in carrying out a further detailed survey of 500 customers about our repairs service to help shape the design of our re-procurement exercise during 2019/20. We are also piloting use of 'real time' customer insight by SMS to drive service improvement and are conducting Annual Pulse Surveys with over 500 tenants starting in summer 2019.

Our experienced and valued team lives our Organisational Values and our December 2018 employee survey confirmed our 'net promoter' score at 89%. We obtained Healthy Working Lives bronze award in 2018 and are working towards silver accreditation.

As one of the top 10 developers in Scotland for social and mid-market rented homes, we are rising to the Government's challenge of building 50,000 new homes in Scotland before 2021. Our current plans will see us grow to own and manage nearly 5,000 homes across Lanarkshire and East Dunbartonshire by 2022.

In 2018/19 we invested over £37m in new supply; another great year and the most we have ever invested in one year including securing over £25m of this commitment through Scottish Government grant.

CVHA also continues to play a significant role in working with Local Authorities and RSLs and other partners. We aim to ensure we continue to collaborate, benchmark and contribute to achieve the best outcomes and ensure the well-being of our customers and communities. We are members of the Scottish Federation of Housing Associations, the Haymarket Group (Housemark value for money club) and Scotland's Housing Network, comparing RSL performance in Scotland in delivering value for money.

We know there are significant challenges that many of our customers are facing along with all sorts of economic pressures, political change and uncertainty. The challenges are very real - fuel poverty, poor health outcomes, lack of access to high quality affordable homes, welfare reform, digital inclusion and homelessness. CVHA will continue to work closely with our Local Authorities and other partners to tackle these issues and seek innovative solutions. During 2018/19 our business became subject to the challenge of full Universal Credit roll out across our whole stock. End of year performance on arrears recovery has nevertheless held firm. CVHA staff are working hard with customers to provide customer support and minimise impacts. We are also committed to support Housing First and rapid rehousing transition planning to end the use of temporary homelessness accommodation.

We need to ensure we continue to think ahead of 2020 and work with customers to meet their needs and those of the next generation and will participate fully in the Scotland debate on the future of housing to 2040.

Chief Executive's Report (continued)

CVG remains in a strong financial position, reporting turnover of £21.4m this year, compared to £21.1m in 2018 and surplus before tax this year of £2.7m. This surplus allows us to continue to invest in our current properties as well as invest in new properties. Our business plan reflects our robust and prudent approach to treasury management and we ensure we are responsive and alert to economic and financial impacts on a daily basis.

We are well on the way to a new Corporate Plan and will complete this during 2019/20, working with customers, our people and other partners. As the leading RSL in Lanarkshire, we will continue in our aim to grow, develop new services, as well as striving to exceed customer expectations in all that we do.

Lynn Wassell
Chief Executive

Strategic Report
Who We Are

The Clyde Valley Group (CVG) is a thriving social business recognised for innovative and partnership approaches to meeting community needs. Clyde Valley Housing Association (CVHA), the Group's main operating company, has over 20 years' track record of delivering housing management, scheme development and high quality housing services for a diverse range of customers.

The Group's activities cover principally North Lanarkshire and South Lanarkshire, with interests in Glasgow and East Dunbartonshire. There are 2 principal companies in the Group providing services to over 7,000 customers:

- **Clyde Valley Housing Association Limited**
  The Group parent.

- **Clyde Valley Property Services Limited (CVPS)**
  Commercial property company (and wholly owned subsidiary of CVHA).

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

	31 March 2019	31 March 2018
Tenanted Properties	3,957	3,647
Shared Ownership Properties	4	5
Total	**3,961**	**3,652**

Principal Activities

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

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

CVHA is registered under the Co-operative and Community Benefit Societies Act 2014 and also registered with the Office of the Scottish Charities Regulator (OSCR) and the Scottish Housing Regulator.

Clyde Valley Property Services is the Group's subsidiary property company and registered factor. It provides homeowner services to more than 3,000 customers including property factoring and mid-market and market sale property- letting, as well as development of housing for sale.

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

Objectives

Our Corporate Strategy: 2020 Vision sets out the values, strategic themes and ambitions for the CVG.

Vision

Our 2020 vision is:

- To deliver an ambitious, expanded programme of high quality services that our customers want, in the way that they want to receive them, whilst improving the wellbeing of those who need extra support, through a bespoke Clyde Valley Housing Options model.
- To be a force for positive change by investing in our homes and local communities to reduce fuel poverty, support people into work and provide opportunities for young people.
- To increase the number of new homes that we build each year across the Group by 2020, enabling more people to rent or buy a home that they can afford.
- To give our employees rewarding careers by investing in them and enabling them to exceed the expectations of our customers.

Values

Our values are important to us and underpin everything we do.

Innovation	We will look for innovative solutions to resolve problems, deliver positive outcomes and achieve value for money.
Integrity	We will deliver on our promises and be clear about what we can and cannot do. We will listen to and respect our customers and everyone we work with.
Inclusion	We believe we can achieve far more by working in partnership with others. We will work together to provide excellent services and products.

Strategic Themes

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

1.	Provision of innovative solutions and appropriate support to improve health, wellbeing and tenancy sustainment.
2.	Well governed, delivering best value and ensuring efficiency.
3.	Supply of good quality housing across all tenures.
4.	Excellent services and opportunities for our people.
5.	Regeneration, investment and sustainability of homes and communities.

Strategy for Achieving Objectives

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

Figure 1 – CVG Corporate Plan and Supporting Framework

Corporate Strategy: 2020 Vision		
30 Year Business Plan		
Activity Plans (Service and Individual)	Value for Money Statement and Performance Report	Asset Management Strategy
Corporate Social Responsibility Strategy	Customer Engagement Strategy	Equality Strategy
HR Strategy	ICT Strategy	Marketing and Communications Strategy
Procurement Strategy	Risk Strategy	Treasury Management Strategy

In establishing the Corporate Strategy the focus has been on making a clear connection between the activities and the contribution of the individual (Board, staff, customer and partners), and the strategic direction and focus of the Group over the 5 year period.

There are a number of operational tools which support this and some of these include:

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

The Corporate Strategy sets out our strategic direction and ambitions towards 2020. However, business planning, management and assurances processes have the ability to respond to a volatile and uncertain business environment, which is likely to continue.

Operational Objectives

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

1.	**Provision of new solutions and appropriate support to improve health, wellbeing and tenancy sustainment**
	- Developed and implemented further initiatives to help customers manage impact of welfare reform and minimise risk for Association. - Maintained enhanced Customer Service Excellence re-accreditation. - Continued our work with the Clyde Valley Customer Panel to improve service review with a focus on rent arrears. - Implemented substantial planned programme of major, cyclical and reactive works to ensure customers' homes remained safe and secure. - Undertook medical adaptations to ensure customers could remain in their homes.

2.	**Well governed, delivering best value and ensuring efficiency**
	- Implemented Annual Business Plan and undertook scenario testing - Finalised new Private Placement with Canada Life for £70m. - Produced our Value for Money Strategy and Annual Statement. - Reviewed Board Composition, Skills and Recruitment Policy. - Recruited and inducted new Board members enhancing the skills of our existing Board. - Annual independent reports from internal and external auditors.

3.	**Supply of good quality housing across all tenures**
	- 314 new homes completed in year. - Continued positive partnerships with Scottish Government and local authorities. - Continue to manage properties for innovative investment project with key partners for mid-market rent in town centre locations. - Provided managed lettings services for mid-market and market rent properties. - Managed One Wellwynd community hub facility supporting 5 social enterprises and small local businesses employing over 60 people.

Operational Objectives (continued)

4.	Excellent services and opportunities for our people
	- Continued with apprenticeship programme. - Utilised graduate placements for mutual benefit - Promoted and supported volunteering amongst staff. - Raised over £2,000 in the year through employee payroll giving scheme and charitable events to benefit local charities and individuals. - Re-introduced Healthy Working Lives and achieved the Bronze award. - Updated and relaunched our CSR Strategy.

5.	Regeneration, innovation, investment and sustainability of homes and our communities
	- Delivered SHQS (to 95.2%). - Commenced compliance of EESSH (86.4%). - Continued to deliver on Douglas and Gartlea Low Demand Strategy. - Ensured communities were recipients of staff volunteering and fundraising activity through the Corporate Social Responsibility Group.

Financial Review

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

The Group Statement of Comprehensive Income is set out on page 30. The Group made a surplus of £1,869,634 (2018: £4,570,111) after providing for Corporation Tax relief of £205,864 (2018: payment £157,880). The largest operating cost areas in the Group are our planned investment programme, reactive maintenance and direct costs which in 2018/19 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 general investments has resulted in these decreasing at the year-end by £73,368 compared to an increase in the previous year of £977,146.

The Association undertakes stock condition surveys which samples our properties. The most recent survey was carried out in June 2017 with 30% of the stock being sampled bringing the total stock surveyed in the last 5 years to 60%. Through a stratified survey sample and cloning this gives the organisation a robust data set to plan our stock investment. Our Business Plan for 2019 takes into account the new Energy Efficiency Standard for Social Housing (EESSH) with significant expenditure expected through to 2020 which is the deadline for delivery as well as the investment of £800k to meet the new first safety regulations.

The total expenditure on works to existing properties was £1,488,260 of which £1,139,249 was capitalised and £349,011 recognised in the Income and Expenditure account.

Credit Payment Policy

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

Rental Income

All rents are set on a fair, equitable and transparent basis, with like for like properties being charged the same rents. The Association adopts a measured approach of seeking to balance the needs of the business financially with the need to maintain rents that remain affordable to tenants on fixed or modest incomes. We carried out tenant consultation on rents and affordability through our 2018 tenant survey, and benchmarked affordability across our areas of operation. This work formed the basis of the formal review of our 5- year rent strategy of 3% per annum along with analysis of investment needs. The 2018/19 rent increase was again set at 3.0%.

Budgetary Process

Each year the Board approves the annual budget, five-year viability report and 30-year Business Plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year. There is quarterly reporting to the Board of variances from the budget, updated forecasts for the year together with information on the key risk areas. The Management Team are fully involved in the pre-budget setting process, using our Budget Process Manual and thereafter in the monitoring of budgets as per our Budget Monitoring Manual. During 2018/19 budget refresher training was provided to all budget holders.

Going Concern

The Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. This is based on the Association's Business plan for 2019/20, which was approved by the Board in March 2019. This continues to show a strong financial performance with significant investment in new supply of housing stock, management and maintenance of housing stock and full repayment of all borrowings in the lifetime of the plan. Cash flows remain positive throughout the plan and all financial covenants are met. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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

Treasury Management

CVHA has an agreed loan facility of £115m with lenders Bank of Scotland (part of Lloyds banking group) and Barclays Bank. In addition, CVHA has an agreed overdraft facility with its Business Banker, Barclays Bank. The relationship the Association has with both banks is very important to us and we look forward to continuing to work in partnership with these key stakeholders.

In May 2018, CVHA successfully secured a £70m private placement with Canada Life, £35m to be drawn down in June 2018 and the remaining £35m to be drawn in 2020. The £35m in 2020 will be used to repay a revolving credit facility which matures at this time. This will bring the overall borrowings for CVHA to £150m.

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

CVHA, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2019, CVHA had a mix of fixed and variable rate finance, which it considers appropriate at this time.

SHAPS Pension scheme

The SHAPS pension scheme had previously been treated as a defined contribution scheme in line with FRS 102 with a liability of £1,302k recognised as at 31st March 2018 based on the Net Present Value of the past service deficit funding agreement. Due to recent developments as at 1st April 2018 the share of assets and liabilities per employer is now available such that the scheme can now be accounted for on a defined benefit basis. Further detail in relation to this change in accounting is included in the accounting policy on page 44 and Note 25 to the financial statements.

The new defined benefit liability as at 1st April 2019 is £1,919k, resulting in a remeasurement through other comprehensive income of £617k. The new defined benefit liability as at 31st March 2019 is £2,083k. This has therefore resulted in an increase in the liability at 31 March of £164k.

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 2019 Business Plan predicts that the Association will be in surplus during the next 30 years, which will allow full repayment of the agreed loan facility.

The total reserves position as at 31 March 2019 is £24,910,295. Some of these reserves are earmarked towards the Association's loan repayment schedule, which commenced in May 2019.

Sales of Housing Properties

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

Home Ownership

As the RTB scheme was abolished in August 2016 there were no properties sold in the year to 31st March 2019.

Future New Supply Developments

The Association has a track record of New Supply development with over £381m of development spend since it was formed and the provision of over 2,414 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 2019 includes the development of 996 properties which are being part funded through the existing facility from the current lending syndicate and our Private Placement. These properties are planned to be delivered up to the end of March 2022. The number of new properties may vary slightly as individual projects are delivered and this will increase the Association's overall portfolio to just under 5,000 properties.

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

In addition, the Association acknowledges that a more flexible approach to development and development funding is required to deliver a range of projects accommodating mixed tenure and also coping with the changing housing needs of the Scottish population and the Association has been responding to this. The Association continues to work with Scottish Government and Strategic Housing Authorities to deliver the overall housing strategy.

Health and Safety

The Association is aware of its responsibilities on Health & Safety matters and has a detailed policy in place. Employees are provided with instruction, training and supervision to secure health and safety. The Association's Health and Safety Board meets quarterly and an annual action plan is developed and monitored.

Board and Officer Insurance

The Association has purchased and maintains insurance to cover its Board and officers against liabilities in relation to their duties on behalf of the organisation, as authorised by the Association's Rules.

Development and Performance

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

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

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

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

We look beyond the organisation when measuring performance, including:

- Benchmarking performance and carrying out peer work against other comparable and locally based organisations such as our G8 group of RSLs, and the Lanarkshire Voluntary Housing Forum.

- Reviewing best practice within and beyond the industry through professional membership including CIPFA; the Governance Institute; the Institute of Directors; the Chartered Institute of Housing (CIH); the Royal Institution for Chartered Surveyors (RICS); Chartered Institute for Personnel and Development (CIPD); Chartered Institute for Management Accountants (CIMA); Chartered Association of Certified Accountants (ACCA).

- Membership of the Scottish Housing Network (SHN), which is a consortium of local authority and housing association landlords working together to drive up performance, meet the demands of Best Value and deliver quality services by means of benchmarking, self-assessment, good practice exchange and information sharing. Also, members of the Haymarket Group for benchmarking and sharing good practice.

We seek to measure performance in a number of ways and on a regular basis and we have a robust Performance Management Framework in place. This helps to build a rounded picture of our strengths and weaknesses, identify trends over time and allows us to address opportunities for improvement. Some of the methods used to measure performance include:

Method		Reported
Individual Activity Plans for all staff, linked to above.	→	Monitored at staff monthly 1-1's.
Key Performance Indicators (KPIs)	→	Reported quarterly to Board.
Strategic Risk Registers	→	Reported to Board and Audit and Risk Committee quarterly.
Operational Risk Registers	→	Monitored by Executive and Management Team members through meetings and 1-1's.
Complaints and Compliments Monitoring	→	Reported to Board and Committees quarterly. Also reported to customers quarterly as part of You Said, We Did programme.
Independent Customer Feedback	→	Reported to Board and Committees quarterly. Also reported to customers quarterly as part of You Said, We Did programme.
Customer Satisfaction Survey	→	3 yearly survey reported to Board. Also reported to customers quarterly as part of You Said, We Did programme.
Internal Audit Programme	→	3 year rolling programme with reports and findings quarterly to Audit and Risk Committee.
Customer Panel Action Plan	→	Regular reports to Board for consideration.

Future Prospects

In line with our new Corporate Strategy: 2020 Vision, we have developed our objectives in line with revised Strategic Objectives: Key activity over the coming year will include:

1.	**Provision of innovative solutions and appropriate support to improve health, wellbeing and tenancy sustainment.**
	During 2019/20 we will continue to focus significant energy on implementing the UK Government's Welfare Reform Act 2012. Much of our income is derived from social rents, where a significant number of tenants currently receive Housing Benefit. Our Welfare Reform working party have already put in place a number of measures to mitigate the risks of these changes and these will be continually reviewed. Additional support is being offered to those customers affected and this will continue to ensure all income is maximised. Through on-going discussions with local authority partners, fellow social housing providers, professional bodies and lenders we seek to be proactive in sharing knowledge and good practice and have developed good working relationships with the Department for Work and Pensions. As part of our work on Welfare Reform there is a significant commitment to managing the transition effectively ensuring accurate customer profiling, raising customer awareness, providing practical advice and assistance, and more significantly redesigning how we deliver services and reprioritising workloads amongst key frontline staff. We will continue to support our Customer Panel to develop their new action plan and review membership to ensure as wide a representation as possible. We will improve the quality and better target our customer communication and increase and promote our digital offer to customers. During 2019 we will roll out our new customer satisfaction programme allowing us to collate more real time data from the customers who are engaging with us and receiving our services. These surveys allow us to quickly respond to operational challenges and continue to improve our service. Increasing our contribution to the homelessness agenda and working in partnership with Local Authorities in respect of their Rapid rehousing Transition Plan commitments.

2.	**Well governed, delivering best value and ensuring efficiency.**
	We will continue our commitment to effective performance management, service excellence and continuous improvement. We will seek to continue to perform well across many key indicators, comparing ourselves with benchmarking partners. We will continue to implement our Performance Reporting Framework for the Board and ensure that these are consistent with the requirements of the Scottish Housing Charter and Scottish Housing Network. We will continue to review our governance arrangements and put a robust development plan in place for the succession of board members. New members will receive further mentoring and induction support. We will also ensure that all statutory internal and external requirements for governance are met. We will continue to review our Complaints Handling Process which is aligned to the Scottish Public Services Ombudsman Model Complaints Handling Guide for Housing Associations. We enhanced processes around our Complaints Monitoring System which is fully integrated with our core housing management system and allows effective recording and reporting for both internal and external customers, through our You Said, We Did programme. We will continue to explore partnerships with other local RSLs and will take a position as founder member of the Scottish Procurement Alliance to assist with delivering contracts and demonstrating excellent value for money. We will continue to deliver our Governance Excellence Plan including additional recruitment and provide support to our Board through training and development programme as applicable. Understanding and implementing the Freedom of Information Act will be a priority for us during 2019 and in addition ensuring compliance with SHR's updated regulatory framework. We will develop our annual assurance statement during July and August for submission to the Regulator by the October 2019 deadline. We will deliver on our Internal Audit programme for the coming year looking at areas across the business and considering best practice and areas for improvement. Consideration will be given to quality frameworks and the benefits to CVG for implementation during 20/21 if appropriate.

3.	**Supply of good quality housing across all tenures.**
	We will ensure the effective delivery of our new supply development programme. CVG is continues to have an active development programme across both North and South Lanarkshire. By the end of March 2019 we had completed just under 2,414 new build properties since we started developing with a further 996 incorporated into the current approved and funded Business Plan. These were all funded through subsidy from Scottish Government and private finance and reflect the support that we receive from North and South Lanarkshire Councils and East Dunbartonshire alongside the Scottish Government. 314 of these properties will be made available for rent during 2019/20. The core social rent programme continues to deliver properties across a number of sites within the local key markets. As well as social rent, we also have a number of properties being developed for mid-market rent, across a number of sites. During 2018/2019 we increased the number of properties which meet the Energy Efficiency Standard for Social Housing (EESSH) to 86.4% with a number of contracts planned for delivery in 2019/2020 which will further increase the compliance rate to 91.5%. We will implement our Planned Programme Renewal works, in line with approved budget and work closely with contracts to ensure that these are finished to a high quality and meet customers' expectations. We will continue to seek funding partners to help deliver energy efficiency improvement works. We will also deliver on our programme of fire safety in relation to the new Scottish Government Fire Regulation Standards for RSL's. We will work with our customers and contractors to design a first class reactive repairs service prior to putting this out for tender in 20/21.
4.	**Excellent services and opportunities for our people.**
	We will ensure the development and implementation of our Customer Engagement Strategy. This Strategy outlines our engagement methods and techniques for our internal, external customers and stakeholders. We will also review our customer services standards for the Group and consider enhancements to delivery of these. We will undertake further business process review work to identify where we can improve processes and make resource efficiencies. We will deliver on our Smart Thinking project, a project aiming to maximise the use of ICT opportunities to streamline tasks, reduce duplication and manual intervention. By working smartly across all departments we can bring efficiencies allowing greater focus on frontline activity. We will work to ensuring every team member is engaged and aligned to our new Corporate Plan for post 2020 by ensuing staff input to the purpose and values of the Group is achieved along the journey. We will roll out our new Personal Development review system, Road to Success during the summer months and implement our succession planning matrix developed during 2018/19. Greater focus on our people strategy aligned to our new corporate strategy with the key focus being on helping our people achieve their potential. • A greater focus on internal training such as financial management, policies and procedures, and job shadowing alongside vocational qualification where applicable and a programme of coaching skills for our managers and staff. Working with our Corporate Social Responsibility Group (CSR) we will achieve our Silver Healthy Working Lives Award by March 2020 demonstrating the commitment to the health and wellbeing of our staff.

5.	**Regeneration, investment and sustainability of homes and communities.**
	We will review our IT Strategy to ensure that this is aligned to our new Corporate Strategy and that we are maximising all opportunities for service efficiency and enhancement in this area, along with managing cyber-crime and data protection risks to the business. Deliver on our ambitious IT delivery plan during 2019/20 with the primary aim being to capitalise on our current systems and remove manual intervention and create efficient working practices where possible. We will promote stock growth and diversification in the most pressured housing market areas, including intermediate rent and enhance and expand our service offering in the private sector housing markets. We will continue to manage and utilise our new lending facility, achieving growth for the CVG and ensure there are adequate covenant controls in place. We will continue to consider other innovative funding models in relation to investment and seek to expand our service offering in the private and mid-market rented sectors.

Principal Risks and Uncertainties

As part of its approval of its new Corporate Strategy to 2020 the Board considered and approved its Risk Appetite. This provided a framework for executives on the amount of risk that the organisation is prepared to accept, tolerate or be exposed to at any point in time, in order to meet its strategic objectives. Key risks areas are summarised as:

- Compliance and Regulation
- Development and Regeneration
- Financial
- Operational/ Service Delivery
- People and Culture
- Reputation
- Strategic Transformational Change

Risk Oversight and Management Framework

Specific strategic and operational risks arising from the delivery of the Corporate Strategy: 2020 Vision are developed by executives. These risks are managed and monitored as part of the Risk Strategy and specifically through both Strategic and Operational Risk Registers. These registers detail controls and provide assurance of management of risks. As a result, these registers provide a proportionate and dynamic response with clear need to revisit when risk extends beyond agreed tolerances.

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

Our Strategic Risk Register is reviewed twice annually by the Board and quarterly by the Audit and Risk Committee. A full and comprehensive review of our risk register took place in April 2019.

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

Our operating environment is characterised by change and uncertainty. The past few years has seen unprecedented volatility in the economy and financial and housing markets. As a result, and leading from the Risk Appetite Statement reviewed in April 2018, our main strategic risks are highlighted as:

- further impact of the roll out of UK Government's welfare reform agenda;
- changes to political landscape- both local and national government;
- impact of the changes to regulation of social housing delivery and focus on value for money;
- greater regulation of the private rented sector;
- updated Local Housing Strategy priorities;
- increased need for effective treasury, cashflow and cost management;
- pressures on customers' income; and
- national and local government continued austerity measures.

In addition to the above the organisation also has a three-year rolling Internal Audit programme, aimed at routinely reviewing the adequacy of internal controls. For 2019/20 this will focus on:

- Arrears Management
- Maintenance
- Health and Safety and Gas Safety
- Factoring
- Complaints Handling
- Business continuity and Disaster Recovery

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

Key Performance Indicators (financial and non-financial)

The following performance summary table incorporates a number of the Scottish Social Housing Charter Indicators and shows how we compared year on year, and also against our peers in these areas.

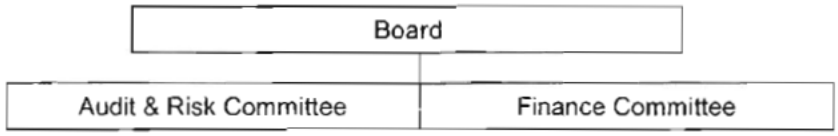
Performance Indicator	Results for 2016/17	Results for 2017/18	Results for 2018/19	Performance Compared to Last Year	Target for 2019/20
% of tenants satisfied with overall service provided.	90%	90%	89%	↓	90%
% of stock meeting the Scottish Housing Quality Standard	96%	97%	95%	↓	95.6%
% of tenants satisfied with the standard of their home when moving in.	97%	85%	86%	↑	100%
% of tenants satisfied with the quality of their home.	95%	90%	84%	↓	90%
Average length of time taken to complete emergency repairs (hours).	1.7	1.7	1.7	→	1.8
Average length of time taken to complete non-emergency repairs (days).	6.1	6.2	6.4	↓	6.5
% of reactive repairs completed right first time.	93.4%	93.4%	93.7%	↑	93.5%
% of repairs appointments kept.	99.4%	99.6%	99.9%	↑	99%
% of tenants who feel the rent for their property represents good value for money.	67%	67%	72%	↑	72%

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

Governance

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

Governing Structure



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

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

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

Disclosure of Information to the Auditor

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

Auditor

The Audit services will be put out to tender at the end of September to comply with our procurement policies.

By Order of the Board

[redacted]

Position: CHAIRPERSON

Date: 16/9/19

Clyde Valley Housing Association Limited

Statement of Board's Responsibilities
For the year ended 31 March 2019

The Co-operative and Community Benefit Societies Act 2014 and The Housing (Scotland) Act 2010 require the Board to ensure that financial statements are prepared for each financial year, which give a true and fair view of the Association's state of affairs and of the surplus or deficit of the Association for that period. In preparing those financial statements, the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures being disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is not appropriate to presume that the Association will continue in business.

The Board is responsible for the keeping of proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Association. The Board must ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and the Housing (Scotland) Act 2010 and the Registered Housing Associations Determination of Accounting Requirements 2019. It is responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

By Order of the Board

[redacted]

Position: CHAIRPERSON

Date: 16/9/19

Clyde Valley Housing Association Limited

Board's Statement of Internal Financial Control
For the year ended 31 March 2019

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 and Risk Committee/Board receives reports from management and from the external and internal auditors, to provide reasonable assurance that control procedures are in place and are being followed, and that a general review of the major risks facing the Association is undertaken; and
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal and external audit reports.

The effectiveness of the Association's system of internal financial control has been reviewed by the Audit Committee/Board for the year ended 31 March 2019. 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

[redacted]

Position: [redacted] CHAIRPERSON

Date: 16/9/19

Independent Auditors' Report to the members of Clyde Valley Housing Association Limited on Corporate Governance Matters
For the year ended 31 March 2019

In addition to our audit of the Financial Statements, we have reviewed your statement on page 26 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" for systemically important RSLs and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 26 has provided the disclosures required by the relevant Regulator Standards for systemically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

[redacted]

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

Date 23/9/19

Report of the Independent Auditors to the Members of Clyde Valley Housing Association Limited
For the year ended 31 March 2019

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 2019 which comprise of the Group Statement of Comprehensive Income, Statement of Comprehensive Income, Group Statement of Financial Position, Statement of Financial Position, Group Statement of Changes in Reserves, Statement of Changes in Reserves, Group Statement of Cashflows, Statement of Cashflows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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

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

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

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

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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.

[redacted]

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG
Date: 23/9/19

Clyde Valley Housing Association Limited

Group Statement of Comprehensive Income
For the year ended 31 March 2019

	Notes	2019 £	2018 £
TURNOVER	2	21,396,819	21,132,891
Operating expenditure	2	(14,913,222)	(14,620,333)
OPERATING SURPLUS		6,483,597	6,512,558
Gain on disposal of property, plant and equipment		109,651	178,169
Surplus on Revaluation of Housing Investment Properties		60,478	134,000
Interest receivable	6	100,617	53,699
Interest and financing costs	7	(4,089,371)	(3,232,472)
Movement in fair value of financial instruments		(73,368)	977,146
Operating surplus from Associate	12	135,166	104,891
SURPLUS BEFORE TAX		2,726,770	4,727,991
Taxation		205,864	(157,880)
SURPLUS FOR THE YEAR		2,932,634	4,570,111
Other Comprehensive Income			
Initial recognition of multi employer defined benefit scheme	25	(617,000)	-
Actuarial loss in respect of defined benefit pension scheme	25	(446,000)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,869,634	4,570,111

The results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

Statement of Comprehensive Income - Association
For the year ended 31 March 2019

	Notes	2019 £	2018 £
TURNOVER	2	18,827,210	17,094,879
Operating expenditure	2	(12,366,488)	(11,409,201)
OPERATING SURPLUS		6,460,722	5,685,678
Gain on disposal of property, plant and equipment		109,651	178,169
Interest receivable	6	123,253	88,806
Interest and financing costs	7	(4,089,352)	(3,267,580)
Movement in fair value of financial instruments		(73,368)	977,146
Surplus from Associate	12	135,166	104,891
SURPLUS BEFORE TAX		2,666,072	3,767,110
Taxation		-	-
SURPLUS FOR THE YEAR		2,666,072	3,767,110
Other Comprehensive Income			
Initial recognition of multi employer defined benefit scheme	25	(617,000)	-
Actuarial loss in respect of defined benefit pension scheme	25	(446,000)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,603,072	3,767,110

The results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

Clyde Valley Housing Association Limited

Group Statement of Financial Position
For the year ended 31 March 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Housing properties	10.A	283,648,408	248,498,202
Other fixed assets	10.B	6,431,250	6,620,969
Investment properties	11	2,072,999	2,009,999
Fixed asset investments	12	2,762,109	2,626,943
		294,914,766	259,756,113
CURRENT ASSETS			
Work in progress and Properties held for sale	14	2,243,750	2,166,705
Trade and other debtors	15	4,795,857	5,114,384
Cash and cash equivalents		23,036,648	18,543,798
		30,076,255	25,824,887
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	16	(11,687,012)	(7,736,249)
NET CURRENT ASSETS		18,389,243	18,088,638
TOTAL ASSETS LESS CURRENT LIABILITIES		313,304,009	277,844,751
Creditors: Amounts falling due after more than one year	17	(286,313,366)	(253,504,745)
Pension deficit funding provision	21	-	(1,302,000)
Defined benefit pension liability	25	(2,082,999)	-
		(288,396,365)	(254,806,745)
TOTAL NET ASSETS		24,907,644	23,038,006
RESERVES			
Share Capital	22	72	68
Income and Expenditure Reserve		24,907,572	23,037,938
TOTAL RESERVES		24,907,644	23,038,006

The financial statements on pages 30 to 75 were approved by the Board and authorised for issue on 16/7/19 ... and are signed on its behalf by:

Chairperson [redacted]

Secretary

Board Member

Statement of Financial Position - Association
For the year ended 31 March 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Housing properties	10.A	283,864,712	248,714,515
Other fixed assets	10.B	6,431,250	6,620,969
Fixed asset investments	12	2,762,109	2,626,943
Investment in subsidiaries	13	1	1
		293,058,072	257,962,428
CURRENT ASSETS			
Work in progress and Properties held for sale	14	1,751,055	41,883
Trade and other debtors	15	5,680,993	7,495,607
Cash and cash equivalents		22,981,500	17,894,675
		30,413,548	25,432,165
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	16	(11,718,982)	(6,834,650)
NET CURRENT ASSETS		18,694,566	18,597,515
TOTAL ASSETS LESS CURRENT LIABILITIES		311,752,638	276,559,943
Creditors: Amounts falling due after more than one year	17	(286,313,365)	(253,504,745)
Pension deficit funding provisions	21	-	(1,302,000)
Pension provision	25	(2,082,999)	-
		(288,396,364)	(254,806,745)
TOTAL NET ASSETS		23,356,274	21,753,198
RESERVES			
Share Capital	22	72	68
Income and Expenditure Reserve		23,356,202	21,753,130
TOTAL RESERVES		23,356,274	21,753,198

The financial statements on pages 30 to 75 were approved by the Board and authorised for issue on 16/7/19 and are signed on its behalf by:

Chairperson [redacted]

Secretary

Board Member

Clyde Valley Housing Association Limited

Group Statement of Changes in Reserves
For the year ended 31 March 2019

	Income and expenditure reserve £
Balance at 1 April 2017	18,467,827
Surplus for the year	4,570,111
Balance at 1 April 2018	23,037,938
Surplus for the year	2,932,634
Other comprehensive income	(1,063,000)
Balance as at 31 March 2019	24,907,572

Association Statement of Changes in Reserves
For the year ended 31 March 2019

	£
Balance at 1 April 2017	17,986,020
Surplus for the year	3,767,110
Balance at 1 April 2018	21,753,130
Surplus for the year	2,666,072
Other comprehensive Income	(1,063,000)
Balance as at 31 March 2019	23,356,202

Clyde Valley Housing Association Limited

Group Statement of Cashflows
For the year ended 31 March 2019

	Notes	2019 £	2018 £
Net cash generated from operating activities	23	8,193,324	7,004,887
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(38,428,080)	(30,417,829)
Purchase and Development of Housing for Sale		-	-
Capitalised component replacements		(1,139,249)	(2,443,181)
Purchase of other fixed assets		-	-
Fixed asset investment		(2,522)	-
Proceeds on disposal of commercial properties		-	-
Proceeds on disposal of residential properties		-	-
Proceeds on disposal of housing properties		284,670	421,926
Net issue of ordinary share capital		4	11
Grants received		24,673,457	18,766,459
Interest received		100,617	53,699
NET CASH USED IN INVESTING ACTIVITIES		(14,511,103)	(13,618,915)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(4,089,371)	(3,232,472)
Interest element of finance lease rental payments		-	-
New secured loans		35,000,000	10,917,356
Repayments of borrowings		(20,100,000)	-
Capital element of finance lease rental payments		-	-
Withdrawal from deposits		-	-
NET CASH FROM FINANCING ACTIVITIES		10,810,629	7,684,884
		(3,700,474)	(5,934,031)
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,492,850	1,070,856
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		18,543,798	17,472,942
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	23,036,648	18,543,798

Statement of Cashflows - Association
For the year ended 31 March 2019

	Notes	2019 £	2018 £
Net cash generated from operating activities	23	8,732,122	6,390,075
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(38,398,080)	(30,417,829)
Purchase and Development of Housing for Sale			
Capitalised component replacements		(1,139,249)	(2,443,181)
Purchase of other fixed assets		-	-
Fixed asset investment		-	-
Proceeds on disposal of commercial properties		-	-
Proceeds on disposal of residential properties		-	-
Proceeds on disposal of housing properties		284,670	421,926
Net issue of ordinary share capital		4	11
Grants received		24,673,457	18,766,459
Interest received		123,253	88,806
NET CASH USED IN INVESTING ACTIVITIES		(14,455,945)	(13,583,808)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(4,089,352)	(3,267,580)
Interest element of finance lease rental payments		-	-
New secured loans		35,000,000	10,917,357
Repayments of borrowings		(20,100,000)	-
Capital element of finance lease rental payments		-	-
Withdrawal from deposits		-	-
NET CASH FROM FINANCING ACTIVITIES		10,810,648	7,649,777
		(3,645,297)	(5,934,031)
NET INCREASE IN CASH AND CASH EQUIVALENTS		5,086,825	456,044
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		17,894,675	17,438,631
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	22,981,501	17,894,675

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 2014 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Determination of Accounting Requirements 2019, and under the historical cost convention, modified to include certain financial instruments at fair value.

The financial statements are prepared in Sterling (£).

BASIS OF CONSOLIDATION

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

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

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

Valuation of Investment Property

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

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. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 25). The net defined benefit pension liability at 31 March 2019 was £2,083k.

Categorisation of Housing Properties

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

Identification of Cash Generating Units

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

REDUCED DISCLOSURES

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

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

GOING CONCERN

The Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. This is based on the Groups Business plan for 2020, which was approved by the Board in June 2019. This continues to show a strong financial performance with significant investment in new supply of housing stock, management and maintenance of housing stock and full repayment of all borrowings in the lifetime of the plan. Cash flows remain positive throughout the plan and all financial covenants are met. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT (continued)

TURNOVER AND REVENUE RECOGNITION

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

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

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

GOVERNMENT GRANTS

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

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

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

OTHER GRANTS

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

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, and expenditure incurred during the development period.

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

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

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

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

DONATED LAND AND OTHER ASSETS

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

INVESTMENT PROPERTIES

Investment properties (including properties held under an operating lease) consist of commercial properties and properties not held for social benefit. These properties are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in income and expenditure.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS 102. The Board consider that, because investment properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view.

INVESTMENTS PROPERTIES (con't)

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

FIXED ASSET INVESTMENT

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

ASSOCIATES

Undertakings in which the Association has significant influence (re the power to participate in the financial and operational decisions but does not control or have significant control over their policies) are classified as Associates.

DEPRECIATION OF HOUSING PROPERTIES

Freehold land or assets under construction are not depreciated.

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

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

IMPAIRMENT OF FIXED ASSETS

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

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

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

OTHER TANGIBLE FIXED ASSETS

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

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

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

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 forseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

TAXATION

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

VAT

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

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

In previous years, the Association was unable to recognise its share of the scheme assets and scheme liabilities, therefore had applied defined contribution accounting in respect of the SHAPS. For the year ended 31 March 2018, the Association had recognised a past service deficit liability of £1,302k, within provisions, based on the present value of the Association's deficit funding agreement.

For the year ended 31 March 2019, the Association is able to identify its share of the scheme assets and scheme liabilities from 1 April 2018 and therefore has applied defined benefit accounting from this date onwards. For accounting purposes, the relevant date for accounting for this change from defined contribution to defined benefit accounting is 1 April 2018. 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.

The deficit funding agreement liability that was previously recognised within provisions of £1,302k was derecognised on the 1 April 2018, and an initial net defined benefit pension liability of £1,919k was recognised at this date in the statement of financial position. The resulting net difference of £617k on initial recognition of the SHAPS obligation was recognised in other comprehensive income.

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

In the year ended 31 March 2019, 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. Remeasurements are reported in other comprehensive income. Refer to Note 25 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 of its financial instruments.

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

Financial assets

Debtors

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

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

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

Financial 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.

FINANCIAL INSTRUMENTS (CONTINUED)

Derivatives

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

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

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

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

PROVISIONS

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

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

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

	Notes	Turnover £	Operating Costs £	2019 Operating Surplus £	2018 Operating Surplus/(Deficit) £
Affordable letting activities	3	17,957,454	(11,430,235)	6,527,219	5,880,072
Other activities	4	3,439,365	(3,482,987)	(43,622)	632,486
Total		**21,396,819**	**(14,913,222)**	**6,483,597**	6,512,558
Total for previous reporting period		**21,132,891**	**(14,620,333)**	**6,512,558**	6,512,558

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

	Notes	Turnover £	Operating Costs £	2019 Operating Surplus / (Deficit) £	2018 Operating Surplus / (Deficit) £
Affordable letting activities	3	17,957,455	11,430,231	6,527,224	5,880,072
Other activities	4	869,755	936,257	(66,502)	(194,394)
Total		**18,827,210**	**12,366,488**	**6,460,722**	**5,685,678**
Total for previous reporting period		**17,094,879**	**(11,409,201)**	**5,685,678**	**5,685,678**

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 2019 £	Total 2018 £
Rent receivable net of service charges	16,324,365	-	8,165	16,332,530	14,974,526
Service charges	90,793	-	-	90,793	83,495
Gross income from rents and service charges	16,415,158	-	8,165	16,423,323	15,058,021
Less voids	(503,169)	-	-	(503,169)	(371,137)
Net income from rents and service charges	15,911,989	-	8,165	15,920,154	14,686,884
Grants released from deferred income	2,037,300	-	-	2,037,300	1,664,309
Revenue grants from Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
Total turnover from affordable letting activities	17,949,289	-	8,165	17,957,454	16,351,193
Management and maintenance administration costs	3,540,694	-	-	3,540,694	3,224,149
Service costs	90,265	-	-	90,265	94,076
Planned and cyclical maintenance including major repairs costs	1,246,201	-	-	1,246,201	857,904
Reactive maintenance costs	2,041,487	-	-	2,041,487	1,740,953
Bad debts - rents and service charges	294,291	-	-	294,291	507,981
Depreciation of affordable let properties	4,213,130	-	4,167	4,217,297	4,054,284
Impairment of affordable let properties	-	-	-	-	-
Operating Costs for affordable letting activities	11,426,068	-	4,167	11,430,235	10,471,121
Operating surplus or deficit for affordable letting activities	6,523,221	-	3,998	6,527,219	5,880,072
Operating surplus or deficit or affordable letting activities for previous reporting period	5,874,369	-	5,703	5,880,072	

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 2019 £	Total 2018 £
Rent receivable net of service charges	16,324,366	-	8,165	16,332,531	14,974,526
Service charges	90,793	-	-	90,793	83,495
Gross income from rents and service charges	16,415,159	-	8,165	16,423,324	15,058,021
Less voids	(503,169)	-		(503,169)	(371,137)
Net income from rents and service charges	15,911,990	-	8,165	15,920,155	14,686,884
Grants released from deferred income	-	-	-	-	1,664,309
Revenue grants from Scottish Ministers	2,037,300	-	-	2,037,300	-
Other revenue grants	-	-	-	-	-
Total turnover from affordable letting activities	17,949,290	-	8,165	17,957,455	16,351,193
Management and maintenance administration costs	3,540,694	-	-	3,540,694	3,224,149
Service costs	90,265	-	-	90,265	94,076
Planned and cyclical maintenance including major repairs costs	1,246,197	-	-	1,246,197	857,904
Reactive maintenance costs	2,041,487	-	-	2,041,487	1,740,953
Bad debts - rents and service charges	294,291	-	-	294,291	507,981
Depreciation of affordable let properties	4,213,130	-	4,167	4,217,297	4,054,284
Impairment of affordable let properties	-	-	-	-	-
Operating Costs for affordable letting activities	11,426,064	-	4,167	11,430,231	10,471,121
Operating surplus or deficit for affordable letting activities	6,523,226	-	3,998	6,527,224	
Operating surplus or deficit or affordable letting activities for previous reporting period	5,874,369	-	5,703	5,880,072	

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	-	-	-	382,513	382,513	24,814	142,703	214,996	251,560
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Contracted out activities undertaken for registered social landlords	-	-	-	-	-	-	-	-	-
Contracted out services undertaken for other organisations	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to other organisations	-	-	-	1,959,667	1,959,667	-	2,148,367	(188,700)	599,087
Wellwynd Community	-	-	-	206,115	206,115	-	260,694	(54,579)	(48,732)
Other activities	-	-	-	891,070	891,070	-	906,409	(15,339)	(189,515)
Total from other activities	-	-	-	3,439,365	3,439,365	24,814	3,458,173	(43,622)	612,400
Total from other activities for the previous reporting period	-	-	-	4,781,698	4,781,698	20,086	4,149,212	612,400	

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	-	-	-	206,115	206,115	-	260,694	(54,579)	(48,732)
Other activities	-	-	-	663,642	663,642	-	675,565	(11,923)	(145,662)
Total from other activities	-	-	-	869,757	869,757	-	936,259	(66,502)	(194,394)
Total from other activities for the previous reporting period	-	-	-	743,686	743,686	-	938,080	(194,394)	

5. ACCOMMODATION IN MANAGEMENT

	Group Units Under Management		Association Units Under Management	
	2019	2018	2019	2018
General needs housing	3,957	3,647	3,957	3,647
Shared ownership	4	5	4	5
Total units in management	**3,961**	**3,652**	**3,961**	**3,652**

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Group		Association	
	2019	2018	2019	2018
	£	£	£	£
Interest on bank deposits	100,617	53,699	100,617	53,699
Group Loan interest	-	-	22,636	35,107
	100,617	53,699	123,253	88,806

7. INTEREST PAYABLE AND SIMILAR CHARGES

	Group		Association	
	2019	2018	2019	2018
	£	£	£	£
Interest arising on:				
Bank loans and overdrafts	4,304,831	3,287,839	4,304,831	3,322,947
Defined benefit pension charge	49,478	-	49,459	-
Amortisation of issue costs of bank loan	63,995	50,560	63,995	50,560
	4,418,304	3,338,399	4,418,285	3,373,507
Less: Interest capitalised on housing properties under construction	(328,933)	(105,927)	(328,933)	(105,927)
	4,089,371	3,232,472	4,089,352	3,267,580

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).

8. OPERATING SURPLUS OR DEFICIT

	Group		Association	
	2019 £	2018 £	2019 £	2018 £
Operating surplus is stated after charging/(crediting):				
Depreciation of housing properties	4,217,297	4,054,284	4,217,297	4,054,284
Depreciation of other tangible fixed assets (note 10.B) - Owned	221,614	239,830	221,614	239,830
Impairment of Investment properties				
(Surplus)/deficit on disposal of tangible fixed assets	(109,651)	(178,169)	(109,651)	(178,169)

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

	Group		Association	
	2019 £	2018 £	2019 £	2018 £
Audit services - statutory audit of the Association	19,690	18,984	14,240	13,884
Other services:				
Taxation compliance services	3,000	4,290	1,400	2,220

9. EMPLOYEES

	Group		Association	
	2019 No.	2018 No.	2019 No.	2018 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	63	56	63	56

	2019 £	2018 £	2019 £	2018 £
Staff costs for the above persons:				
Wages and salaries	2,144,865	1,877,875	2,144,865	1,877,875
Social security costs	216,511	188,442	216,511	188,442
Defined contribution pension cost	190,011	168,978	190,011	168,978
	2,551,387	2,235,295	2,551,387	2,235,295

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	
	2019	2018	2019	2018
	No.	No.	No.	No.
£60,000 - £70,000	-	-	-	-
£70,001 - £80,000	2	2	2	2
£80,001 - £90,000	1	-	1	-
£90,001 - £100,000	-	-	-	-
£100,001 - £110,000	1	1	1	1

	Group		Association	
	2019	2018	2019	2018
	£	£	£	£
Aggregate emoluments for all key management personnel (excluding pension contributions)	376,229	317,978	376,229	317,978
The emoluments of the highest paid member of key management personnel (excluding pension contributions)	107,272	102,008	107,272	102,008
Aggregate pension contributions in relation to the above key management personnel	31,761	29,769	31,761	29,769

No payment or fees or other remuneration was made to the Board members during the year.

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 2018	239,055,895	43,670,061	413,125	283,139,081
Additions	1,070,076	37,326,109	-	38,396,185
Works to existing properties	1,139,249	-	-	1,139,249
Schemes completed	35,231,784	(35,231,784)	-	-
Disposals	(494,944)			(494,944)
31 March 2019	276,002,060	45,764,386	413,125	322,179,571
Depreciation and impairment				
1 April 2018	34,554,992	-	85,887	34,640,879
Depreciation charged in year	4,213,130		4,167	4,217,297
Released on disposal	(327,013)		-	(327,013)
31 March 2019	38,441,109		90,054	38,531,163
Net book value				
31 March 2019	237,560,951	45,764,386	323,071	283,648,408
31 March 2018	204,500,903	43,670,061	327,238	248,498,202

EXPENDITURE ON WORKS TO EXISTING PROPERTIES

	2019 £	2018 £
Improvement work capitalised		
Replacement component spend capitalised	1,139,249	1,706,447
Amounts charged to income and expenditure	349,011	298,052
Total major repairs spend	1,488,260	2,004,499

FINANCE COSTS

	2019 £	2018 £
Aggregate amount of finance costs included in the cost of housing properties	519,051	190,118

The cost of land Included above was £40,693,987 (2018 £38,417,023)

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 2018	239,272,199	43,670,061	413,125	283,355,385
Additions	1,040,076	37,326,109	-	38,366,185
Works to existing properties	1,139,249	-	-	1,139,249
Schemes completed	35,231,784	(35,231,784)	-	-
Disposals	(494,953)	-	-	(494,953)
31 March 2019	276,188,355	45,764,386	413,125	322,395,866
Depreciation and impairment				
1 April 2018	34,554,983	-	85,887	34,640,870
Depreciation charged in year	4,213,130	-	4,167	4,217,297
Released on disposal	(327,013)	-	-	(327,013)
31 March 2019	38,441,100	-	90,054	38,531,154
Net book value				
31 March 2019	237,777,255	45,764,386	323,071	283,864,712
31 March 2018	204,717,216	43,670,061	327,238	248,714,515

EXPENDITURE ON WORKS TO EXISTING PROPERTIES

	2019 £	2018 £
Improvement work capitalised	-	-
Replacement component spend capitalised	1,139,249	1,706,447
Amounts charged to income and expenditure	349,011	298,052
Total major repairs spend	1,488,260	2,004,499

FINANCE COSTS

	2019 £	2018 £
Aggregate amount of finance costs included in the cost of housing properties	519,051	190,118

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

The cost of land Included above was £40,693,987 (2018 £38,417,023).

10.B TANGIBLE FIXED ASSETS – OTHER – GROUP

	Land and Buildings	Leasehold Improve-ment	Office Equip-ment	Fixtures and fittings	Plant and Other Equip-ment	Computer Equipment	Total
Cost							
1 April 2018	4,599,168	3,569,524	270,109	41,728	14,407	633,377	9,128,313
Additions	-	-	4,871	-	-	27,024	31,895
31 March 2019	4,599,168	3,569,524	274,980	41,728	14,407	660,401	9,160,208
Depreciation and impairment							
1 April 2018	638,075	950,341	269,810	41,728	14,407	592,983	2,507,344
Depreciation charged in year	71,263	118,984	1,414	-	-	29,953	221,614
31 March 2019	709,338	1,069,325	271,224	41,728	14,407	622,936	2,728,958
Net book value							
31 March 2019	3,889,830	2,500,199	3,756	-	-	37,465	6,431,250
31 March 2018	3,961,093	2,619,183	299	-	-	40,394	6,620,969

10.B TANGIBLE FIXED ASSETS – OTHER - ASSOCIATION

	Land and Buildings £	Leasehold Improve-ment £	Office Equip-ment £	Furniture, fixtures and fittings £	Plant and Other Equip-ment £	Computer £	Total £
Cost							
1 April 2018	4,599,168	3,569,524	270,109	41,728	14,407	633,377	9,128,313
Additions	-	-	4,871	-	-	27,024	31,895
31 March 2019	4,599,168	3,569,524	274,980	41,728	14,407	660,401	9,160,208
Depreciation and impairment							
1 April 2018	638,075	950,341	269,810	41,728	14,407	592,983	2,507,344
Depreciation charged in year	71,263	118,984	1,414	-	-	29,953	221,614
31 March 2019	709,338	1,069,325	271,224	41,728	14,407	622,936	2,728,958
Net book value							
31 March 2019	3,889,830	2,500,199	3,756	-	-	37,465	6,431,250
31 March 2018	3,961,093	2,619,183	299	-	-	40,394	6,620,969

11. INVESTMENT PROPERTIES - GROUP

	2019 £	2018 £
At 1st April	2,009,999	1,875,999
Additions	2,522	-
Increase in value	60,478	134,000
At 31 March	2,072,999	2,009,999

Investment properties were valued as at 31 March 2019 by Allied Surveyors Scotland Chartered Surveys and DM Hall Chartered Surveyors. The valuation of the Association's properties was carried out in accordance with the Royal Institute of Chartered Surveyors ("RICS") Appraisal and Valuation Manual. A report has been provided for each property that has been valued by the Surveyors.

12. FIXED ASSET INVESTMENTS

	Group		Association	
	Shares in trade investments	Total	Shares in trade investments	Total
Cost or valuation:	£	£	£	£
1 April 2018	2,626,943	2,626,943	2,626,943	2,626,943
Additions	135,166	135,166	135,166	135,166
31 March 2019	2,762,109	2,762,109	2,762,109	2,762,109

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 2019, the capital and reserves of Innov8 Housing Solutions were £6,538,711 (2018 £6,238,179) with a taxable profit for the year of £392,605 (2018 £964,946).

13 INVESTMENTS	Group		Association	
	2019	2018	2019	2018
	£	£	£	£
Investment in subsidiary undertaking	-	-	1	1

Clyde Valley Housing Association Ltd owns 1 ordinary £1 share in Clyde Valley Property Services Ltd. This represents a 100% shareholding in Clyde Valley Property Services Ltd, a company registered at 50 Scott Street, Motherwell, ML1 1PN, whose principal activity is that of provision of factoring property services to owners. As at 31 March 2019, the capital and reserves of Clyde Valley Property Services were £1,770,115 (2018 £1,503,534) with a taxable profit for the year of £60,717 (2018 £964,946).

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

14. WORK IN PROGRESS AND PROPERTIES HELD FOR SALE

	Group		Association	
	2019	2018	2019	2018
	£	£	£	£
Work in progress	549,561	2,166,705	56,866	41,883
Incomplete renovation contacts	1,694,189	-	1,694,189	-
	2,243,750	2,166,705	1,751,055	41,883

15. DEBTORS

	Group		Association	
Amounts falling due within one year:	**2019 £**	**2018 £**	**2019 £**	**2018 £**
Rent and service charges receivable	1,599,465	1,449,726	1,599,465	1,449,726
Less: provision for bad and doubtful debts	(817,123)	(717,980)	(817,123)	(717,980)
	782,342	731,746	782,342	731,746
Other debtors	407,849	439,309	196,187	231,753
Prepayments and accrued income	3,605,666	3,943,329	3,604,783	3,939,348
Amounts due from Group undertakings	-	-	1,097,681	2,592,760
	4,795,857	5,114,384	5,680,993	7,495,607

Debtors ageing for amounts owed from Group undertakings:

	2019 £	**2018 £**
Amounts due within 1 year	475,103	1,770,182
Amounts due between 1 and 2 years	-	-
Amounts due within 3 and 5 years	-	-
Amounts due after 5 years	622,578	822,578

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Association	
	2019 £	**2018 £**	**2019 £**	**2018 £**
Debt (note 19)	4,000,000	-	4,000,000	-
Rent and service charges received in advance	253,743	147,827	253,743	147,827
Deferred capital grants (note 18)	2,413,278	2,051,783	2,413,278	2,051,783
Trade creditors	1,742,352	2,113,860	1,736,576	2,005,818
Corporation tax	(205,560)	158,184	-	-
Other creditors	143,532	678,325	53,586	109,428
Accruals and deferred income	3,339,667	2,586,270	3,261,799	2,519,794
	11,687,012	7,736,249	11,718,982	6,834,650

17. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	GROUP		ASSOCIATION	
	2019	2018	2019	2018
	£	£	£	£
Debt (note 19)	110,553,941	99,803,245	110,553,941	99,803,245
Deferred capital grant (note 18)	166,516,205	144,339,748	166,516,205	144,339,748
Retentions	587,630	774,739	587,630	774,739
Interest Rate SWAPS	6,227,903	6,154,535	6,227,903	6,154,535
Other Creditors	2,427,687	2,432,478	2,427,686	2,432,478
	286,313,366	253,504,745	286,313,365	253,504,745

18. DEFERRED CAPITAL GRANT GROUP AND ASSOCIATION

Social Housing only	Housing Properties Held for letting £	Housing Properties Course of Construction £	Shared Ownership Properties Held for letting £	Total Social Housing £	One Wellwynd Other FA £	Total £
Gross Grant Creditor						
At 31st March 2018	115,998,579	44,151,894	126,875	160,277,348	2,970,107	163,247,455
Transfers	22,121,114	(22,121,114)	-	-	-	-
Grant Received in the year 2018/19	-	24,673,457	-	24,673,457	-	24,673,457
On Disposals 2018/19	-	-	-	-	-	-
Gross Grant Creditor as at 31st March 2019	138,119,693	46,704,237	126,875	184,950,805	2,970,107	187,920,912
Amortisation						
At 1st April 2018	(15,974,419)	-	(44,651)	(16,019,070)	(836,855)	(16,855,925)
Amortisation in the year	(2,036,152)	-	(2,386)	(2,038,538)	(96,966)	(2,135,504)
Total Amortisation as at 31st March 2019	(18,010,571)	-	(47,037)	(18,057,608)	(933,821)	(18,991,429)
Net Grant Creditor						
As at 31st March 2019	120,109,122	46,704,237	79,838	166,893,197	2,036,286	168,929,483
As at 1st April 2018	100,024,160	44,151,894	82,224	144,258,279	2,133,252	146,391,531

Deferred Capital Grant due within 1 year	2,413,278
Deferred Capital Grant due after 1 year	166,516,205
Total deferred Capital Grant due	168,929,483

19. DEBT ANALYSIS – BORROWINGS

	Group		Association	
	2019	2018	2019	2018
	£	£	£	£
Creditors: amounts falling due within one year:				
Bank loans	4,000,000	-	4,000,000	-
Creditors: amounts falling due after more than one year:		-		-
Bank loans	111,000,000	100,100,000	111,000,000	100,100,000
Private Placement fees paid	(446,059)	(296,755)	(446,059)	(296,755)
Total	114,553,941	99,803,245	114,553,941	99,803,245

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

Bank Borrowings of £115,000,000 (2018: £100,100,000) are secured against the Associations Housing properties.

Bank Borrowings of £10,000,000 bear average fixed-rate coupons of 5.08% per annum (2018: 5.08%) per annum. Bank Borrowings of £70,000,000 bear average variable-rate coupons of 0.75% above LIBOR (2018: 0.75%). Bank Borrowings of £35,000,000 bear average variable rate coupons of 1.75%.
Variable rate borrowings are underpinned by financial hedging instruments as outlined in note 20.

Bank borrowings are part of a £115m 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 new borrowings which were drawn down by the Association in June 2018.

	Group		Association	
	2019	2018	2019	2018
	£	£	£	£
Due within one year	4,000,000	-	4,000,000	-
Due in one year or more but less than two years	-	-		-
Due between two and five years	12,380,000	10,100,000	12,380,000	10,100,000
Due more than five years	98,620,000	90,000,000	98,620,000	90,000,000
	115,000,000	100,100,000	115,000,000	100,100,000

20. FINANCIAL INSTRUMENTS

	Group		Association	
	2019	2018	2019	2018
	£	£	£	£
Financial liabilities:				
Measured at fair value through income and expenditure				
- Other financial liabilities	6,224,903	6,154,535	6,224,903	6,154,535

In order to manage interest rate risk, the Association has entered into the following hedging instruments, which are in place as at 31st March 2019.

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

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

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

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

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

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

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

21. PROVISIONS – GROUP AND ASSOCIATION

	SHAPS PENSION £
1 April 2018	1,302,000
Utilised in the year	
Unwinding of discount	
Increase due to change in discount rate	
De-recognition of provision	(1,302,000)
31 March 2019	-

The SHAPS provision represented the net present value of the commitment to the multi-employer pension scheme in respect of past deficits. The accounting changed in the year (see note 25)

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	
	2019 Number	2018 Number	2019 Number	2018 Number
Number of members				
1 April 2018	68	57	68	57
Joined during the year	16	11	16	11
Left during year	(12)	-	(12)	-
31 March 2019	72	68	72	68

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

	2019 £	2018 £
Surplus for the year	6,483,597	6,512,558
Adjustments for non-cash items	-	-
Depreciation of tangible fixed assets	4,438,911	4,294,114
Impairment losses on Fixed Asset investments		-
Fair value losses on investment properties	60,478	(134,000)
Defined benefit pension schemes	(354,000)	(291,473)
Amortisation of Grants	(2,135,504)	(1,761,276)
Decrease in Fixed Asset Investments	-	-
(Gain) on disposal of tangible fixed assets	109,651	(178,169)
Taxation		(48,000)
Operating cash flows before movements in working capital	8,603,133	3,328,078
Decrease/(increase) in stock	(77,045)	(1,097,834)
Decrease/(Increase) in trade and other debtors	318,526	(2,998,618)
Increase in trade and other creditors	(651,290)	7,773,261
Cash generated from operations	8,193,324	7,004,887

Cash and Cash Equivalents (Group)

Cash and Cash Equivalents represent:-	2019 £	2018 £
Cash at Bank	23,036,648	18,543,798
Short Term Deposits	-	-
Overdraft	-	-
	23,036,648	18,543,798

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

	2019 £	2018 £
Surplus for the year	6,460,722	5,685,678
Adjustments for non-cash items		-
Depreciation of tangible fixed assets	(4,438,911)	(4,294,114)
Impairment losses on tangible fixed assets		-
Impairment losses on investments		-
Fair value (gains)/losses on investment properties		-
Defined benefit pension schemes	(354,000)	(291,473)
Fair value (gains)/losses on financial instruments	-	-
Amortisation of Grants	2,135,504	1,664,309
(Gain) on disposal of tangible fixed assets	109,651	(178,169)
Interest receivable	-	-
Interest payable	-	-
Taxation	-	-
Operating cash flows before movements in working capital	8,519,780	11,174,459
Decrease/(increase) in stock	(1,709,172)	-
(Increase)/Decrease in trade and other debtors	1,814,614	(2,892,972)
Increase/(decrease) in trade and other creditors	106,900	(1,891,412)
Cash generated from operations	8,732,122	6,390,075

Cash and Cash Equivalents (Association)

	2019 £
Cash at Bank	212,213
Short Term deposits	22,769,288
Overdraft	-
	22,981,501

24. CAPITAL COMMITMENTS AND OTHER CONTRACTUAL OBLIGATIONS

	Group		Association	
	2019 £	2018 £	2019 £	2018 £
Capital expenditure contracted for but not provided in the financial statements	18,090,551	22,513,238	18,090,551	22,321,776

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

25. RETIREMENT BENEFITS

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

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

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

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

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

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

For the period up to 31st March 2014 the Association participated in the Scottish Housing Association Pension Scheme ("SHAPS"). The scheme is a multi-employer scheme which provides benefits to over 150 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

For the year ended 31 March 2018, the SHAPS obligation was being accounting for as a defined contribution as there was not sufficient information available to identify each employer's share of assets and liabilities in the scheme. Therefore, for 31 March 2018, the contributions payable from the association to the SHAPS under the terms of its funding agreement for past deficits was recognised as a liability within provisions for liabilities in the Association's financial statements. The net present value for this contractual obligation was £1,302k.

For the year ended 31 March 2019, sufficient information is available for the Association in respect of SHAPS to account for its obligation on a defined benefit basis. The most recent formal actuarial valuation was completed as at 30 September 2015 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2019 by a qualified independent actuary.

Under the defined benefit pension accounting approach, the SHAPS net deficit as at 1 April 2018 is £1,919k and is £2,083k as at 31 March 2019.

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

25. RETIREMENT BENEFITS (continued)

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

	31 March 2019 (£000s)	31 March 2018 (£000s)
Fair value of plan assets	9,789	9,678
Present value of defined benefit obligation	11,872	11,597
Deficit in plan	(2,083)	(1,919)
Unrecognised surplus	-	-
Defined benefit liability to be recognised	(2,083)	(1,919)
Deferred tax	-	-
	(2,083)	(1,919)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2019 (£000s)
Defined benefit obligation at start of period	11,597
Current service cost	-
Expenses	10
Interest expense	290
Actuarial gains due to scheme experience	(77)
Actuarial losses due to changes in demographic assumptions	31
Actuarial losses due to changes in financial assumptions	820
Benefits paid and expenses	(799)
Defined benefit obligation at end of period	11,872

25. RETIREMENT BENEFITS (continued)

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

	Period ended 31 March 2019 (£000s)
Fair value of plan assets at start of period	9,678
Interest income	245
Experience on plan assets (excluding amounts included in interest income) - gain	328
Contributions by the employer	337
Benefits paid and expenses	(799)
Fair value of plan assets at end of period	9,789

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £573,000.

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

	Period from 31 March 2018 to 31 March 2019 (£000s)
Expenses	10
Net interest expense	45
Defined benefit costs recognised in statement of comprehensive income (SoCI)	55

25. RETIREMENT BENEFITS (continued)

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended 31 March 2019 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain	328
Experience gains and losses arising on the plan liabilities – gain	77
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - loss	(31)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - loss	(820)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - loss	(446)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in other comprehensive income - loss	(446)

25. RETIREMENT BENEFITS (continued)

ASSETS

	31 March 2019 (£000s)	31 March 2018 (£000s)
Global Equity	1,575	1,741
Absolute Return	829	1,149
Distressed Opportunities	167	44
Credit Relative Value	170	-
Alternative Risk Premia	547	366
Fund of Hedge Funds	27	278
Emerging Markets Debt	314	331
Risk Sharing	284	88
Insurance-Linked Securities	254	265
Property	194	382
Infrastructure	410	176
Private Debt	126	90
Corporate Bond Fund	686	676
Long Lease Property	119	-
Secured Income	342	354
Over 15 Year Gilts	251	313
Index Linked All Stock Gilts	-	-
Liability Driven Investment	3,484	3,407
Net Current Assets	10	18
Total assets	9,789	9,678

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.

25. RETIREMENT BENEFITS (continued)

KEY ASSUMPTIONS

	31 March 2019 % per annum	31 March 2018 % per annum
Discount Rate	2.33%	2.59%
Inflation (RPI)	3.28%	3.16%
Inflation (CPI)	2.28%	2.16%
Salary Growth	3.28%	3.16%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2019	21.7
Female retiring in 2019	23.4
Male retiring in 2039	23.1
Female retiring in 2039	24.7

26. RELATED PARTY TRANSACTIONS

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

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 £40,573 (2018: £40,378).

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