

Financial Statements

for the year ended 31 March 2015



River Clyde Homes Financial Statements

for the year ended 31 March 2015

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Registration Particulars:

Register of Companies

Companies Act 2006

Registered Number: SC329031

Scottish Housing Regulator

Housing (Scotland) Act 2010

Registration Number: 362

Office of the Scottish Charity Regulator

Charity and Trustee Investment Act
(Scotland) 2005 Scottish Charity
Number: SC038584

Bankers

Royal Bank of Scotland
Kirkstane House
139 St Vincent Street
Glasgow
G2 5JF

Solicitors

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

Auditors

Baker Tilly UK Audit LLP
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

RIVER CLYDE HOMES
REPORT OF THE BOARD INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2015

Introduction

The Board present their Annual Report together with the audited accounts for the year ended 31 March 2015. The Association was incorporated on 9 August 2007 and it was registered as a Registered Social Landlord on 3 December 2007. These accounts cover the year 1 April 2014 to 31 March 2015.

Principal Office and Registered Address

Roxburgh House
102-112 Roxburgh Street
Greenock
PA15 4JT

Principal Activity

River Clyde Homes is a forward thinking and dynamic 'not for profit' social housing provider that owns and manages circa 6,000 homes and provides factoring services to a further 2,250 homes in the Inverclyde area of Scotland. We employ over 240 members of staff, including 55 specialist trades operatives.

We have recently developed a new vision, new values and new strategic outcomes for the company. These are different to those in our first business plan and reflect the changes in the political, operational and economic environment since the establishment of the company in 2007, together with our initial learning and experience as one of Scotland's major and newest registered social landlords.

Our **vision** is:

Where customers and their homes really matter.

The **strategic outcomes** we want to achieve during the lifetime of our new 5 year business plan, '*Excellence and Affordability*', will help us to realize our vision and are as follows:

- An excellent customer experience
- Sustainable homes and places
- Improved energy efficiency and reduced fuel poverty
- An efficient company
- A growing company
- Safer and better supported customers
- A diverse, committed and empowered workforce

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Our **values** as a company are summarised as **CARES**:

Customer first, performance driven
Acting with integrity, being professional
Respect for each other, our partners and our environment
Embrace innovation, challenge expectations
Spend our money wisely

Our **aim** is:

Customers at the heart of everything we do

There is a '**golden thread**' of plans through the company as each Directorate, team and each member of staff collectively and individually contributes to achieving the vision, outcomes, values and aim of River Clyde Homes.

The River Clyde Way is how we go about our business in Inverclyde. We pride ourselves on our positive attitudes and behaviours, and our commitment to putting the customer first. All our employees have 'signed up' to the River Clyde Way:

- We value our customers;
- We will provide services which protect, enforce and promote equality and diversity;
- We will treat customers as we would like to be treated ourselves, with fairness, dignity and respect;
- All our staff, and contractors, will carry visible photographic ID cards – at all times. We will ensure that all relevant customer facing employees wear our corporate uniform;
- We will seek, and use, feedback from our customers to improve services, and publish our findings in our 'Up Close' newsletter, our website and customer reception areas;
- We will provide a range of information for customers;
- We will operate an out-of-hours emergency telephone service;
- We will develop customer service standards and publish them
- We will resolve complaints quickly in line with best practice;
- We will let customers know how to obtain information in other formats such as large print, Braille or audio, or other languages;
- We will develop telephone answering standards aimed at providing excellent service;
- We will ensure our customer reception arrangements are open at suitable times and accessible for all customers; Reception areas will be clean and comfortable;
- Where appropriate we will offer private interview facilities including home visits.

This is the River Clyde Way.

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The Board has placed customer care at the heart of the culture of River Clyde Homes. The River Clyde Way has been embedded in our plans and has become a key aspect of the training and development of staff, the performance management framework, our staff appraisal process and the management of our contractors

Governance and Decision Making

The strategic leadership of the company is provided by a Board of 15 members, 3 of which are vacant awaiting changes to the Articles to reduce the Board membership to 12 members. The Board is supported by a Chief Executive and 3 Directors, the Executive Management team. The full list of Board members during the period to 31 March 2015 is as follows:

Wilson Dunlop	Appointed Dec 07
Katrina Anderson	Appointed Dec 07
Alan Duncan	Appointed Jun 10
Elizabeth Grant	Appointed Oct 11
Cllr Stephen McCabe	Appointed Jun 12
Cllr Joe McIlwee	Appointed Jun 12
Cllr Ronald Ahlfeld	Appointed Jun 12
Cllr Christopher McEleny	Appointed Jun 12
Lynn Wassell (Chair)	Appointed Jun 12
Craig McGinn	Appointed Apr 14
Albert Henderson (Vice Chair)	Appointed Apr 14
Jillian Moffat	Appointed Sept 14

All tenancies for the above tenant members of the Board are on Scottish Secure Tenancy Agreements in terms of the Housing (Scotland) Act 2010 and these members cannot use their position on the Board to their advantage. Any transactions with Inverclyde Council are made at arm's length, on normal commercial terms and the Board members who are also councillors cannot use their position on the Board to their or the council's advantage.

The company is limited by guarantee and does not have a share capital. The liability of Board members is limited to £1 each. The executive officers of the company hold no interest in the company's share capital and although not having the legal status of "Director" they act as executives within the authority delegated by the Board. It is the responsibility of the Board to approve the vision, business plan and priorities of the company. They also monitor the operational activities of the company. The members of the Board are unpaid. The Board is accountable to the wider membership; as at 31 March 2015, River Clyde Homes had 166 members.

The Board has seen a considerable change in its membership since 2012. The governance of the company has been significantly strengthened with the addition of a number of new members with a range of relevant knowledge, skills and experience. Lynn Wassell was appointed as the Chair of the Board in 2012.

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Following a successful recruitment campaign, the Board has a further 3 new members namely; Albert Henderson (now vice chair), Craig McGinn and Jillian Moffat, who all bring a wide variety of experience to the Board

The Board has implemented a governance improvement plan to ensure governance arrangements are 'fit for purpose' and reflect UK best practice. Key changes to the company's governance arrangements include:

- Reduced Board size;
- Emphasis on a professional, skilled Board membership;
- Fixed and maximum terms of Board membership;
- New Codes of Conduct and Governance;
- Establishment of 3 new committee's to support the Board;
- Recognition of customer led scrutiny of the company.

The company has received 'Early Adopter' status from the Scottish Government to support the implementation of innovative and ground breaking arrangements for customer led scrutiny of the company. The Board has been working with the customer led 'Count Me In' group and TPAS Scotland in developing scrutiny arrangements and in 2014 the launch of the River Clyde Homes Customer Senate was implemented – a first for Scotland.

The executive officers of the company during the period to 31 March 2015 are as follows:

Chief Executive	Kevin Scarlett
Director of Business Support	James Aird
Director of Property and Development Services	Willie Croft
Director of Housing and Customer Excellence	Sandra McLeod

The Director of Property and Development Services and the Director of Business Support resigned from their posts on 17 July 15 and 29 July 15 respectively. The Chief Executive is currently working with the board to agree interim and long term management arrangements to cover these posts.

The executive officers are responsible for achieving the vision, strategic outcomes, priorities and plans of the Board confirmed in its business plan; they also ensure high standards of professionalism, performance and ambition in their work.

Business Plan 2014 – 2019: '*Excellence and Affordability*'

The business plan is the key document for River Clyde Homes; it provides strategic direction for the company, forms an integral part of the performance management framework, and helps to ensure that we remain a financially viable, fit for purpose organisation aiming to improve services and outcomes for our customers.

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The business plan demonstrates how we will achieve our vision and priorities over the next five years. It confirms how we are responding to the environment in which we operate to improve services, the quality of our 'housing offer' and to help create sustainable communities and places across Inverclyde.

As a major housing and services provider in Inverclyde, we have a significant role to play in helping to achieve the priority outcomes of the Inverclyde Alliance Single Outcome Agreement 2013-2017: *'Inverclyde Together'*, as well as Inverclyde's Local Housing Strategy and Strategic Housing Investment Plan. The business plan therefore sits within the wider strategic framework of priorities and plans for housing and communities within Inverclyde.

This is our second business plan and will cover the period from April 2014 to March 2019. It builds on the successes of our first business plan, which took us from our inception in December 2007, as well as the learning from some significant challenges presented to us as Scotland's most recent large scale voluntary transfer organisation. It was approved by the Board in March 2014.

Since our launch in 2007 we have made significant progress in delivering many of our 'transfer promises'. However a number of challenges remain, not least the need to improve the performance of our services and to ensure all our homes are compliant with the Scottish Housing Quality Standard (SHQS). The business plan confirms our achievements to date as well as our ambition and plans to become one of the best housing providers in Scotland, delivering a comprehensive and excellent 'housing offer'.

The Board has developed a number of outcomes it wants to achieve over the lifetime of this business plan. Through achieving these outcomes the company will achieve its vision, deliver its strategic objectives and demonstrate its values.

The outcomes the Board wants to achieve by 2019 are:

- An excellent customer experience
- Sustainable homes and places
- Improved energy efficiency and reduced fuel poverty
- An efficient company
- A growing company
- Safer and better supported customers
- A diverse, committed and empowered workforce

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The outcomes will be achieved through delivering a number of business plan priorities. One of the main vehicles to deliver these priorities is the adoption of a business transformation project that aims to improve performance, service delivery and modernize the business processes within the Company a complete root and branch review of the service delivery within River Clyde Homes.

These business plan priorities are set out below by each strategic outcome:

An Excellent Customer Experience

- Improve customer access to services
- Improve the customer experience of our services
- Improve our performance management and implement customer led scrutiny
- Receive external recognition and accreditation for our customer services

Sustainable Homes and Places

- Achieve the SHQS for all our homes by 2016
- Maximise funding for the investment needs of all our schemes and estates
- Improve the popularity of the neighbourhoods we work in
- Develop more effective ways of managing neighbourhoods with our customers and partners

Improved Energy Efficiency and Reduced Fuel Poverty

- Reduce the number of our customers experiencing fuel poverty
- Reduce our carbon emissions

An Efficient Company

- Implement improved and more effective business and information systems
- Maximise the resources we have available to deliver our services and use them efficiently and effectively
- Improve our value for money and achieve a year on year minimum 3% efficiencies
- Achieve CPI only rent increases from 2019

A Growing Company

- Develop and manage new affordable homes for rent and sale
- Exploit new business opportunities and increase the commerciality of the company, working beyond Inverclyde's boundaries where appropriate to do so
- Seek new housing partnerships to ensure the continuous improvement of our services, our value for money and to maximise our investment opportunities

Safer and Better Supported Customers

- Work with partners and customers to reduce fear of crime and tackle anti social behaviour

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- Help to reduce unemployment and financial exclusion
- Deliver fair and equitable services that are tailored to effectively meet the needs of our customers
- Seek to minimise the impact of welfare reform on our customers

A Diverse, Committed and Empowered Workforce

- Develop a flexible and multi skilled workforce
- Develop a positive staff culture and Implement the River Clyde Academy
- Implement a new, fairer pay line
- Achieve external recognition and accreditation for our organisational development

Consultation on the business plan has been achieved through a variety of methods, events and activities. We have discussed the plan and its priorities with our customers. The plan has within it extensive performance monitoring and risk management arrangements to ensure that it will deliver tangible benefits and outcomes for our customers.

The Board had a number of meetings and 'away days' during 2013 and 2014 where business planning was discussed. Directors and their teams have contributed extensively to the development and production of the business plan; the plan has been influenced and shaped by our partners, including Inverclyde Council.

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STRATEGIC REPORT

Overview

The finances of the organisation are governed by the detail contained in the Financial Plan which was agreed by the Board in March 2014. Many aspects of the Financial Plan present the organisation with challenges that impact upon the forecasts that shape the cash flow and financial capacity of the organisation. The Financial Plan is reviewed regularly and approved by the Board annually and is linked to the budget and Financial Covenants.

The Scottish Government require RCH to achieve the Scottish Housing Quality Standard (SHQS) by 31 March 2016 and the estimated resource required to achieve this standard, by that date, is contained within this Financial Plan.

RCH receive grant funding from the Scottish Government to subsidise the cost of this investment. The grant is payable in annual instalments to match the annual percentage of properties that meet SHQS compliance.

In addition to investment in existing stock, 20 homes were built on our site at Woodhall Terrace in Port Glasgow and all properties were handed over in April 2015. In December 2014 the Scottish Government agreed to fund a third phase at Woodhall and planning permission was obtained in the last quarter of the financial year to build 16 new properties.

To fund the combined estimated loan debt portfolio a facility has been agreed with a consortium of financial institutions amounting to a maximum loan facility of £65m.

Income & Expenditure

Turnover of £27.243m relates mainly to the income from the letting of properties which accounts for £25.951m of this total. The balance of income of £1.292m relates to support activities, Homefact, BIG lottery fund, Scottish Legal Aid Board fund and developments and improvements for sale.

Total Operating Expenditure was £22.473m, consisting of:

Management and maintenance admin costs £9.793m

Planned and cyclical maintenance £5.708m (major repairs expenditure which was capitalised is detailed in note 3 on page 41)

Reactive maintenance costs £4.128m

Other costs £2.844m

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STRATEGIC REPORT (CONT.)

Balance Sheet

The housing stock was transferred to RCH at nil value. However as the new build programme has progressed, the net book value of the housing properties held for letting or construction has increased to £46.721m.

The debtors balance is £14.083m of which the gross rent debtor accounts for £1.994m. As part of the transfer agreement RCH purchased the rent debt for current Tenants £0.967m at the net book value £0.125m and the former Tenants arrears of £1.7m at no cost. Therefore, the former Tenants arrears at the time of transfer are fully provided for in the accounts. The current Tenant arrears, and the arrears which have become former since transfer, have a provision for bad debt based on the value of the debt.

The cash in hand at the year end is £9.899m.

Reserves

Note 12 on pages 53 and 54 details the reserve position at the year end.

Revenue Reserve

There was a surplus of £3.937m in the year and a balance in the undesignated revenue reserve of £7.311m. The designated reserves totalled £14.769m.

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STRATEGIC REPORT (CONT.)

Designated Reserves

As part of the Transfer Agreement, the first £1m of any potential indemnity claim will, until 2015/16 be funded from the VAT receipts flowing from the VAT arrangement. It was therefore prudent to create a designated reserve solely for this purpose in the accounts and this was created in 2007/08. If this reserve is not fully called upon by 2015/16 then the proceeds can be used for general expenditure within RCH.

Reserves have been earmarked as follows:-

- To front fund potential indemnity claim as detailed above
 - £1.0m in 2007/08
 - (£0.126m) in 2012/13 - Release of New Build Indemnity Fund Lot 2
 - (£0.602m) in 2013/14 - Release of New Build Indemnity Fund Lot 1
- To front fund the regeneration and investment programmes which will be released by 2015/16
 - £0.5m in 2007/08
 - £1.0m in 2008/09
- To cover the cost of future environmental works, development, factoring, service improvement, the cost of employing apprentices and to fund holding investment, the majority of which will be released by 2015/16
 - £1.520m in 2008/09
 - £2.244m in 2009/10
 - £1.175m in 2010/11
 - £0.553m in 2011/12
 - £1.083m in 2012/13
 - (£1.5m) in 2013/14 to revenue reserve
- To cover the future non cash cost of depreciation due to the adoption of component accounting which was not originally expected in the business plan on inception. This will be released over the life of the assets with approximately £3m of this being released in the next 5 years
 - £10.188m in 2010/11
 - (£0.623m) in 2011/12
 - (£0.624m) in 2012/13
 - (£0.624m) in 2013/14
 - (£0.624m) in 2014/15 leaving balance of £7.693m
- To cover the future cost of past service deficit from Scottish Housing Association Pension Scheme. This will be released by 2026/27 (Note 10)
 - £0.267m in 2012/13
 - (£0.027m) in 2013/14
 - (£0.011m) in 2014/15 leaving balance of £0.229m

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STRATEGIC REPORT (CONT.)

Cash Flows

The Cash Flow statement is shown on page 34. The net cash inflows from operating activities were £4.470m. The principal cash outflows were operating costs and investment.

Financing and Liquidity

In April 2011, to minimise the exposure to interest rate variations RCH entered into a £48M hedging agreement, where a predetermined amount will be borrowed every April at rates which will be fixed until 2029. In 2015/16 the amount required to be drawn down based on this hedging agreement was £25.1M. During the year no additional short-term borrowing was required. In April 2015 a further £10.2M will be borrowed based on the hedging agreement.

The 2014/15 cash flow was managed so that RCH would fund the current year's activities with the minimal amount of borrowing required. In 2015/16, as the investment programme progresses, there may be recourse to borrow larger sums to meet the RCH commitment to fund the share of the programme not met from grant.

Credit Payment Policy

The Company's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is 28 days.

Capital Structure and Treasury Management

RCH operations are funded on the basis of a 30 year Business Plan which has to be reviewed annually. The funding is driven by a loan facility by a consortium of financial institutions and grants provided by the Scottish Government. The funding facility from the financial institutions allows a maximum loan drawdown of £65m with the remaining funding to achieve the targets of the investment programme, the new build programme and the day to day running of RCH coming from the Scottish Government and RCH's internal resources. The business plan assumes that the peak debt will be reached in year 2019 and repaid by year 2029.

The Company, as a matter of policy, does not enter into transactions of a speculative nature.

Planning for the future

RCH will review its 30 year Business Plan annually which includes all the long term plans for the business over a 30 year horizon. This is subject to review and amendment every year as real issues emerge and the financial climate changes so too must the Business Plan evolve to meet those challenges.

The Financial Plan is a derivative of the Business Plan and is divided into component parts and includes operating costs, repairs, investment and new build expenditure. This is funded via rental income, grants and loan debt. The Financial Plan demonstrates that the resources to achieve the objectives of the Business Plan are in place over a 30 year horizon.

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STRATEGIC REPORT (CONT.)

The key assumptions underpinning the 30 year plan are the demolition of non-sustainable stock, investment in houses to meet the Scottish Housing Quality Standard and the construction of new build houses for rent and low cost ownership which is determined by RCH's asset management strategy.

Risk Management

The following key principles outline River Clyde Homes' approach to risk management and internal control:

- The Board of Management has responsibility for overseeing risk management within the organisation as a whole.
- An open and receptive approach to solving risk problems is adopted by the Board of Management.
- The Risk Management Group supports, advises and implements policies approved by the Board of Management.
- The organisation makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks.
- Responsible Officers are required to encourage good risk management practice within their area.
- Key risk indicators will be identified and closely monitored on a regular basis.

The system of internal control incorporates risk management. This system encompasses a number of elements that together facilitate an effective and efficient operation, enabling the organisation to respond to a variety of operational, financial, and commercial risks.

The organisation encourages a culture that embraces risk at the heart of decision making and promotes this throughout the organisation so that risk appreciation and consideration is a part of normal work.

The risk register is reviewed and reported via the Audit and Finance Committee, with ownership of each risk being attached to a specific Officer. The top 5 risks for River Clyde Homes are:-

1. Loss of Income due to significant increases in arrears, particularly due to impact of Welfare Reform.
2. Loss of Income due to void levels; let stock not stabilised and business plan assumptions therefore not met.
3. Failure to deliver on the asset management strategy; demographics adversely affecting demand and failure to meet SHQS.
4. Failure to modernise the repairs service leading to high costs and customer dissatisfaction.
5. Failure to achieve cultural change

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OPERATING REVIEW

HOUSING MANAGEMENT

Key Performance Indicators (KPIs)

RCH's KPIs are reviewed quarterly by the Board and included in the Annual Return on the Charter (ARC) to the Scottish Housing Regulator and Customers.

KPI	2014/15	2013/14	2012/13	2011/12	2010/11
New Lets	31	58	54	202	109
Re-lets	525	471	447	413	460
Average Relet days	143	133	94	155	157
% of new tenancies sustained > 1 year	88%	79%	95%	87%	88%
Rent collected as percentage of rent due	102.5%	97.3%			

Following the 2013/14 remodelling of services in housing management, the new specialist teams have continued to develop their services to customer's and redesigned how these services are delivered.

Rent consultation

During previous rent consultations back in December 2013 a majority of customers agreed to River Clyde Homes' proposals to increase rents for the next five years by RPI + 1.5%. However, with the continuing economic situation still having a significant impact on many customers, the Board agreed to rearrange its finances in such a way that it maintained all current services while still being able to introduce the proposed improvements customers wanted and keep next year rent increase to RPI only. Tenants were consulted on this change and the majority of tenants agreed with this proposal. This resulted in an inflation only rent increase of 2.3% from April 2015.

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One Call

One Call, our new customer service team continue to operate as the first point of contact for customers, providing a full range of help and advice to all customers who telephone or visit our Greenock Offices and drop in service at 7½ John Wood Street.

During 2014/15, the team have increased their skills and knowledge with a range of inhouse training sessions and the full team achieved a Professional Development Award in Housing Law & Advice.

Following the failure in securing the preferred Hub location in Greenock, the team continue to operate from Roxburgh House, Greenock and will continue providing the service from this location until another location is secured at both Greenock and Port Glasgow.

Your Home (Letting)

The team are now allocating all vacant homes using our new Choice Based Letting (CBL) system that was implemented during June 2014. The advertisement of homes to let using the CBL system has helped increase the number of lets made, including the successful letting of a number of vacant homes within our low demand housing areas.

The number of customers making new housing registrations has dramatically increased since the launch of CBL, with a number of new customers from outwith the local Inverclyde area.

We have continued with our partnership with the HomeSwapper, tenant exchange scheme and a few successful mutual exchanges have been made.

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Welfare Reform

Over the last year, River Clyde Homes has continued to mitigate the loss of income by upskilling staff to ensure maximisation of benefits to customers, including housing benefit. Through attending specific training, knowledge has been improved and this can be evidenced through income to the organisation and an increase in sustainment of new tenancies by 10% on last year. RCH contributed £30k to Financial Fitness and partnership working with this organisation supported 758 tenants to gain additional £970k in benefits.

A Welfare Reform Project Team has been formed and by using the actions identified we will proactively prepare for the impacts, including the arrival of Universal Credit Roll Out within Inverclyde in October 2015.

In order to mitigate the risks of Welfare Reform we will:-

- promote the services of internal staff and external partner agencies for one to one support.
- focus on preparing our customers for the changes by continuing to provide awareness for tenants and their families at every stage of their tenancy ie pre - tenancy, at the point of signing for the property, settling in visits, and ongoing tenancy interventions.
- continue to publicise methods of support available from River Clyde Homes and partner agencies via customer newsletter, website, tenant meetings .
- increase opportunities of improving customer's budgeting skills and opportunities to internet access which may facilitate low cost finance options, access to benefits such to insurance and shopping deals - this is delivered by Inverclyde Future Skills.
- continue to use dedicated benefit advice officers who were responsible for income in excess of £1m for 2014/15.
- continue to ensure that we work in partnership with Inverclyde Council particularly to increase access to the Discretionary Housing Payment Budget and Scottish Welfare Fund to capacity with a particular focus on Social Sector Size Criteria (Bedroom Tax).
- continue to participate with the Make Advice Work project on a full time basis with the assistance of another 12 months funding.

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Organisational Development

Attendance at Work

Sickness absence was 4.6% in the year ending 31 March 2015. Return to work interviews took place after each absence. Occupational Health (OH) services were offered, which included health clinics and ergonomic assessments and phased returns offered to staff returning to work following a period of long term sickness. Management information was reviewed regularly for improved effectiveness with data provided giving a breakdown showing age range, reason for referral, outcome of referral and whether disability was applicable at the time of absence and referral.

Family friendly benefits

RCH remains committed to supporting work-life balance and recognise the changing demands of family life and approved the flexible working applications for 6 staff across all business areas in the last 12 months.

Health and Wellbeing

- Westfield Health Care plan was introduced on 1 April 2014, providing health care cash back benefits to all staff on optical, dental and therapy treatments
- River Clyde Rewards Scheme was introduced – an on-line shopping, leisure breaks and activity discounting benefits website for members
- Employees were given a range of support materials from the CIPD, ACAS, the Health & Safety Executive (Management Standards in relation to Stress) and SAMH in order to assist with the supportive management of people.
- A range of wellness treatments was arranged and approximately 75 employees participated.
- Resilience training was delivered
- The Scotland's Mental Health First Aid Course is planned for delivery during 2015/16.

Awards and recognition

- The Healthy Working Lives Gold Award was maintained, which demonstrates the commitment and enthusiasm shown by employees in promoting health and wellness.
- The Double Tick, positive about disabled people standard was maintained.
- The Living Wage Accreditation was maintained.
- The Investors in Diversity Stage 1 award was maintained.
- A commitment was made to work towards Investors in People accreditation.

Learning Opportunities

The River Clyde Academy was launched with the aim to help every employee realise their full potential through a range of bespoke learning and development opportunities. The Academy programme was developed from staff appraisals learning and development needs and should help support them to meet the aspirations of our customers in their neighbourhoods.

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The Academy offers a wide range of learning and development options, including vocational qualifications to enable delivery of excellent customer service.

- A wide range of learning opportunities were available for employees. This has included the provision of;
- A dedicated Leadership Programme for all leaders and managers in RCH. Scottish Vocational Qualification Level 3 and 4 in Social Care and in Customer Services
- Short courses, including Dementia Awareness
- Conferences which were attended by employees throughout the year, including the Chartered Institute of Housing

Partnership

RCH continued to promote and maintain an effective relationship with its trade union partners through partnership working. Regular meetings of the trade union Partnership Forum took place throughout the year and were attended by representatives from the 4 recognised trade unions.

PATH Trainee

A Positive Action through Housing (PATH) Trainee progressed to year 2 of the 3 year placement with River Clyde Homes which started in October 2013. The trainee has worked in various teams learning key housing knowledge and skills and has gained experience to increase employability opportunities. The trainee is working towards the CIH Level 4 Diploma in Housing.

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PROPERTY SERVICES

Investment

The Scottish Housing Quality Standard (SHQS) was introduced by the Scottish Government in 2004 and sets a standard which all RSL and local authority housing stock must meet by 2016.

In order to achieve SHQS and as part of the Transfer Agreement, RCH receive an annual grant subsidy from the Scottish Government. The grant received contributes not only to upgrading the sustainable stock to SHQS compliance levels, but also contributes towards the cost of demolishing unsustainable stock.

For the year ending 31 March 2015, the available grant, the actual expenditure and grant claimed are detailed as follows:

	Available Grant	Expenditure	Grant Claimed
Improvements	£1.193m	£10.166m	£1.193m
Demolition	£1.202m	£1.595m	£1.202m
Asbestos	£0.580m	£0.624m	£0.580m

There are five key elements to the SHQS, namely as follows:

- Properties must be above the tolerable standard.
- Properties must be free from serious disrepair.
- Properties must be energy efficient.
- Properties must have modern facilities.
- Properties must be healthy, safe and secure.

The Stock Transfer Agreement set a target of 89% compliance by 31 March 2015. Our figure for year-end is however 72%. This actually represents a reduction in compliance from our quarter 3 figure of 81%. The decreased figure has resulted from on-site survey data now uncovering some defects in stock that was previously cloned. This data needs to be verified and it is anticipated that the actual figure will increase as the various items are checked. Survey is now over 80% with a target of 100% before year end 2016. This matter has been discussed in detail with our Board and with the Scottish Housing Regulator. An Action Plan has been drawn up and progress will now be monitored monthly.

Our investment in stock has been reviewed in line with our “Sustainable Homes and Places Asset Management Strategy. Our Board have agreed to direct investment into retained stock to a level that improves the appearance and performance of buildings thereby making them as future-proof as possible.

Along with SHQS work, two major investment projects were launched in 2015: John Street and Broomhill. The John Street area is a 1930's tenemental area in Greenock that was in very poor condition and was very unpopular. An ambitious programme there has replaced roofs, drainage, upgraded all flats and common parts as well as installing modern External Wall Insulation and modern facilities such as WiFi. The transformation has been so dramatic that all of the vacant flats (some void for many years) now have tenants.

RIVER CLYDE HOMES
REPORT OF THE BOARD INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2015

An even more ambitious project is now underway in the Broomhill area of Greenock. This area was built out late 1950s/early 1960s. Broomhill has around 670 properties and it was once a very popular area. The Area's popularity has however declined substantially. A Regeneration Manager was appointed and again, an ambitious programme of works introduced. These works include replacement of an obsolete blown hot-air heating system and individual night-storage radiators in many flats with a modern district heating system using biomass, installation of EWI on walk-ups and Rainscreen and tower blocks, full internal refurbishment for the flats and common area, an extensive landscaping project and the creation of new housing management services and security measures in line with the identified wishes of residents. The works are due to be completed by April 2016.

Energy Efficiency

Virtually all of RCH stock has double glazed windows and full central heating systems. An extensive programme carried out in the 10 years prior to stock transfer through the Scottish Government HECA grant award, has ensured the majority of the stock has hot water tank and pipe insulation, loft insulation and a significant number of properties with cavity wall insulation.

In 2014-15 RCH utilised funding for a pilot mains gas supply projects, this enabled RCH to convert nearly 100 properties in the Park Farm area from electric storage heating to more efficient gas condensing boiler systems.

RCH have also completed an upgrade of common area lighting from fluorescent type to LED. This has been completed in 10 high rise buildings in 2014-15. RCH have also retro fitted circa 750 light fittings with energy saving LED lamps and have also upgraded 9 passenger lifts in 2014-15. The lifts in 5 low rise building have been changed from inefficient hydraulic lifts with old machinery to low energy electrical motorised lifts. The remaining upgraded lifts were fitted in 2 high rise blocks and replace old inefficient units. The new lifts are Otis Gen2 machines which produce and store electricity for reuse. RCH have also installed 3 new commercial washing machines and 1 tumble dryer as part of a pilot project. We are currently monitoring energy and water usage.

Following a very successful project at Holmscroft providing EWI and associated works to nearly 250 houses by leveraging in some £300,000 using HEEPS/ABS, RCH has again very successfully attracted a further £100,000 funding benefiting our John Street Area (circa 90 houses).

These projects all help to sustain communities, reduce fuel poverty and help reduce carbon emissions. The projects are complemented by RCH funding to enable our local community energy advice company to offer free and impartial energy advice and advocacy support to householders to allow people to get the best from their heating systems and insulation and to keep bills as low as possible.

RIVER CLYDE HOMES

REPORT OF THE BOARD INCLUDING STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2015

Gas Safety

RCH have a legislative obligation to maintain all gas appliances within its properties. This maintenance obligation extends to an annual inspection and service of each appliance, with appropriate certification being issued by a registered Gas Safe engineer. This obligation excludes appliances installed by tenants e.g. gas cookers.

As at March 2015, 99.97% of applicable appliances had a valid safety certificate. A robust escalation procedure is in place to ensure access to all properties is achieved in advance of the expiry date of the safety certificate. When deemed necessary, this procedure includes forcing access to properties. This process has been a success and has over the course of the year allowed RCH to extend the gas servicing cycle to 11 months up from 10 months which will offer savings over the longer term without compromising quality or legislative requirements.

Asbestos

RCH carried out an external audit on Asbestos information and processes. As a result corrective and improvement actions were indicated. A key improvement was the employment of a dedicated Asbestos Coordinator. The officers remit is ensure information in Asset Management System is correct and updated. Ensuring all teams have access to the correct information, ensuring re-inspections are carried out to the required frequency and to inspect works as they proceed.

Asset Management System

During 2014/15 further was made with our Asset Management System. RCH is on track to complete 100% physical survey of its stock thereby assisting with the monitoring of SHQS compliance. By April 2015 80% of stock had been surveyed.

The Service Inspection Module (S.I.M) has been developed from its adoption last year to incorporate all of our planned and preventative maintenance inspections for more robust resource planning. It continues to provide efficient effective and a full auditing, programme scheduling, auto-population of access letters and progress monitoring.

In 2014-15 Apex has been utilised to store other records against our properties including, electrical test records, emergency lighting test records, EPC Certs, Aids and Adaptions works.

REGENERATION AND BUSINESS DEVELOPMENT

Building for the Future

The vast majority of our Larkfield homes came out of defects during the financial year. Despite intensive marketing, 9 of the shared equity homes are still to be sold. Feedback from viewers and applicants suggest the major reason for this is the inability to secure private finance. In response to this we proposed a rent to NSSE scheme to the Scottish Government and await its comments.

RIVER CLYDE HOMES
REPORT OF THE BOARD INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2015

Our development of 20 new build homes at Woodhall Terrace started on schedule in June 2014. In December 2014 the Scottish Government agreed to fund a third phase at Woodhall and planning permission was obtained in the last quarter of the financial year. The Council refreshed its Strategic Housing Investment Plan (SHIP) in 2014/15 and sites proposed by RCH scored highly.

RCH also added to its land portfolio at the end of the financial year with the acquisition of two sites at Bay Street and Southfield Avenue (both Port Glasgow). Further work will now be carried out to establish the optimum delivery solution.

Port Glasgow and East Greenock

Woodhall has been the focus for new house building in these areas with Phase 2 due for completion early 2015/16 and Phase 3 (16 homes) planned to start during the summer. CCG (Scotland) Ltd is our contractor for both phases at Woodhall.

The physical works to complete the Belville Community Garden completed in 2014/15 with some snagging works still to take place. Volunteers have received training to take their places on the Belville Community Garden Trust and the Community Garden Officer has had a busy year building relationships with similar projects elsewhere and local organisations. This has led to a wide programme of community events and the attraction of additional funding.

Physical works also got under way in our pilot Major Intervention Area at John Street, Greenock. This has seen door entry systems installed and closes re-roofed and insulation render installed.

Southwest Greenock

Another Intervention Area has started to be looked at in Southwest Greenock at Neil Street. This will be a main focus during 2015/16.

James Watt Dock

This site was put forward to the Council as one we are interested in taking forward and did score highly. The site will be considered during 2015/16 along with our other potential development sites.

Demolition

As part of the RCH stock reprofiling, RCH demolished 181 units 2014/15. The units demolished, Bouverie Street, Hole Farm Rd, Peat Road, Kenilworth Crescent.

RIVER CLYDE HOMES
REPORT OF THE BOARD INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2015

Local Employment Opportunities

River Clyde Homes continues to be a partner in the Inverclyde Construction Forum and Inverclyde Construction Plus. The partnership operates with Inverclyde Council, James Watt College, Job Centre Plus, local business, Skills Development Scotland and Riverside Inverclyde to maximise scope for local employment and success in tendering for contracts in Inverclyde. Significant training has been given to ensure that local unemployed people who are interested in construction are able to compete for arising opportunities, and also that local companies are aware of tender opportunities from River Clyde Homes, and its properties partners, and how to complete procurement paperwork.

During the year, Cruden Building and Renewals and their sub-contractors had 16 local people plus 5 local apprentices working on the new build houses at Larkfield. We are delighted to report that the contractors retained the apprenticeships across their other projects following completion of the Larkfield houses and that, over the period of the contract, there were more Targeted Recruitment and Training places created than the contractors were obliged to provide under the contract.

In addition to detail above, RCH Framework contractor Wates employed two young people from Inverclyde to work with them on the RCH SHQS works.

The contractor Wates also offered work experience placements to two young people with the aim of promoting long term employment opportunities. Both of these trainees showed a keen interest during the four week placement working along side the Wates tradesmen. Their hard work finally earned them permanent posts with Wates.

During the year, CCG (Scotland) Ltd and their sub-contractors also hired local people plus 2 apprentices, more than obliged under the contract, working on the new build houses at Woodhall. In addition, there were training places given to 6 building students at the local college.

RCH employed 2 craft apprentices who had had their apprenticeships cut short due to their employer going into receivership.

Maintenance

During 2014/15, River Clyde Homes received a total of 23,575 repairs orders, a rise of 1,384 (6%) from the previous year.

Emergency repairs showed a further 2% decrease from 22% in year 13/14 to 20% 14/15 (the same percentage reduction as last year).

RIVER CLYDE HOMES

REPORT OF THE BOARD INCLUDING STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2015

Performance for jobs completed within target time across all repair categories is shown below

	2010/11	2011/12	2012/13	2013/14	2014/15
Emergency repairs (including callouts)	98.8%	98.4%	95.2%	99%	99%
Routine repairs (all)	87.0%	94.2%	82.8%	90.6%	97%
Repair by appointment	93.4%	73.3%	72.5%	96%	99%
Right First Time	n/a	n/a	n/a	78.7%	93%

Going Concern

The Committee of Management has reviewed the results for this year and has also reviewed the projections for the next five years. It, therefore, has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in these financial statements.

Information for auditors

As far as the Board members are aware there is no relevant audit information of which the auditors are unaware and the Board members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such information.

Auditors

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

Signed on behalf of the Board:



on:

18 AUGUST 2015

RIVER CLYDE HOMES
STATEMENT ON BOARD RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2015

Company law requires the Board to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Company at the end of the period and of the surplus or deficiency for the period then ended.

In preparing those financial statements, the Board is required to:

- select suitable accounting policies, as described on pages 35 - 39, and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006 and the Determination of Accounting Requirements – April 2012. The Board is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RIVER CLYDE HOMES

BOARD'S STATEMENT ON INTERNAL FINANCIAL CONTROLS

FOR THE YEAR ENDED 31 MARCH 2015

The Board acknowledge their ultimate responsibility for ensuring that the Company has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Company or for publication;
- the proper authorisation and recording of transactions;
- 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 mis-statement or loss. Key elements include ensuring that;

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Company's assets.
- experienced and suitably qualified staff take responsibility for important business function; annual appraisal procedures have been established to maintain standards of performance.
- forecasts and budgets are prepared regularly which allow the Board and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the period and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures from the Board members.
- the Board reviews reports from their Chief Executive and staff and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed, this includes a general review of the major risks facing the Company.
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

RIVER CLYDE HOMES

BOARD'S STATEMENT ON INTERNAL FINANCIAL CONTROLS

FOR THE YEAR ENDED 31 MARCH 2015

The Board have continued to review the system of internal financial control in the Company during the period ended 31 March 2015. No weaknesses were found in the internal financial controls, which could result in material losses, contingencies, or uncertainties, which require disclosure in the financial statements, or in the auditors' report on the financial statements.

By order of the Board

A handwritten signature in dark ink, appearing to be 'JH', is written below the text 'By order of the Board'.

Date: 18 AUGUST 2015

RIVER CLYDE HOMES

INDEPENDENT AUDITORS' REPORT ON CORPORATE GOVERNANCE

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 27- 28 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" 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 Management Committee 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 pages 27 and 28 has provided the disclosures required by the relevant Regulatory Standards 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.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Statutory Auditor
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow G2 3EH

Date: *28 August 2015*

RIVER CLYDE HOMES

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RIVER CLYDE HOMES

We have audited the financial statements of River Clyde Homes Limited on pages 32 - 57. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report and for the opinion we have formed.

Respective responsibilities of the Board and auditor

As explained more fully in the Board's Responsibilities Statement set out on page 26, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2015 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – April 2012.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Board's Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

RIVER CLYDE HOMES

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RIVER CLYDE HOMES

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the books of account; or
- certain disclosures of the Board's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Statutory Auditor
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow G2 3EH

Date: *28 August 2015*

RIVER CLYDE HOMES

INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 £000's	2014 £000's
Turnover	2	27,243	25,105
Operating costs	2	(22,473)	(18,498)
Operating surplus		4,770	6,607
Profit on sale of fixed assets	4a	207	233
Interest receivable and other income		81	69
Interest payable and similar charges	19	(1,247)	(1,026)
Other financing income/(expense)	10	126	(271)
Surplus on ordinary activities before taxation		3,937	5,612
Taxation on surplus on ordinary activities	1	-	-
Surplus for the year	12	3,937	5,612

The results for the year relate wholly to continuing activities.

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS FOR THE YEAR ENDED 31 MARCH 2015

		2015 £000's	2014 £000's
Surplus for the year		3,937	5,612
Actuarial loss on pension scheme	10	(2,410)	(1,239)
Total recognised surplus relating to the year		1,527	4,373

RIVER CLYDE HOMES

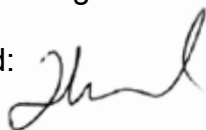
BALANCE SHEET

AS AT 31 MARCH 2015

	Notes	2015 £000's	2014 £000's
Fixed Assets			
Housing properties - depreciated cost	4a	125,898	116,062
Less: Social Housing Grant	4a	(79,177)	(74,531)
		<u>46,721</u>	<u>41,531</u>
Other fixed assets	4b	312	299
		<u>47,033</u>	<u>41,830</u>
Current Assets			
Stock	5	705	770
Debtors	6a	14,083	11,309
Debtors due after more than one year	6b	577	9,312
Cash at bank and in hand		9,899	8,641
		<u>25,264</u>	<u>30,032</u>
Creditors: amounts falling due within one year	7	(14,311)	(13,194)
Net current assets		<u>10,953</u>	<u>16,838</u>
Total assets less current liabilities		<u>57,986</u>	<u>58,668</u>
Creditors: amounts falling due after more than one year	8	(25,159)	(29,715)
Pension Liability	10	(10,647)	(8,300)
Net Assets		<u>22,180</u>	<u>20,653</u>
Capital and Reserves			
Designated Reserve	12	14,769	15,404
Restricted Reserve	12	100	19
Revenue Reserve	12	7,311	5,230
		<u>22,180</u>	<u>20,653</u>

These financial statements were approved and authorised for issue by the Board on 18th August 2015 and signed on their behalf by:

Chair of Board:



Director:



Board member:



RIVER CLYDE HOMES

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2015

	2015	2014
	£000's	£000's
Net cash inflow from operating activities (note 13)	4,470	5,879
Return on investments and servicing of finance		
Interest received	81	69
Interest paid	(1,247)	(1,026)
Other finance income/(expense)	126	(271)
Net cash outflow from returns on investments and servicing of finance	<u>(1,040)</u>	<u>(1,228)</u>
Capital expenditure and financial investment		
Cash Paid for construction of housing	(9,249)	(11,382)
Housing association grant received	2,796	4,677
Purchase of other fixed assets	(315)	(213)
Sale of properties	744	786
Repayment of proceeds from sale of properties	<u>(537)</u>	<u>(553)</u>
Net cash outflow from capital expenditure	<u>(6,561)</u>	<u>(6,685)</u>
Net cash outflow before financing	(3,131)	(2,034)
Financing		
Loan advances received	4,389	5,807
Loan principal repayments	-	-
Loan redemption payments	<u>-</u>	<u>-</u>
Net cash inflow from financing	<u>4,389</u>	<u>5,807</u>
Increase in cash in period	<u>1,258</u>	<u>3,773</u>

Further details are given in note 13.

RIVER CLYDE HOMES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

1. Principal Accounting Policies

The Company is incorporated under the Companies Act 2006 and is registered as a company limited by guarantee with Companies House in Scotland. The accounts have been prepared in accordance with the Companies Act 2006, the Determination of Accounting Requirements – April 2012 and in compliance with The Statement of Recommended Practice (SORP), “Accounting by Registered Social Providers, Update 2010” and applicable Accounting Standards.

a) Basis of Preparation

The accounts are prepared in accordance with applicable accounting standards, under the historical cost convention, modified to include land and buildings at valuation, and on a going concern basis.

b) Turnover

Turnover represents rental income from the letting of properties and service charges to tenants, net of voids and services to owner-occupiers and supporting people income.

c) Tangible Fixed Assets

Housing properties are stated at cost, all property was acquired at nil value under the stock transfer agreement. The cost of such properties includes the following:

- (i) Cost of acquiring land and buildings
- (ii) Development expenditure including attributable overheads
- (iii) Interest charged on the loans raised to finance the scheme to date of completion.

Works to existing properties will generally be capitalised under the following circumstances:

- (i) Where a component of the housing property, that has been treated separately for depreciation purposes and depreciated over its useful economic life, is replaced or restored; or
- (ii) Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed asset in excess of the previously assessed standard performance. Such enhancement can occur if improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing properties which fail to meet the above criteria are charged to the Income and Expenditure account.

RIVER CLYDE HOMES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

The adoption of component accounting in the 2010/11 financial statements represented a change in its accounting policy. Previously major components of the Association's housing properties were deemed to be land and buildings. The major components are now deemed to be structure, roofs, windows and doors, bathrooms, mechanical systems, lifts, electrics, kitchens and central heating systems. Each component has a substantially different economic life and is depreciated over this individual life. Depreciation rates are shown in note (d). The new accounting policy was deemed to be more appropriate as it better reflects the actual major components of the Association's housing properties and their individual remaining useful lives.

Where developments have been financed wholly or partly by Housing Association Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet. Housing Association Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

Although Housing Association Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

d) Depreciation

Housing Land and Buildings:

Housing Properties are stated at cost less social housing grant, other public grants and accumulated depreciation. In 2010/11 RCH changed accounting policy on the calculation of depreciation by implementing component accounting, as laid down by the 2010 SORP. This means that depreciation is charged based on the useful life of each component within its housing properties as follows:-

Structure	100 years
Roofs	70 years
Windows and doors	40 years
Bathrooms	30 years
Mechanical Systems	30 years
Lifts	30 years
Electrics	30 years
Kitchens	15 years
Central heating systems	15 years

Housing under construction is not depreciated and no depreciation is charged on the cost of land.

RIVER CLYDE HOMES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

Other Fixed Assets:

A full year's depreciation is charged in the year of acquisition but no charge is made in the year of disposal. Depreciation is charged at rates estimated to write off costs less the estimated residual value over the expected useful life, as follows:

Furniture and Equipment	- 20% straight line
Computer Equipment	- 33 1/3% straight line

Assets transferred from Inverclyde Council have been revalued in order to establish an initial value. They will be depreciated as per the policy above in future years.

e) Support Grant

Grants received in respect of revenue expenditure are credited to the Income and Expenditure account in the same period as the expenditure to which they relate.

f) Value added tax

The Association is registered for VAT. A large portion of its income, including rental receipts, is exempt for VAT purposes, giving rise to a partial exemption calculation. Expenditure is charged to the Income and Expenditure Account inclusive of VAT. Recoverable VAT arising from partial exempt activities is credited to the income and expenditure account.

g) Pension

The company participates in two pension schemes as follows:

1) Strathclyde Pension Fund which is a defined benefit scheme as defined by the Local Government Pension Scheme (Scotland) regulations 1998. Contributions are charged to the income and expenditure account so as to spread the cost of pensions over the employees' working lives within the Association.

2) Scottish Housing Associations' pension scheme which is a multi employer defined benefit scheme managed by the Pension Trust, which is accounted for as a defined contribution scheme as the funds managers are unable to split the assets and liabilities of the scheme by employer.

h) Allocation of Owner Occupier Income

Monies charged and received from owner-occupiers for common maintenance are credited into the income and expenditure account within the accounting period in which it is invoiced.

RIVER CLYDE HOMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

i) Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

j) Sale of housing properties

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale.

k) Development Agreement

The company has entered into agreements with Inverclyde Council whereby the undertaking of catch-up repairs and improvement works remained with Inverclyde Council, with that obligation sub-contracted to RCH. This has been shown on the Company's Balance Sheet as a debtor offset by a provision of an equal amount. As work progresses, both sums will be adjusted downwards by the appropriate amount (Notes 6, 7 and 8).

l) Stock

Stock is stated at the lower of cost and net realisable value. Net realisable value is estimated sales proceeds less costs to sell.

Stock includes stores items and expenditure less HAG on New Supply Shared Equity (NSSE) properties.

m) Designated Reserves

Designated reserves are earmarked amounts of any surplus which are being reserved for future events. Transfers to and from reserves must be approved by the Board. The use and timing of reserves are noted on page 12 and within Note 12.

n) Taxation

As a charity, RCH is exempt from corporation tax on its charitable activities by virtue of Section 505(1) Income & Corporation Taxes Act 1988 and from capital gains tax by virtue of Section 145 Capital Gains Tax Act 1979.

RIVER CLYDE HOMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

o) Going concern

The Management Committee considers on an annual basis the appropriateness of preparing the Association's Financial Statements on a going concern basis. Matters which are taken into account in this process include:

- The prevailing economic climate, both internationally and locally and its impact, if any, on the Association's viability.
- The financial position of the Association and the impact, if any, of perceived weaknesses on the Association's viability.
- The short, medium and long term financial prospects resulting from the modelling exercise carried out annually in updating the Association's 30 year Business Plan including sensitivity analyses and independent verification of key underlying assumptions.

In the absence of any fundamental shortcomings raised as a result of the above exercise the Management Committee consider the going concern assumption underlying the preparation of the Association's Financial Statements to be appropriate.

RIVER CLYDE HOMES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

		Turnover £000's	Operating Costs £000's	Operating Surplus / (Deficit) £000's	Operating Surplus / (Deficit) for previous period of account £000's
Social lettings	(Note 3a)	25,951	21,132	4,819	6,708
Other activities	(Note 3b)	1,292	1,341	(49)	(101)
Total		27,243	22,473	4,770	6,607
2014		25,105	18,498	6,607	

RIVER CLYDE HOMES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

3a. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM SOCIAL LETTING ACTIVITIES

	2015 £000's	2014 £000's
Rent receivable net of Service Charges	23,246	22,203
Service Charges	553	540
Gross income from rents and service charge	23,799	22,743
Less voids	(1,358)	(1,227)
Net income from rents and service charges	22,441	21,516
Grants from the Scottish Ministers	3,119	2,040
Other Income	391	514
Total turnover from social letting activities	25,951	24,070
Management and maintenance administration costs	9,793	8,847
Planned and cyclical maintenance inc major repair costs	5,708	2,831
Reactive maintenance costs	4,128	4,266
Bad Debts - rents and service charge	211	297
Depreciation of social housing	1,292	1,121
Operating costs for social letting activities	21,132	17,362
Operating Surplus for Letting Activities	4,819	6,708
2014	6,708	

The above information relates to General Needs Housing only as RCH do not have any shared ownership or supported housing properties.

The total amount of major repairs expenditure incurred in the year was £9,877k (2014-£8,269k). Major repairs relating to £6,020k (2014-£6,964k) were capitalised in the year.

RIVER CLYDE HOMES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

3b. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants from Scottish Ministers £000's	Restricted revenue grants £000's	Supporting people income £000's	Other income £000's	Total Turnover £000's	Other operating costs £000's	Year to 2015 Operating Deficit £000's	Year to 2014 Operating Deficit £000's
Support activities	-	-	173	212	385	533	(148)	(127)
Homefact	-	-	-	261	261	243	18	7
BIG Lottery Fund:-								
Woodhall Community Park	-	-	-	-	-	4	(4)	2
Belville Community Garden	-	371	-	-	371	383	(12)	12
Support & Connect	-	217	-	-	217	129	88	-
ASB Prevention	-	2	-	-	2	-	2	-
AFA Summer Camps	-	10	-	-	10	7	3	-
Big Ideas(GAP Scoping)	-	10	-	-	10	-	10	-
Scottish Legal Aid Board	-	36	-	-	36	42	(6)	5
Total from other activities	-	646	173	473	1,292	1,341	(49)	(101)
2014	-	262	172	601	1,035	1,136	(101)	

Grants awarded by the Big Lottery Fund and Scottish Legal Aid Board have only been spent for the purposes intended

During the year there was no other surplus or deficit from other activities other than that noted above.

RIVER CLYDE HOMES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

4a. Tangible Fixed Assets - Housing Properties

All properties were transferred to the company at nil value as part of the Large Scale Voluntary Stock Transfer. During the year 21 properties have been sold under Right to Buy resulting in a gain on sale of £207K. Cost of these properties totalled £nil. Security has been granted to lenders in respect of housing properties, net cumulated interest capitalised on housing properties at 31 March 2015 amounted to £3k (2014: £Nil).

	Housing Properties Held for Letting £000's	Housing Properties Held for Construction £000's	Totals £000's
Cost			
Balance as at 1 April 2014	118,705	1,869	120,574
Additions during the period	7,079	4,502	11,581
Transfers during the period	-	-	-
Disposals during the period	(483)	-	(483)
At 31 March 2015	125,301	6,371	131,672
Depreciation			
Balance as at 1 April 2014	4,512	-	4,512
Provided during the period	1,292	-	1,292
Disposals during the period	(30)	-	(30)
At 31 March 2015	5,774	-	5,774
Total Cost less depreciation at 31 March 2015	119,527	6,371	125,898
Social Housing Grant			
Balance as at 1 April 2014	72,709	1,822	74,531
Additions during the period	1,714	3,268	4,982
Transfers during the period	-	-	-
Disposals during the period	(336)	-	(336)
At 31 March 2015	74,087	5,090	79,177
Net Book Value			
As at 31 March 2015	45,440	1,281	46,721
As at 31 March 2014	41,484	47	41,531

From the financial year 2010/11, the Association adopted the Component Accounting policy required by SORP 2010. Social Housing Grant is repayable under certain circumstances. The amount relating to asset disposal during the year is £117k (2014: £48k).

RIVER CLYDE HOMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

4b. Tangible Assets - other

	Furniture and Fittings £000's	Computer Equipment £000's	Total £000's
Cost			
Balance as at 1 April 2014	40	1,905	1,945
Revaluations during the period	-	-	-
Additions during the period	17	299	316
Disposals during the period	-	-	-
At 31 March 2015	57	2,204	2,261
Depreciation			
Balance as at 1 April 2014	18	1,628	1,646
Revaluations during the period	-	-	-
Provided during the period	11	292	303
Disposals during the period	-	-	-
At 31 March 2015	29	1,920	1,949
Net Book Value			
As at 31 March 2015	28	284	312
As at 31 March 2014	22	277	299

None of the Company's properties are held under lease agreements.

5. Stock	2015 £000's	2014 £000's
Development properties under New Supply Shared Equity	581	642
General stock	124	128
	705	770

RIVER CLYDE HOMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

6a. Debtors due within one year

	2015	2014
	£000's	£000's
Rent arrears	1,994	2,767
Less: bad debt provision	(1,650)	(2,327)
	344	440
VAT	195	93
Prepayments	485	558
Sundry debtors	1,002	1,487
Less: bad debt provision	(266)	(444)
	1,416	1,694
Development agreement (Note 6b)	9,429	8,955
Grant receivable	2,894	220
	14,083	11,309

6b. Debtors due after more than one year

	2015	2014
	£000's	£000's
Sundry debtors	577	366
Development agreement	-	8,946
	577	9,312

In accordance with the Development Agreement accounting policy, included in debtors is a balance of £9.4m in respect of the expected cost of the development work that Inverclyde Council has committed to undertake in order to refurbish the properties. Inverclyde Council has sub-contracted the Company to carry out the programme of catch-up repairs to the residential accommodation as part of a development agreement. This balance relates to the identical provision in the accounts for this expenditure (note 7 and 8) and as work progresses both of these balances will be utilised when the work is actually undertaken.

RIVER CLYDE HOMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

7. Creditors due within one year

	2015	2014
	£000's	£000's
Trade creditors	158	325
Other taxation and social security	184	151
Rents in advance	284	319
Development agreement (Note 8)	9,429	8,955
Accruals and other creditors	4,256	3,444
	14,311	13,194

Loans are repayable at a fixed interest of 4.69% and loans are secured on the housing stock

8. Creditors due after one year

	2015	2014
	£000's	£000's
Obligated repairs under development agreement	-	8,946
Loan	25,159	20,769
	25,159	29,715

Loans

Loans are repayable in instalment due as follows:-

	2015	2014
	£000's	£000's
In one year or less	-	-
Between one and two years	-	-
Between two and five years	-	-
In five years or more	25,159	20,769
	25,159	20,769

Development Agreement

The provision represents the best estimate of the costs of contracted works for the repair of managed properties. This agreement is part of the Development Agreement (note 6a, 6b and note 7) and as work progresses the provision will be utilised when the work is actually undertaken.

RIVER CLYDE HOMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

	2015	2014
	£000's	£000's
9 Employees		
Wages and salaries	6,870	5,892
Social security costs	492	432
Other pension costs	1,087	774
Staff costs during period	<u>8,449</u>	<u>7,098</u>

	No.	No.
The average full time equivalent number of persons employed by the Company during the period were as follows:	241.4	220.8
Business Support	37.3	34.9
Executive Management Team	8.9	6.2
Customer Services	92.9	82.6
Property and Development	35.7	32.7
Operations	66.6	64.4

The Directors are defined as the members of the Board, the Chief Executive and any other person reporting directly to the Chief Executive or the Board whose total emoluments exceed £60,000 per year.

	£000's	£000's
Aggregate Emoluments payable to Directors (excluding employers NI and pension)	339	286
Emoluments payable to Highest Paid Director (excluding employers NI and pension)	101	100

The emoluments of the directors whose emoluments, excluding pension contributions, were over £60,000 per annum were as follows

	No.	No.
£60,001 to £70,000	-	-
£70,001 to £80,000	2	2
£80,001 to £90,000	1	-
£90,001 to £100,000	1	1

The Company's pension contributions for the Chief Executive in the period amounted to £nil (2014: £nil)

There were redundancy costs of £nil in the year (2014: £162k)

No member of the Board received any emoluments in respect of their services to the Company.

RIVER CLYDE HOMES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

10. Pension Obligations

The Company's employees belong to two Pension funds, the Strathclyde Pension Fund which is part of the Local Government Pension Scheme (LGPS), and the Scottish Housing Associations' Pension Scheme.

(i) The Strathclyde Pension Fund is a defined benefit scheme which provides benefits based on the final pensionable salary, the assets of which are held in a separate trustee administered fund. The pension costs are assessed with the advice of independent qualified actuaries, using the projected unit method.

The assumptions and other data that have the most significant effect on the determination of the contribution levels of this scheme are as follows:

	31/03/2015 % per annum	31/03/2014 % per annum
Retail Price Inflation	2.4	2.8
Increase in salaries	4.3	5.1
Increase in pension and deferred pensions	2.4	2.8
Discount rate	3.2	4.3

The Company's share of assets in the scheme and expected rate of return were:

	31/03/2015 Long term Assets Returns 2015 2015 £000's %		31/03/2014 Long term Assets Returns 2014 2014 £000's %	
Equities	23,090	5.7	21,535	6.6
Bonds	4,002	2.8	3,400	3.7
Property	3,387	3.9	1,983	4.8
Cash	308	2.6	1,417	3.7
Total	30,787	3.2	28,335	6.0

RIVER CLYDE HOMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

10. Pension Obligations - The Strathclyde Pension Fund (continued)

Net Pension Liability

	31/03/2015 £000's	31/03/2014 £000's	31/03/2013 £000's	31/03/2012 £000's	31/03/2011 £000's
Estimated Employer Assets	30,787	28,335	25,939	21,825	21,326
Present Value of funded liabilities	(40,133)	(35,470)	(31,798)	(25,882)	(22,985)
Present Value of unfunded liabilities	(1,301)	(1,165)	(1,056)	(863)	(563)
Net Pension Liability	(10,647)	(8,300)	(6,915)	(4,920)	(2,222)

Analysis of the amount charged to operating profit

	31/03/2015 % £000's	31/03/2014 % £000's	31/03/2013 % £000's	31/03/2012 % £000's	31/03/2011 % £000's
Service costs	30.0 894	26.9 846	21.2 689	19.9 674	22.9 1,005
Past service (gain) / costs	0.1 2	- -	- -	- -	(51.6) (2,268)
Total Operating Charge (A)	30.1 896	26.9 846	21.2 689	19.9 674	(28.7) (1,263)

Analysis of the amount credited to other finance income

	31/03/2015 % £000's	31/03/2014 % £000's
Expected return on Assets	57.3 1,708	43.4 1,365
Interest on pension scheme liability	(53.1) (1,582)	(47.5) (1,493)
Net return (B)	4.2 126	(4.1) (128)
Net Revenue Account Costs (A) - (B)	25.9 770	31 974

RIVER CLYDE HOMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

10. Pension Obligations - The Strathclyde Pension Fund (continued)

Analysis of the amount in Statement of Total Recognised Surpluses and Deficits

	2015 £000's	2014 £000's
Opening Balance Losses	(10,521)	(9,282)
Actuarial loss	(2,410)	(1,239)
Increase/(Decrease) in Irrecoverable Surplus from Membership	-	-
Actuarial loss on assets and liabilities recognised in STRSD	(2,410)	(1,239)
Cumulative Actuarial Losses	(12,931)	(10,521)

Movement in pension deficit during the year

	2015 £000's	2014 £000's
Deficit at beginning	(8,300)	(6,915)
Current Service cost	(894)	(846)
Past Service cost	(2)	-
Losses on Curtailments	-	(143)
Expected Return on Employers assets	1,708	1,365
Interest Costs	(1,582)	(1,493)
Employers contribution	833	971
Actuarial loss	(2,410)	(1,239)
Pension deficit at end of year	(10,647)	(8,300)

RIVER CLYDE HOMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

10. Pension Obligations (continued)

(ii) The Scottish Housing Associations' Pension Scheme

RCH participates in the Scottish Housing Associations' Pension Scheme ('the Scheme'). The Scheme is funded and is contracted out of the State Pension scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2012 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £304 million, equivalent to a past service funding level of 56.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £470 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £272 million, equivalent to a past service funding level of 63%.

The Scheme offers six benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.
- Career average revalued earnings with a 1/80th accrual rate.
- Career average revalued earnings with a 1/120th accrual rate.
- Defined Contribution (DC) option.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants.

RIVER CLYDE HOMES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

RCH has elected to operate the final salary with a 1/60th accrual rate benefit structure for new entrants from 3 December 2007 until 31 March 2011. The default scheme after 1 April 2011 will be a career average salary based on 1/80ths accrual rate, however any new member may elect to upgrade their scheme to the live scheme of final salary with a 1/60th accrual rate, but the new member would be required to pay for the extra costs over the default scheme.

During the accounting period RCH paid, for the Final salary with a 1/60th accrual rate, contributions at the rate of 12% of pensionable salaries and Member contributions at the rate of 12.6%. For career average revalued earnings with a 1/80th accrual rate the rates were Employers 10.3% and Employee 6.6%.

As at the balance sheet date there were 77 active members of the Scheme employed by RCH. The annual pensionable payroll in respect of these members was £2,054k.

RCH continues to offer membership of the Scheme to its employees.

The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:

2012 Valuation Assumptions		% p.a.
Investment return pre retirement		5.3
Investment return post retirement - Non-pensioners		3.4
Investment return post retirement - Pensioners		3.4
Rate of salary increases		4.1
Rate of pension increases		
- Pension accrued pre 6 April 2005 in excess of GMP		2.0
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)		1.7
Rate of price inflation		2.6

Mortality Tables	
Non-pensioners	44% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term improvement of 1.50% p.a. for males and 1.25% p.a. for females
Pensioners	90% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term rate of improvement of 1.50% p.a. for males and 1.25% p.a. for females

Contribution Rates for Future Service (payable from 1 April 2014)	%
Final salary 1/60ths	24.6
Career average revalued earnings 1/60ths	22.4
Career average revalued earnings 1/70ths	19.2
Career average revalued earnings 1/80ths	16.9
Career average revalued earnings 1/120ths	11.4

RIVER CLYDE HOMES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

Additional past service deficit contributions are payable from 1 April 2014 and will increase by 3% per annum each 1 April thereafter. Technical Provisions liabilities as at 30 September 2012 will be used as the reference point for calculating the additional contributions.

The estimated liability of each employer's potential debt on withdrawal from the Scheme has been calculated at 30 September 2014; the amount of employer debt on withdrawal for River Clyde Homes has been calculated as £1,079,275.

Contingent Liabilities

River Clyde Homes has been notified by the Pension Trust of the Scottish Housing Association Pension Scheme (SHAPS) that past service deficit contributions, payable for the year to 31 March 2016 is £20,222. This is payable annually subject to an inflationary increase over the next 13 years. The Net Present Value of Past Service Deficit is £229k. A designated reserve equal to this amount has been set aside.

11. Company limited by guarantee

The Company is a company limited by guarantee and does not have a share capital. The liability of the members is limited to £1 each.

12. Reconciliation of movement in reserves	2015 £000's	2014 £000's
Revenue Reserve		
Opening funds	5,230	(1,335)
Surplus for period	3,937	5,612
Actuarial loss on pension scheme	(2,410)	(1,239)
Transfer to Restricted Reserve	(81)	(19)
Transfer from Revaluation Reserve	-	60
Transfer component accounting reserve from designated reserve	624	624
SHAPS Past Service Deficit from designated reserve	11	27
Transfer from designated reserve	-	1,500
Revenue reserve at end of year	7,311	5,230
 Designated Reserve: Component Accounting		
Opening funds	8,317	8,941
Transfer component accounting reserve to revenue reserve	(624)	(624)
Designated reserve: component accounting at end of year	7,693	8,317

RIVER CLYDE HOMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

	2015	2014
	£000's	£000's
Designated Reserve: SHAPS past service deficit		
Opening funds	240	267
SHAPS Past Service Deficit to revenue reserve	(11)	(27)
Designated reserve: SHAPS past service deficit at end of year	229	240
Designated Reserve: Indemnity		
Opening funds	272	874
Release of Indemnity Fund LOT1	-	(602)
Designated reserve: indemnity at end of year	272	272
Designated Reserve: Regeneration and Investment		
Opening funds	1,500	1,500
Movement in the Year	-	-
Designated reserve: regeneration and investment at end of year	1,500	1,500
Designated Reserve: Service Development		
Opening funds	5,075	6,575
Transfer to revenue reserve	-	(1,500)
Designated reserve: service development at end of year	5,075	5,075
Designated reserves use and expected time are disclosed on page 12.		
Revaluation Reserve		
Opening funds	-	60
Transfer to Revenue Reserve	-	(60)
Revaluation reserve at end of year	-	-
Restricted Reserve		
Opening funds	19	-
Transfer from Revenue Reserve	81	19
Restricted reserve at end of year	100	19

Restricted reserves are detailed within Note 3b

RIVER CLYDE HOMES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

13. Notes to the Cash Flow Statement

	2015	2014
	£000's	£000's
a) Reconciliation of operating surplus to Net cash inflow from operating activities		
Operating surplus	4,770	6,607
Depreciation	1,565	1,560
Pension – employee income/(costs)	63	(125)
Pension – other finance (costs)/ income	(126)	271
Decrease in debtors	5,961	7,857
Increase/(Decrease) in stock	65	(635)
Decrease in creditors	(7,828)	(9,656)
	<hr/>	<hr/>
Net cash inflow from operating activities	4,470	5,879
	<hr/>	<hr/>
b) Reconciliation of net cash flow to movement in net debt		
Increase in cash for the period	1,258	3,773
Loans received	(4,389)	(5,807)
Loan repayments	-	-
	<hr/>	<hr/>
Change in net debt	(3,131)	(2,034)
Opening Net debt	-	-
Net debt as at 31 March 2015	<hr/> (3,131) <hr/>	<hr/> (2,034) <hr/>

c) Analysis of changes in net debt

	As at	Cash	Other	As at
	01/04/14	Flow	Changes	31/03/15
	£000's	£000's	£000's	£000's
Cash at bank and in hand	8,641	1,258	-	9,899
Debt due within one year	-	-	-	-
Debt due after one year	(20,768)	(4,389)	-	(25,157)
	<hr/> (12,127) <hr/>	<hr/> (3,131) <hr/>	<hr/> - <hr/>	<hr/> (15,258) <hr/>

RIVER CLYDE HOMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

14. Capital Commitments

	2015	2014
	£000's	£000's
Expenditure authorised by the Board	49,173	45,286
less certified	(39,373)	(41,004)
	9,800	4,282

All above commitments are expected to be funded by grant or private finance

15. Unit numbers under management

	2015	2014
	No.	No.
Cottage	1,868	1,883
Flat	588	606
Maisonette	156	157
Multi-Storey	838	839
Tenement	2,371	2,409
	5,821	5,894

16. Related Parties

Various members of the Board are Tenants of the Company. The transactions with the Company are all done on standard terms, as applicable to all Tenants. There are also Councillors from Inverclyde Council on the Board. Any transactions with Inverclyde Council are made at arm's length, on normal commercial terms and these Board members cannot use their position on the Board to their or the council's advantage.

17. Auditors Remuneration

	2015	2014
	£000's	£000's
The remuneration of the auditors (excluding expenses and including VAT for the period)	18	17

RIVER CLYDE HOMES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

18. Annual Operating Leases

	Land & Buildings	Other	2015	2014
	£000's	£000's	£000's	£000's
Leases < 1 year	-	140	140	-
Leases 1 - 5 years	106	-	106	209
Leases > 5 years	79	-	79	76
	185	140	325	285

All the above leases relate to land, buildings and IT infrastructure

19. Interest Payable and Other Charges

	2015	2014
	£000's	£000's
Banks and Building Society Loans	1,250	1,026
Interest Capitalised as part of Development Costs	(3)	-
	1,247	1,026

This document is available in other
formats including large print, Braille
and in other languages on request.

Please contact us on:
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River Clyde Homes is a company limited by guarantee, registered in Scotland (SC329031) and a Scottish Charity (SC038584).

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and a Scottish Charity (SC038584). Property Factor Registration Number: PF000152.