

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018



Report and Financial Statements

For the year ended 31 March 2018

River Clyde Homes

Company Number: SC329031

Charity Number: SC038584

Property Factor Registration Number: PF000152

Scottish Housing Regulator Registered Number: 362

River Clyde Property Management

Company Number: SC3228870



River Clyde Homes and Subsidiary Report and Financial Statements For the year ended 31 March 2018

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Registration Particulars:

Register of Companies

Companies Act 2006

Registered Number: SC329031

Registered Number(subsidiary): SC328870

Principal Office and Registered Address:

Roxburgh House, 102-112 Roxburgh Street, Greenock PA15 4JT

RIVER CLYDE HOMES AND SUBSIDIARY

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS

FOR THE YEAR ENDED 31 MARCH 2018

Management Committee

The strategic leadership of the River Clyde Homes ("the Company") is provided by a Board of fourteen members. The Board is supported by a Chief Executive and three Directors, together, the Executive Management team. The full list of Board members during the year ended 31 March 2018 is as follows:

Name	Date of Appointment / Resignation
Alan Duncan	18 May 2010 / Deceased 25 October 2017
Elizabeth Grant (tenant)	18 October 2011
Cllr Stephen McCabe	11 September 2012
Cllr Christopher McEleny	11 September 2012
Craig McGinn	18 March 2014
Albert Henderson (Chair)	18 March 2014
Jillian Moffat (Vice Chair)	16 September 2014
Marilyn Beveridge	17 May 2016
Jim Strang	17 May 2016
Jenny Speck (tenant)	20 September 2016
Cllr Graeme Brooks	30 May 2017
Cllr Tommy McVey	30 May 2017 / 30 January 2018
Sheila Adamson (co-optee)	26 September 2017
Lesley McInnes (co-optee)	26 September 2017
Tom Ferrier (co-optee)	26 September 2017
Cllr Christopher Curley	6 March 2018

Sheila Adamson, Lesley McInnes and Tom Ferrier were appointed as co-opted Board members at the AGM held on 26 September 2017. In January 2018 Cllr Tommy McVey resigned from the Board and was replaced on 6 March 2018 by Cllr Christopher Curley.

Sadly, Alan Duncan, who had been a Board member since 2010, passed away in October 2017. Alan was at all times a keen and positive champion of River Clyde Homes and had been the Chair of the Performance and Services Committee. He also oversaw the regeneration of Broomhill. Alan's contributions to the success of River Clyde Homes will be greatly missed.

All tenancies for the above tenant members of the River Clyde Homes' 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 any 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 Board is accountable to the wider membership and as at 31 March 2018, River Clyde Homes had 123 members. The members of the Board are unpaid.

RIVER CLYDE HOMES AND SUBSIDIARY
MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2018

Executives

The executive officers of the Company during the year to 31 March 2018 were as follows:

Position	Name
Chief Executive	Kevin Scarlett
Executive Director, Customer Services	Sandra McLeod
Executive Director, Group Services	Richard Turnock
Executive Director, Property Services	Gary Wilson

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.

The Board of River Clyde Property Management Limited ("RCPM"), a wholly owned subsidiary of River Clyde Homes, consists of four members. The full list of Board members during the period to 31 March 2018 is as follows:

Position	Name	Date of Appointment / Resignation
Director	Albert Henderson	16 August 2016
Director	Alan Duncan	16 August 2016 / Deceased 25 October 2017
Director	Richard Turnock	16 August 2016
Director	Gary Wilson	16 August 2016
Director	Jillian Moffat	Appointed 17 November 2017

The River Clyde Homes Board oversees the activities of River Clyde Property Management within the Group Business Plan.

Advisers

The advisers of the Company during the year ended 31 March 2018 were as follows:

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

Armstrong Watson Audit Limited
1st Floor
24 Blythswood Square
Glasgow
G2 4BG

Nationwide Building Society
Kings Park Road
Moulton Park
Northampton
NN3 6NW

RIVER CLYDE HOMES AND SUBSIDIARY
REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2018

Introduction

The Board presents its Annual Report together with the audited financial statements for the year ended 31 March 2018. This report incorporates the financial statements of the Company's wholly owned subsidiary, RCPM, which commenced trading in October 2016.

Principal Activities

The principal activity of the Company is the provision of social housing throughout Inverclyde. Employing over 275 staff (including 53 specialist trades operatives) the business owns and manages circa 6,000 homes and provides factoring services to a further 2,250 homes. The principle activity of RCPM is to carry out certain works and services on behalf of the Company. RCPM employ a specialist team of 51 staff (including 34 trade operatives) to deliver works.

Vision and Values

The Company has established a clear value base, identity and purpose to ensure that the wider community, staff and other stakeholders are aware of what the business stands for.

Vision & Values

"Improving lives and places"

Every Customer Happy
Every Home Loved
Every Opportunity Taken
Every Penny Counts
Every Person Positive



RIVER CLYDE HOMES AND SUBSIDIARY
REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2018

STRATEGIC REPORT

Financial Highlights

Statement of Comprehensive Income

Turnover of £27.1 million (2017: £25.9 million) relates mainly to the income from the letting of properties which accounts for £26.2 million (2017: £25.1 million) of this total. The balance of income of £0.9 million (2017: £0.8 million) relates to support activities, Homefact and Scottish Legal Aid Board fund.

Total Operating Expenditure was £27.3 million (2017: £24.1 million), consisting of:

- Management and maintenance admin costs £11.9 million (2017: £11.4 million)
- Planned and cyclical maintenance £3.9 million (2017: £2.1 million) (major repairs expenditure capitalised is detailed in note 3 on page 35)
- Reactive maintenance costs £4.9 million (2017: £5.1 million)
- Other costs £6.6 million (2017: £5.5 million)

The operating deficit for the year ended 31 March 2018 was £0.1 million (2017: £1.8 million surplus) and the deficit on ordinary activities before actuarial gain on pension scheme was £2.6 million (2017: £0.1 million surplus).

Statement of Financial Position

Total net assets at the year-end amounted to £22.8 million (2017: £17.2 million). The key asset categories include:

- | | |
|------------------------|---------------------------------------|
| • Housing property | £170.1 million (2017: £146.1 million) |
| • Rent debtors (gross) | £1.9 million (2017: £2.1 million) |
| • Cash deposits | £4.2 million (2017: £6.5 million) |

The housing stock was transferred to the Company at nil value. As our major improvement and new build programme has progressed, the net book value of the housing properties held for letting or construction has increased to £170.1 million (2017: 146.1 million).

Offsetting the rental debtor of £1.9 million (2017: £2.1 million) is a bad debt provision of £1.6 million (2017: £1.7 million). This provision relates to current and historical (pre transfer) arrears.

The key liabilities include:

- | | |
|------------------------|-------------------------------------|
| • Total deferred grant | £80.7 million (2017: £76.7 million) |
| • Total loans | £60.7 million (2017: £42.3 million) |

RIVER CLYDE HOMES AND SUBSIDIARY
REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2018

STRATEGIC REPORT (continued)

The deferred grant relates to Scottish Government grants in respect of SHQS works, New Build projects and Aids and Adaptations development. £1.3 million (2017: £1.2 million) of the deferred grant is due within one year; the balance of £79.5 million (2017: £75.5 million) is due after more than one year.

Statement of Cash Flows

The net cash inflow from operating activities was £4.0 million (2017: £5.5 million). A further £15.8 million net inflow (2017: £5.2 million) was generated from financing activities. Net cash outflow from investing activities totalled £23.7 million (2017: £14.9 million).

Financing and treasury management

Our housing properties are financed principally by a combination of housing association grant, bank borrowings and cash generated from trading surpluses. Bank borrowing facilities comprise a mixture of fixed rate and short term floating rate loans.

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

As at 31st March 2018 the Company had drawn down £59.9m of loans (£46.5 million borrowed at a fixed interest rate agreed in April 2011, and £13.4 million at variable rates). As part of the hedging agreement entered into 2011, a further £0.5 million was drawn down in April 18. As at 31 March 2018 the funding facility from our lenders allowed a maximum loan drawdown of £65 million. Additional funding was secured in June 2018, increasing the loan facility to a maximum of £126.7 million. This additional funding supports our new build and development programme, which will deliver 1,000 new homes (750 of which will be built over the next three years).

We have in place a regime whereby sufficient cash is held to meet our immediate obligations. During the financial year, this approach minimised the additional borrowing required. The amount of additional borrowing which was drawn down from the agreed facility was utilised to ensure progress on the investment programme.

RIVER CLYDE HOMES AND SUBSIDIARY
REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2018

STRATEGIC REPORT (continued)

Risk Management

Management adopts a robust risk management approach which identifies and records the risks facing the Company and the action plan by which risks are managed. The Top Five Strategic Risks facing the Company are shown in the table below. The Board has approved action plans to mitigate these risks:

<i>Risk Description</i>	<i>Key Mitigation</i>
Inadequate asset management strategy	<ul style="list-style-type: none"> • Revised asset management strategy has been approved by the Board and is subject to regular review and validation. • Maintaining a watching brief on compliance aspects that impact our assets (e.g. post Grenfell requirements). • Ongoing work to deliver/maintain SHQS and EESSH compliance • Leveraging value from ActiveH (housing management system) • Improved Regulator & Inverclyde Council relationship management, enabling timeous delivery of SHIP. • Improved Governance through regular review by EMT • Increased focus on Customer Service, e.g. the development of RCH Plus standard, helping to increase lets/reduce voids.
Welfare reform changes increasing risk of bad debts and reduced income	<ul style="list-style-type: none"> • Participation in Working party groups to monitor welfare developments and impact of changes (particularly in relation to Universal Credit) • Improved debt collection processes (including legal redress) • Increased scrutiny of arrears performance (reporting of performance metrics) • Enhanced debt review and reporting procedures • Improved welfare advice service to pre-empt bad debt issues

RIVER CLYDE HOMES AND SUBSIDIARY

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2018

STRATEGIC REPORT (continued)

Failure to achieve a competitive housing proposition for our customers	<ul style="list-style-type: none"> • Development of a RCH Plus proposition standard, incorporating appropriate response to tackle fuel poverty as appropriate • Customer insight will inform our proposition strategy • Ensuring funding available for enhancements to estate • Business Planning activity will include ongoing assessment of customer need which will inform our stock mix • Rent affordability will be assessed as part of a Rent & Service Charge Review (including development of an affordability model) • Regularly monitor product offerings for relevance and adequacy while taking account of demographics and competitor propositions • Void management process to be streamlined, improving efficiency and reducing days to let
Failure to achieve VFM	<ul style="list-style-type: none"> • VFM Strategy and Plan approved by Board. • VFM Project Board to lead on delivery of strategy. • Delivering thought leadership to sector – e.g. CEO Chairs VFM Scotland Club (HouseMark Initiative), which is pioneering drive for VFM reporting in Scotland • VFM targets incorporated into Financial Plan and budgets • Delivery of efficiencies monitored by Audit & Finance Committee together with RCH Board • VFM Workshops informing Business and Development Plans
Ineffective control of subsidiary governance, development and growth	<ul style="list-style-type: none"> • Pace and scale of growth and development governed by RCH Board • Development of a governance plan for RCPM, incorporating appropriate consideration of the development of an appropriate business assurance framework • Separate RCPM Board in place, plan to evolve to standalone RCPM governance (distinct financial and operational/service committees as appropriate) • Recruitment of RCPM Board with requisite skill base • Recruitment of suitably skilled management and staff

RIVER CLYDE HOMES AND SUBSIDIARY
REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2018

STRATEGIC REPORT (continued)

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.

Planning for the future

The assumptions underpinning all business plans (including the five year plan, thirty year business plan and financial plan) are reviewed and validated on an annual basis. All financial plans are subject to appropriate stress testing and sensitivity analysis. The financial projections confirm that there is adequate financial resource available to deliver the objectives of the business plan.

One core assumption includes the spending requirement associated with the Asset Management Strategy.

The additional funding package recently approved with our lenders enables the delivery of the following:-

- Delivery of the new build development programme which will provide 1,000 new homes (750 of which are planned to be built over the next 3 years).
- An investment programme that meets the requirements of the Energy Efficiency Standard for Social Housing (EESH) by 2022
- A full component replacement programme from 2028 onwards to maintain Scottish Housing Quality Standards (SHQS).

River Clyde Property Management

Following a successful launch, RCPM has secured additional works and services contracts from the Company. In its next phase of development, RCPM will help the Company deliver on its VFM agenda (eg reducing cost through taking certain activities in-house).

RIVER CLYDE HOMES AND SUBSIDIARY
REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2018

OPERATING REVIEW

CUSTOMER SERVICES

Key achievements in 2017-18

- 24/7 Customer Services launched providing our customers with free access to all our services all day, every day.
- Housemark complaints accreditation.
- Sector leading inspection results from the Care Commission for our Sheltered Housing Services.
- Innovative Retirement Housing Model launched at Broomhill Court.
- A Scotland's Urban Regeneration Forum (SURF) award for the art project at Broomhill.
- Financial Wellbeing Team secured an additional £1.9 million in Welfare Benefits for our customers
- An increase in our customer base for the first time in 10 years.

Performance highlights

Key Performance Indicators

KPIs are formally reviewed quarterly by the Performance and Services Committee and included in the Annual Return on the Charter (ARC) to the Scottish housing Regulator and Customers.

Selected ARC Performance Measures	2017/18	2016/17
Gross average time taken to re-let properties (days)	81	83
Tenancies sustained for more than 12 months	88.8%	87.3%
Rent lost due to properties becoming vacant	2.1%	2.4%
Rent collected as a proportion of rent due	98.6%	100.6%
Gross rent arrears as a % of rent due	9.4%	8.1%
ASB cases resolved within 12 week target	88.8%	87.9%
Stage 1 complaints responded to on time	80.3%	88.4%

Voids and Tenancies

The continuing emphasis on improving voids performance saw a decrease in the reported ARC void loss, the number of void properties and the time taken to re-let properties in the context of a significant increase in the volume of lets. Nearly 9 out of 10 tenants remain in their tenancy for at least a year. New letting initiatives and expanded marketing campaigns returned positive results. The new Think Voids pilot process was also launched which is already delivering encouraging early results.

RIVER CLYDE HOMES AND SUBSIDIARY
REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2018

OPERATING REVIEW (continued)

Arrears and Welfare Reform

The Impact of Welfare Reform continues to impact upon our rent arrears recovery with nearly 1,000 tenants now receiving Universal Credit. We continued to focus on early intervention and support with a clear commitment to take legal action for willful non-payment. Financial Wellbeing Officers continued to maximise Welfare Benefit income providing our tenants access to £1.9 million of benefits. A new rent arrears procedure was developed with a faster escalation process for tenants who fail to engage with us or maintain their arrangements. This will be rolled out in summer 2018.

Broomhill Regeneration Programme

Significant progress was made at Broomhill with only 56 properties remaining to be let at the end of March 2018. To date there have been 195 lets in Broomhill since the end November 2016 with over 60% to new RCH customers. Broomhill Court was designated as retirement housing which provides a range of enhanced services and is proving popular with older customers. We expect to have the remaining properties let by September 2018.

PROPERTY SERVICES

Key achievements in 2017-18

- Refreshed Asset Management Strategy and Plan published
- Plans for development of 1,000 new homes within life of Business Plan, 750 within the next three years
- Comprehensive asset and stock condition surveys completed, informing the prioritisation of future investment decisions
- Streamlining of departmental processes enabling greater project delivery
- Strengthened relationships with Inverclyde Council and the Scottish Government

The Grenfell tragedy alerted the nation to the potential risks associated with poor property management and the requirement for robust fire safety measures. In response to the events at Grenfell, RCH management immediately conducted a comprehensive set of fire risk assessments for all of our tower blocks and sheltered home complexes. We continue to work with all appropriate authorities to ensure that all aspects of our property management are aligned with best practice.

RIVER CLYDE HOMES AND SUBSIDIARY
REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2018

OPERATING REVIEW (continued)

Performance highlights

Key Performance Indicators

The key performance indicators below highlight the strong performance of the Maintenance team, delivering a significant increase across all key performance metrics.

Selected Performance Measures	2017/18	2016/17
Average hours to complete emergency repairs	3.4	10.4
Average working days to complete non-emergency repairs	2.7	7.5
Percentage reactive repairs completed right first time	97.8%	88.3%
Percentage reactive repair appointments kept	91.7%	85.6%

The maintenance team is committed to ensuring continuing improvement and success. The key initiatives contributing to this turnaround include:

- Improving working relationships with other teams, ensuring that issues and problems are dealt with timeously.
- Developing and implementing a new work scheduling and back office system to support and enhance our operation.
- Developing and implementing a diagnostic tool to assist getting the job done right first time, leading to more accurate reporting of jobs and time taken to complete jobs, ensuring that the correct schedule of rate code and priority are utilised.
- Introducing mobile working for our supervisors and technical officers (void) making better use of their time whilst at the same time being more responsive to our customer's needs.
- Completing multi-skilling training for our trade operatives; improving the skills of the team and making them less reliant on trades. Ensuring we have a modern and flexible workforce.

River Clyde Property Management

One further critical success in the year has been the continued development of RCPM which undertakes certain works and services on behalf of RCH. Initially, the focus of RCPM was the delivery of key works in relation to the Broomhill Regeneration programme. However, following the success of that pilot programme, which demonstrated the capability of the RCPM business model, RCPM is now undertaking further work for RCH. Previously, such work would have been undertaken by external contractors. By internalising such work activity, there is a significant value for money opportunity delivering the work for a more competitive price, and RCH saving VAT in particular. RCPM's business activity is likely to remain entirely sourced from RCH in the short term with external trading becoming a realistic option in the future.

RIVER CLYDE HOMES AND SUBSIDIARY
REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2018

Going Concern

The Management Committee has reviewed the results for this year and has also reviewed the financial projections for the next five years. It, therefore, has a reasonable expectation that the Company 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

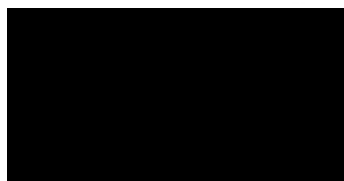
As far as the Board members are aware at the date of approval of these financial statements there is no relevant audit information of which the auditors are unaware and the Board members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to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

Auditors

Armstrong Watson Audit Limited have indicated a willingness to continue in office.

Signed on behalf of the Board:

on:



RIVER CLYDE HOMES AND SUBSIDIARY
STATEMENT OF MANAGEMENT COMMITTEE'S RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2018

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 27 to 32, 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 Registered Association's Determination of Accounting Requirements 2014 and the Housing (Scotland) Act 2010 and the Housing Statement of Recommended Practice Accounting by registered social housing providers 2014 (SORP). 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 AND SUBSIDIARY

MANAGEMENT COMMITTEE'S STATEMENT ON INTERNAL FINANCIAL CONTROLS

FOR THE YEAR ENDED 31 MARCH 2018

The Board acknowledges its 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 maintenance of proper accounting records; and
- the safeguarding of assets (against unauthorised use or disposition).

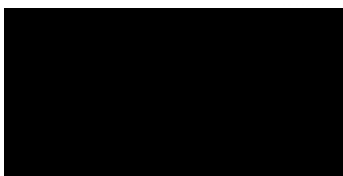
It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements include ensuring that;

- 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 the 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; and
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Board has continued to review the system of internal financial control in the Company during the period ended 31 March 2018. 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

Date:



RIVER CLYDE HOMES AND SUBSIDIARY
EXTERNAL AUDITORS REPORT ON CORPORATE GOVERNANCE MATTERS
FOR THE YEAR ENDED 31 MARCH 2018

Corporate Governance

In addition to the audit of the financial statements, we have reviewed the Board of Management's statement on page 15 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.

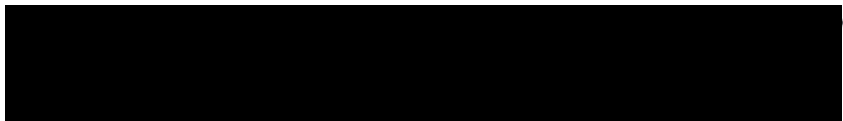
Basis of Opinion

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

Opinion

In our opinion the statement on internal financial control on page 16 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.

Through enquiry of the Board of Management and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Committee of Management's Statement on Internal Financial Controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.


Armstrong Watson Audit Limited
1st Floor
24 Blythswood Square
Glasgow
G2 4BG

Date: 

RIVER CLYDE HOMES AND SUBSIDIARY
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2018

Opinion

We have audited the financial statements of River Clyde Homes (the 'association') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Section 87 of the Co-Operative Community Benefits Society Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit 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 Co-Operative and Community Benefits Societies Act 2014, Schedule 7 of Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Management Committee, but does not include the financial statements and our Report of the Auditors thereon.

RIVER CLYDE HOMES AND SUBSIDIARY

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Overview of Business and Activities.

We have nothing to report in respect of the following matters where the Co-Operative and Community Benefits Societies Act 2014 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 accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Our responsibilities for the audit of the financial statements

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

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



Richard Gibson BAcc CA CF
For and on behalf of Armstrong Watson Audit Limited
Chartered Accountants & Statutory Auditors
Floor 1
24 Blythswood Square
Glasgow
G2 4BG

Date:



RIVER CLYDE HOMES AND SUBSIDIARY

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £'000	2017 £'000
Turnover	2	27,131	25,930
Operating expenditure	2	(27,300)	(24,128)
Operating (deficit)/surplus		(169)	1,802
Gain on sale of fixed assets	4a	180	439
Interest receivable		16	85
Interest and Financing Costs	20	(2,321)	(2,036)
Other Financing Expense	11	(328)	(237)
(Deficit)/Surplus on ordinary activities before taxation		(2,622)	53
Taxation on surplus on ordinary activities	22	-	(1)
(Deficit)/Surplus for the year	13	(2,622)	52
Actuarial gain/(loss) on pension scheme	11	8,190	(5,390)
Total comprehensive income/(loss) for the year		5,568	(5,338)

RIVER CLYDE HOMES AND SUBSIDIARY

COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £'000	2017 £'000
Turnover	2	27,641	25,928
Operating expenditure	2	(27,899)	(24,128)
Operating (deficit)/surplus		(258)	1,800
Gain on sale of fixed assets	4a	180	439
Interest receivable		41	85
Interest and Financing Costs	20	(2,320)	(2,036)
Other Financing Expense	11	(328)	(237)
(Deficit)/Surplus on ordinary activities before taxation		(2,685)	51
Taxation on surplus on ordinary activities	22	-	-
(Deficit)/Surplus for the year	13	(2,685)	51
Actuarial gain/(loss) on pension scheme	11	8,190	(5,390)
Total comprehensive income/(loss) for the year		5,505	(5,339)

RIVER CLYDE HOMES AND SUBSIDIARY

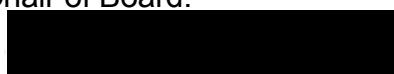
GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

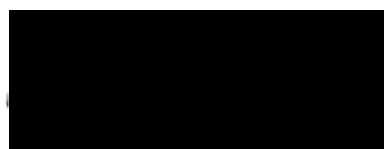
	Notes	2018 £'000	2017 £'000
Fixed Assets			
Tangible Assets	4a/b	170,335	146,436
Intangible Assets	4c	257	33
Current Assets			
Stock	5	159	166
Trade and other Debtors	6a	2,939	4,688
Trade and other debtors due after more than one year	6b	757	680
Cash and cash equivalents		4,191	8,079
		8,046	13,613
Creditors: amounts falling due within one year	7	(10,545)	(12,407)
Net current assets		(2,499)	1,206
Total assets less current liabilities		168,093	147,675
Creditors: amounts falling due after more than one year	8	(140,149)	(117,719)
Pension Provision	11	(5,100)	(12,733)
Total Net Assets		22,844	17,223
Reserves			
Restricted Reserve	13	5	18
Income & Expenditure Reserve	13	22,839	17,205
		22,844	17,223

These financial statements were approved and authorised for issue by the Board on 21 August 2018 and signed on their behalf by:

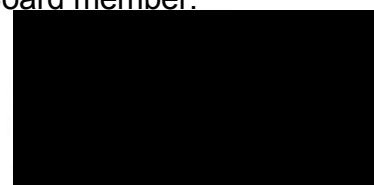
Chair of Board:



Director:



Board member:



RIVER CLYDE HOMES AND SUBSIDIARY

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Notes	2018 £'000	2017 £'000
Fixed Assets			
Tangible Assets	4a/b	170,265	146,436
Intangible Assets	4c	257	33
Current Assets			
Stock	5	124	119
Trade and other Debtors	6a	4,108	5,619
Trade and other debtors due after more than one year	6b	757	680
Cash and cash equivalents		3,914	7,511
		8,903	13,929
Creditors: amounts falling due within one year	7	(11,441)	(12,724)
Net current assets		(2,538)	1,205
Total assets less current liabilities		167,984	147,674
Creditors: amounts falling due after more than one year	8	(140,104)	(117,719)
Pension Provision	11	(5,100)	(12,733)
Total Net Assets		22,780	17,222
Reserves			
Restricted Reserve	13	5	18
Income & Expenditure Reserve	13	22,775	17,204
		22,780	17,222

These financial statements were approved and authorised for issue by the Board on 21 August 2018 and signed on their behalf by:

Chair of Board:

Director:

RIVER CLYDE HOMES AND SUBSIDIARY

GROUP STATEMENT OF CHANGES IN RESERVES

AS AT 31 MARCH 2018

	Restricted Reserve £'000	Income & Expenditure Account £'000	Total £'000
At 1 April 2017	18	17,205	17,223
Actuarial gain on pension scheme	-	8,190	8,190
Deficit for the Year	-	(2,622)	(2,622)
Movement in Year	(13)	66	53
At 31 March 2018	5	22,839	22,844

Further details are given in note 13.

COMPANY STATEMENT OF CHANGES IN RESERVES

AS AT 31 MARCH 2018

	Restricted Reserve £'000	Income & Expenditure Account £'000	Total £'000
At 1 April 2017	18	17,204	17,222
Actuarial gain on pension scheme	-	8,190	8,190
Deficit for the Year	-	(2,685)	(2,685)
Movement in Year	(13)	66	53
At 31 March 2018	5	22,775	22,780

Further details are given in note 13.

RIVER CLYDE HOMES AND SUBSIDIARY

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	£'000	£'000
	£'000	£'000
Net cash inflow from operating activities (note 14)	4,029	5,479
Cashflow from financing activities		
Interest paid	(2,320)	(2,036)
Loan advances received	18,480	7,484
Other finance expense	(328)	(237)
Net cash outflow from financing activities	15,832	5,211
Cashflow from investing activities		
Purchase of Tangible Fixed Assets	(29,364)	(19,011)
Grants Received	5,420	3,583
Interest Received	15	85
Proceeds from sale of Tangible Fixed Assets	180	439
Net cash outflow from investing activities	(23,749)	(14,904)
Net Change in Cash and Cash Equivalents	(3,888)	(4,214)
Cash and cash equivalents at the beginning of the year	8,079	12,293
Cash and cash equivalents at the end of the year	4,191	8,079
Net Change in Cash and Cash Equivalents	(3,888)	(4,214)

Further details are given in note 14.

RIVER CLYDE HOMES AND SUBSIDIARY
COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	£'000	£'000
	£'000	£'000
Net cash inflow from operating activities (note 15)	4,213	5,411
Cashflow from financing activities		
Interest paid	(2,320)	(2,036)
Loan advances received	18,480	6,984
Other finance expense	(328)	(237)
Net cash outflow from financing activities	15,832	4,711
Cashflow from investing activities		
Purchase of Tangible Fixed Assets	(29,283)	(19,011)
Grants Received	5,420	3,583
Interest Received	41	85
Proceeds from sale of Tangible Fixed Assets	180	439
Net cash outflow from investing activities	(23,642)	(14,904)
Net Change in Cash and Cash Equivalents	(3,597)	(4,782)
Cash and cash equivalents at the beginning of the year	7,511	12,293
Cash and cash equivalents at the end of the year	3,914	7,511
Net Change in Cash and Cash Equivalents	(3,597)	(4,782)

Further details are given in note 15.

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. Accounting Policies

The Company is incorporated under the Companies Act 2006 and is registered as a Company Limited by guarantee with Companies House Scotland River Clyde Homes is registered with the Scottish Housing Regulator as a Registered Social Landlord under the Housing (Scotland) Act 2010. River Clyde Homes adopted Charitable Rules on 7th December 2007 and its Charity Number is SC329031.

The Society's address is listed on page 2. Its principal activities and the nature of its operations are detailed on page 5.

a) Basis of Preparation

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2014 "Statement of Recommended Practice for Registered Housing Providers" and the Determination of Accounting Requirements 2015, and under the historical cost convention, modified to include certain financial instruments at fair value.

The financial statements are prepared in Sterling (£).

b) Critical Accounting Estimates and Areas of Judgement

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

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

i. Useful lives of properties

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on industry averages and our review of our stock. Uncertainties in these estimates relate to the length of time certain components in our homes will last, with varying levels of use potentially lengthening or shortening the lives of these components.

ii. Recoverable amount of rent arrears and debtors

Management considers the reasonable likelihood of rent arrears and debtors being recoverable based on past experience. While every effort is made not to over-estimate the amounts which will be recovered by the Association in the future, the actual amounts which might be received are often out with the Association's control.

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

iii. Past Service Deficit for Defined Benefit Scheme

The current provision is based on an estimate by SHAPS of the likely future payments needed to reduce the Association's share of the deficit to nil over a number of years. These future payments have then been discounted based on an estimated discount value to create a Net Present Value which is the liability reflected in the accounts. Both the payments needed and the discount percentages are estimates and assumed based on unknown future events. The final liability and the payments to clear this to £nil are therefore subject to change.

c) Consolidation

In accordance with FRS 102, the financial statement show the consolidation position of River Clyde Homes and its subsidiary River Clyde Property Management.

d) Turnover

Turnover comprises rental and service charge income receivable in the period, other services provided at the invoice value and revenue grants receivable in the period.

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

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

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

e) 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.

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

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

The major components of properties are 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 (i).

f) Intangible Fixed Assets

Intangible assets purchased are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

Purchased computer software	3 years
Website development costs	3 years

Amortisation is revised prospectively if there is a significant change in the useful life or residual value.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

g) Government Grants

Where developments have been financed wholly or partly by Housing Company Grant or other capital grant, the Grants will be presented as deferred income within liabilities on the Balance Sheet. The grant recognised in income over the useful economic life of the structure of the asset and, where applicable, the individual components of the structure (excluding land) under the accruals model.

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

h) Other Grants

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.

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

i) Depreciation

Housing Land and Buildings:

Housing Properties are stated at cost less accumulated depreciation. 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.

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 Fittings	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.

j) Impairment

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

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

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

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

k) Value added tax

The Company 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.

l) Pension

The Company participates in two pension schemes as follows:

i) 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 Company.

ii) Scottish Housing Association 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 fund's managers are unable to split the assets and liabilities of the scheme by employer.

m) 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.

n) 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.

o) 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.

p) Energy Trust Loan

The Company has treated the loan value in accordance with section 34 of FRS 102. The loan has a nil rate of interest and therefore under section 34.89 and 90 the Company has taken the decision of accounting for this at cost.

q) Stock

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

RIVER CLYDE HOMES AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

r) Borrowing Costs

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

s) Deposits and Liquid Resources

Cash comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying value.

t) Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense. Employees are entitled to carry forward up to 5 days of any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits. FRS102 requires the Company to recognise the cost of all employee benefits to which its employees have become entitled as a result of service rendered during the reporting period.

u) Taxation

As a registered charity, River Clyde Homes 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 Property Management is subject to Corporation Tax on its applicable activities. Any payments due for corporation tax will be recognised.

v) Going concern

The Management Committee considers on an annual basis the appropriateness of preparing the Company'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 Company's viability.
- The financial position of the Company and the impact, if any, of perceived weaknesses on the Company's viability.
- The short, medium and long term financial prospects resulting from the modelling exercise carried out annually in updating the Company'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 Company's Financial Statements to be appropriate.

RIVER CLYDE HOMES AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

2. GROUP PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

		Turnover £'000	Operating Costs £'000	Operating (Deficit) / Surplus £'000	Operating Surplus / (Deficit) for previous period of account £'000
Social (Note 3a)	lettings	26,244	26,353	(109)	1,833
Other (Note 3b)	activities	887	947	(60)	(33)
Total		27,131	27,300	(169)	1,800
2017		25,930	24,128	1,802	

2. COMPANY PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

		Turnover £'000	Operating Costs £'000	Operating (Deficit) / Surplus £'000	Operating Surplus / (Deficit) for previous period of account £'000
Social (Note 3a)	lettings	26,244	26,952	(708)	1,833
Other (Note 3b)	activities	1,397	947	450	(33)
Total		27,641	27,899	(258)	1,800
2017		25,928	24,128	1,800	

RIVER CLYDE HOMES AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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

	2018	2017
	£'000	£'000
Rent receivable net of Service Charges	23,737	23,696
Service Charges	640	616
Gross income from rents and service charge	24,377	24,312
Less voids	(1,204)	(1,475)
Net income from rents and service charges	23,173	22,837
Grants from the Scottish Ministers	2,440	1,523
Other Income	631	710
Total turnover from social letting activities	26,244	25,070
Management and maintenance administration costs	11,863	11,375
Planned and cyclical maintenance inc major repair costs	3,907	2,087
Reactive maintenance costs	4,895	5,148
Bad Debts - rents and service charge	434	312
Depreciation of social housing	5,254	4,315
Operating costs for social letting activities	26,353	23,237
Operating (Deficit)/Surplus for Letting Activities	(109)	1,833
2017	1,833	

RIVER CLYDE HOMES AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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

	2018	2017
	£'000	£'000
Rent receivable net of Service Charges	23,737	23,696
Service Charges	640	616
Gross income from rents and service charge	24,377	24,312
Less voids	(1,204)	(1,475)
Net income from rents and service charges	23,173	22,837
Grants from the Scottish Ministers	2,440	1,523
Other Income	631	710
Total turnover from social letting activities	26,244	25,070
Management and maintenance administration costs	12,462	11,375
Planned and cyclical maintenance inc major repair costs	3,907	2,087
Reactive maintenance costs	4,895	5,148
Bad Debts - rents and service charge	434	312
Depreciation of social housing	5,254	4,315
Operating costs for social letting activities	26,952	23,237
Operating (Deficit)/Surplus for Letting Activities	(708)	1,833
2017	1,833	

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 £25,486,628 (2017-£17,116,971). Major repairs of £19,850,933 (2017-£14,483,204) were capitalised in the year.

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

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

	Grants from Scottish Ministers £'000	Restricted revenue grants £'000	Supporting people income £'000	Other income £'000	Total Turnover £'000	Other operating costs £'000	Year to 2018 Operating Deficit £'000	Year to 2017 Operating Surplus/(Deficit) £'000
Support activities	-	-	173	311	484	530	(46)	(28)
Homefact	-	-	-	275	275	275	-	-
Support & Connect	-	73	-	11	84	88	(4)	(23)
Universal Credit	-	15	-	-	15	25	(10)	18
Scottish Legal Aid Board	-	29	-	-	29	29	-	-
Total from other activities	-	117	173	597	887	947	(60)	(33)
2017	-	119	173	566	858	891	(33)	

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

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

	Grants from Scottish Ministers £'000	Restricted revenue grants £'000	Supporting people income £'000	Other income £'000	Total Turnover £'000	Other operating costs £'000	Year to 2018 Operating Deficit £'000	Year to 2017 Operating Surplus/(Deficit) £'000
Support activities	-	-	173	311	484	530	(46)	(28)
Homefact	-	-	-	275	275	275	-	-
Support & Connect	-	73	-	11	84	88	(4)	(23)
Universal Credit	-	15	-	-	15	25	(10)	18
Scottish Legal Aid Board	-	29	-	-	29	29	-	-
Other Activities	-	-	-	510	510	-	510	-
Total from other activities	-	117	173	1,107	1,397	947	450	(33)
2017	-	119	173	566	858	891	(33)	

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

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

4a. Tangible Fixed Assets – Group and Company – Housing Properties

All properties were transferred to the Company at nil value as part of the Large Scale Voluntary Stock Transfer from Inverclyde Council. During the year, 16 properties were sold under Right to Buy resulting in a gain on sale of £180,321. The cost of these properties totalled £nil. Security has been granted to lenders in respect of housing properties and net cumulative interest capitalised on housing properties at 31 March 2018 amounted to £nil (2017: £nil).

	Housing Properties Held for Letting £'000	Housing Properties Held for Construction £'000	Totals £'000
Cost			
At 1 April 2017	160,573	7,956	168,529
Additions during the period	21,015	8,609	29,624
Disposals during the period	(540)	-	(540)
At 31 March 2018	181,048	16,565	197,613
Depreciation			
At 1 April 2017	22,418	-	22,418
Provided during the period	5,254	-	5,254
Disposals during the period	(179)	-	(179)
At 31 March 2018	27,493	-	27,493
Net Book Value			
As at 31 March 2018	153,555	16,565	170,120
As at 31 March 2017	138,155	7,957	146,112

Social Housing Grant is repayable under certain circumstances. The amount relating to asset disposal during the year is £278,441 (2017: £132,868).

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

4b. Tangible Assets – Group - other

	Furniture and Fittings £'000	Plant and Machinery £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 April 2017	57	-	2,805	2,862
Additions during the period	-	81	41	122
Disposals during the period	-	-	(203)	(203)
At 31 March 2018	57	81	2,643	2,781
Depreciation				
At 1 April 2017	47	-	2,491	2,538
Provided during the period	6	11	214	231
Disposals during the period	-	-	(203)	(203)
At 31 March 2018	53	11	2,502	2,566
Net Book Value				
As at 31 March 2018	4	70	141	215
As at 31 March 2017	10	-	314	324

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

4b. Tangible Assets – Company - other

	Furniture and Fittings £'000	Computer Equipment £'000	Total £'000
Cost			
At 1 April 2017	57	2,805	2,862
Additions during the period	-	41	41
Disposals during the period	-	(203)	(203)
At 31 March 2018	57	2,643	2,700
Depreciation			
At 1 April 2017	47	2,491	2,538
Provided during the period	6	214	220
Disposals during the period	-	(203)	(203)
At 31 March 2018	53	2,502	2,555
Net Book Value			
As at 31 March 2018	4	141	145
As at 31 March 2017	10	314	324

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

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

4c. Intangible Assets – Group and Company

	Computer Software £'000	Website Development £'000	Total £'000
Cost			
At 1 April 2017	20	30	50
Additions during the period	344	17	361
Disposals during the period	-	-	-
At 31 March 2018	364	47	411
Depreciation			
At 1 April 2017	7	10	17
Provided during the period	121	16	137
Disposals during the period	-	-	-
At 31 March 2018	128	26	154
Net Book Value			
As at 31 March 2018	236	21	257
As at 31 March 2017	13	20	33

	Group		Company	
5. Stock	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
General stock	159	166	124	119
	159	166	124	119

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
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6a. Debtors due within one year	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Rent arrears	1,881	2,130	1,881	2,130
Less: bad debt provision	(1,635)	(1,733)	(1,635)	(1,733)
	246	397	246	397
VAT	90	678	90	678
Prepayments	272	429	272	429
Intercompany Loan	-	-	497	500
Intercompany Debtors	-	-	672	431
Sundry debtors	1,296	1,014	1,296	1,014
Less: bad debt provision	(178)	(210)	(178)	(210)
	1,480	1,911	2,649	2,842
Grant receivable	1,213	2,380	1,213	2,380
	2,939	4,688	4,108	5,619

In October 2016, RCH entered into an intercompany loan agreement of £0.5 million with its subsidiary River Clyde Property Management. The interest associated with this loan agreement is 5% per annum. The loan is repayable on demand.

6b. Debtors due after more than one year	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Sundry debtors	757	680	757	680
	757	680	757	680

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

7. Creditors due within one year

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade creditors	157	423	215	423
Other taxation and social security	276	389	237	383
Rents in advance	68	136	68	136
Deferred Capital Grant (Note 9)	1,256	1,192	1,256	1,192
Loan	100	100	100	100
Intercompany creditors	-	-	1,008	363
Accruals and other creditors	8,688	10,167	8,557	10,127
	10,545	12,407	11,441	12,724

Energy Trust Loans are repayable over 9 years (£0.1 million within one year) and have no interest charge. Facility Loans are repayable at interest rates of 4.94% for fixed and LIBOR for variable. Loans are secured on housing stock.

8. Creditors due after one year

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Deferred Capital Grant (Note 9)	79,471	75,474	79,471	75,474
Lease creditor	45	-	-	-
Loan	60,633	42,245	60,633	42,245
	140,149	117,719	140,104	117,719

Loans

Loans are repayable in instalment due as follows:-

	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
In one year or less	100	100	100	100
Between one and two years	100	100	100	100
Between two and five years	300	300	300	300
In five years or more	60,233	41,845	60,233	41,845
	60,733	42,345	60,733	42,345

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
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9. Deferred Capital Grant

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Opening Balance	76,666	74,457	76,666	74,457
Grant Received in the Year	5,420	3,583	5,420	3,583
Capital Grant Released	(1,359)	(1,374)	(1,359)	(1,374)
	80,727	76,666	80,727	76,666
Amounts to be Released within One Year	1,256	1,192	1,256	1,192
Amounts to be Released after One Year	79,471	75,474	79,471	75,474
	80,727	76,666	80,727	76,666

10. Employees - Group

	2018	2017
	No.	No.
The average full time equivalent number (including key management personnel) of persons employed by the Company during the period were as follows:	323.8	263.8
Group Services	37.1	35.8
Executive Management Team	11.9	8.6
Customer Services	113.6	104.6
Property and Development	36.2	36.6
Operations	125.0	78.2
	£'000	£'000
Wages and salaries	9,498	7,381
Social security costs	898	675
Other pension costs	1,526	1,124
Staff costs during period	11,922	9,180

Key Management Personnel 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.

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

10. Employees – Group (continued)

The number of the Key Management Personnel 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	-	-
£80,001 to £90,000	-	1
£90,001+	4	3
	2018	2017
	£'000	£'000
Aggregate emoluments for the above Key Management Personnel (excluding pension contributions)	441	409
The emoluments of the Chief Executive (excluding pension contributions)	124	122
Aggregate pension contributions in relation to the above key management personnel	38	26

There were redundancy costs of £nil in the year (2017: £1,102,181). No member of the Board received any emoluments in respect of their services to the Company.

11. 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.

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

11. Pension Obligations – The Strathclyde Pension Fund (continued)

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

	31/03/2018 % per annum	31/03/2017 % per annum
Retail Price Inflation	3.3	2.4
Increase in salaries	3.6	4.4
Increase in pension and deferred pensions	2.4	2.4
Discount rate	2.7	2.6

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

	31/03/2018 Assets 2018 £'000	31/03/2017 Assets 2017 £'000
Equities	28,372	29,186
Bonds	7,296	4,798
Property	4,459	3,998
Cash	405	1,999
Total	40,532	39,981

Net Pension Liability

	31/03/2018 £'000	31/03/2017 £'000	31/03/2016 £'000	31/03/2015 £'000	31/03/2014 £'000
Estimated Employer Assets	40,532	39,981	32,008	30,787	28,335
Present Value of funded liabilities	(43,562)	(50,588)	(37,423)	(40,133)	(35,470)
Present Value of unfunded liabilities	(1,850)	(1,853)	(1,317)	(1,301)	(1,165)
Net Pension Liability	(4,880)	(12,460)	(6,732)	(10,647)	(8,300)

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

11. Pension Obligations – The Strathclyde Pension Fund (continued)

Analysis of the amount credited to other finance income

	31/03/2018		31/03/2017	
	%	£'000	%	£'000
Expected return on Assets	45.0	1,038	39.8	1,128
Interest on pension scheme liability	(50.6)	(1,366)	(52.4)	(1,365)
Net loss (B)	(5.6)	(328)	(12.6)	(237)
Net Revenue Account Costs (A) - (B)	46.0	1,339	59.1	1,433

Analysis of the amount charged to operating profit

	31/03/2018		31/03/2017		31/03/2016		31/03/2015		31/03/2014	
	%	£'000	%	£'000	%	£'000	%	£'000	%	£'000
Service costs	40.4	1,011	29.6	762	34.4	1,040	30.0	894	26.9	846
Past service costs	0.0	0	16.9	434	8.5	257	0.1	2	0.0	0
Total Operating Charge (A)	40.4	1,011	46.5	1,196	42.9	1,297	30.1	896	26.9	846

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

	2018	2017
	£'000	£'000
Opening Balance Losses	(13,805)	(8,415)
Actuarial gain/(loss)	8,190	(5,390)
Increase/(Decrease) in Irrecoverable Surplus from Membership	-	-
Actuarial gain/(loss) on assets and liabilities recognised in Comprehensive Income	8,190	(5,390)
Cumulative Actuarial Losses	(5,615)	(13,805)

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

11. Pension Obligations – The Strathclyde Pension Fund (continued)

Movement in pension deficit during the year

	2018 £'000	2017 £'000
Deficit at beginning	(12,460)	(6,732)
Current Service cost	(1,011)	(762)
Past Service cost	-	(434)
Expected Return on Employers assets	1,038	1,128
Interest Costs	(1,366)	(1,365)
Employers contribution	729	1,095
Actuarial gain/(loss)	8,190	(5,390)
Pension deficit at end of year	(4,880)	(12,460)

(ii) The Scottish Housing Associations' Pension Scheme

River Clyde Homes and River Clyde Property Management participates in the scheme, a multi-employer scheme which provides benefits to some 150 non-associated employers. The scheme is a defined benefit scheme in the UK.

It is not possible for the Company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

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

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

11. Pension Obligations (continued)

A full actuarial valuation for the scheme was carried out at 30 September 2015. This actuarial valuation showed assets of £616m, liabilities of £814m and a deficit of £198m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2017 to 28 February 2022: £25,735,092 per annum (payable monthly, increasing by 3% each 1st April)

From 1 April 2017 to 30 June 2025: £727,217 per annum (payable monthly, increasing by 3% each 1st April)

From 1 April 2017 to 31 October 2026: £1,239,033 per annum (payable monthly, increasing by 3% each 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the Company has agreed to a deficit funding arrangement the Company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

PRESENT VALUES OF PROVISION

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	2018 £'000	2017 £'000
Provision at start of period	273	238
Unwinding of the discount factor (interest expense)	3	5
Deficit contribution paid	(54)	(20)
Remeasurements - impact of any change in assumptions	(2)	8
Remeasurements - amendments to the contribution schedule	-	42
Provision at end of period	220	273

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
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11. Pension Obligations (continued)

INCOME AND EXPENDITURE IMPACT

	2018 £'000	2017 £'000
Interest expense	3	5
Remeasurements – impact of any change in assumptions	(2)	8
Remeasurements – amendments to the contribution schedule	-	42
Contributions paid in respect of future service*	-	-
Costs recognised in income and expenditure account	-	-

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

ASSUMPTIONS

	2018	2017	2016
Rate of discount (% per annum)	1.51	1.06	2.29

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions. River Clyde Homes has adopted this rate of discounting in 2016 which is reflected within the SHAPS provision (Note 13).

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 AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

11. Pension Obligations (continued)

River Clyde Homes have elected to operate the final salary with a 1/60th accrual rate benefit structure for new entrants from 3 December 2007 until 31 March 2017. The default scheme after 1 April 2017 will be a career average salary based on 1/80^{ths} accrual rate.

During the accounting period we paid, for the Final salary with a 1/60th accrual rate, contributions at the rate of 12.5% 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 11.3% and Employee 6.6%.

As at the statement of financial position date there were 163 active members of the Scheme employed by ourselves. The annual pensionable payroll in respect of these members was £4,524,900.

The estimated liability of each employer's potential debt on withdrawal from the Scheme has been calculated as at 30 September 2015; the amount of employer debt on withdrawal for River Clyde Homes has been calculated as £2,588,883.

River Clyde Property Management have elected to operate the defined contribution scheme. During the accounting period we paid contributions at the rate of 4% of pensionable salaries and Member contributions at the rate of 4%. As at the statement of financial position date there were 45 active members of the scheme employed by ourselves. The annual pensionable payroll in respect of these members was £1,048,788.

We continue to offer membership of the Scheme to our employees.

12. 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.

13. Reconciliation of movement in reserves - Group

Income & Expenditure Reserve	2018	2017
	£'000	£'000
Opening funds	17,205	22,494
(Deficit)/Surplus for period	(2,622)	52
Change in Accounting Estimate (SHAPS)	53	31
Tfr (from)/to Restricted Reserve	13	18
LGPS Actuarial gain/(loss) on pension scheme	8,190	(5,390)
Revenue reserve at end of year	22,839	17,205

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

13. Reconciliation of movement in reserves – Group (continued)

Restricted Reserves	2018	2017
	£'000	£'000
Opening funds	18	36
Movement in the Year	(13)	(18)
Restricted Reserve	5	18

Restricted Reserve Detail	Opening Funds	Movement in Year	Balance
	£'000	£'000	£'000
Support & Connect	18	(13)	5
Restricted Reserve	18	(13)	5

13. Reconciliation of movement in reserves - Company

Income & Expenditure Reserve	2018	2017
	£'000	£'000
Opening funds	17,204	22,494
(Deficit)/Surplus for period	(2,685)	51
Change in Accounting Estimate (SHAPS)	53	31
Tfr (from)/to Restricted Reserve	13	18
LGPS Actuarial gain/(loss) on pension scheme	8,190	(5,390)
Revenue reserve at end of year	22,775	17,204

Restricted Reserves	2018	2017
	£'000	£'000
Opening funds	18	36
Movement in the Year	(13)	(18)
Restricted Reserve	5	18

Restricted Reserve Detail	Opening Funds	Movement in Year	Balance
	£'000	£'000	£'000
Support & Connect	18	(13)	5
Restricted Reserve	18	(13)	5

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

14. Notes to the Cash Flow Statement - Group

	2018	2017
	£'000	£'000
a) Reconciliation of operating surplus to Net cash inflow from operating activities		
Operating (deficit)/surplus	(178)	1,800
Depreciation	5,240	4,557
Pension – employee income	610	338
Capital Grant Released	(1,359)	(1,374)
Decrease/(Increase) in debtors	1,653	(2,794)
Decrease in stock	7	9
(Decrease)/Increase in creditors	(1,944)	2,943
	<hr/>	<hr/>
Net cash inflow from operating activities	4,029	5,479
	<hr/>	<hr/>
b) Reconciliation of net cash flow to movement in net debt		
Decrease in cash for the period	(3,888)	(4,782)
Loans received	(18,480)	(7,484)
Loan repayments	92	-
	<hr/>	<hr/>
Change in net debt	(22,276)	(12,266)
Opening Net debt	(35,332)	(23,066)
Net debt as at 31 March 2018	(57,608)	(35,332)
	<hr/>	<hr/>

c) Analysis of changes in net debt

	As at	Cash	Other	As at
	01/04/17	Flow	Changes	31/03/18
	£'000	£'000	£'000	£'000
Cash at bank and in hand	8,079	(3,888)	-	4,191
Debt due within one year	-	-	-	-
Debt due after one year	(42,343)	(18,388)	-	(60,731)
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	(34,264)	(22,276)	-	(56,540)
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RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

15. Notes to the Cash Flow Statement - Company

	2018	2017
	£'000	£'000
a) Reconciliation of operating surplus to Net cash inflow from operating activities		
Operating (deficit)/surplus	(258)	1,800
Depreciation	5,229	4,557
Pension – employee income	610	338
Capital Grant Released	(1,359)	(1,374)
Decrease/(Increase) in debtors	1,434	(2,862)
(Increase)/Decrease in stock	(5)	9
(Decrease)/Increase in creditors	(1,438)	2,943
	<hr/>	<hr/>
Net cash inflow from operating activities	4,213	5,411
	<hr/>	<hr/>
b) Reconciliation of net cash flow to movement in net debt		
Decrease in cash for the period	(3,597)	(4,782)
Loans received	(18,480)	(6,984)
Loan repayments	92	-
	<hr/>	<hr/>
Change in net debt	(21,985)	(11,766)
Opening Net debt	(34,832)	(23,066)
Net debt as at 31 March 2018	(56,817)	(34,832)

c) Analysis of changes in net debt

	As at	Cash	Other	As at
	01/04/17	Flow	Changes	31/03/18
	£'000	£'000	£'000	£'000
Cash at bank and in hand	7,511	(3,597)	-	3,914
Debt due within one year	-	-	-	-
Debt due after one year	(42,343)	(18,388)	-	(60,731)
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	(34,832)	(21,985)	-	(56,817)

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

16. Unit numbers under management

	2018	2017
	No.	No.
Cottage	1,859	1,868
Flat	572	575
Maisonette	132	144
Multi-Storey	834	836
Tenement	2,244	2,292
	5,641	5,715

17. Related Parties

The Company has taken advantage of the exemption in FRS 102 from the requirement to disclose transactions with group companies.

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. During the year £8,782 (2017: £10,718) of rent was receivable from these tenant members. At the year-end there were £nil (2017: £nil) of rent arrears due from these tenant members. 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.

18. Auditors Remuneration

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
The remuneration of the auditors (excluding expenses and including VAT for the period)	13	23	11	19

19. Annual Operating Leases - Group and Company

	2018		2017	
	£'000		£'000	
	Land & Buildings	Other Assets	Land & Buildings	Other Assets
Leases < 1 year	199	323	198	317
Leases 1 - 5 years	343	45	333	30
Leases > 5 years	-	-	85	0
	542	368	616	347

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

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

20. Interest Payable and Other Charges	2018	2017
	£'000	£'000
Banks and Building Society Loans	2,320	2,036
	2,320	2,036

21. Capital Commitments	2018	2017
	£'000	£'000
Expenditure authorised by the Board	83,577	20,188
less certified	(18,465)	(11,699)
	65,112	8,489

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

22. Tax on Profit on Ordinary Activities

	2018	2017
	£'000	£'000
<i>Current Tax:</i>		
UK corporation tax on profits of current year	-	1
Adjustments in respect of previous periods	-	-
Total current tax	-	1
<i>Deferred tax:</i>		
Origination and reversal of timing differences	-	-
Effect of increased tax rate on opening liability	-	-
Total deferred tax	-	-
Tax on profit on ordinary activities	-	1

