



Report & Financial Statements

For the year ended 31 March 2020

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REGISTRATION PARTICULARS:

PRINCIPAL OFFICE AND REGISTERED ADDRESS:

Clyde View
22 Pottery Street
Greenock PA15 2UZ

HOME FIX SCOTLAND

Company Number: SC3228870

RIVER CLYDE HOMES

Register of Companies: Companies Act 2006

Company Number: SC329031

Charity Number: SC038584

Property Factor Registration Number: PF000152

Scottish Housing Regulator Registered Number: 362

RIVER CLYDE HOMES AND SUBSIDIARY

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS

FOR THE YEAR ENDED 31 MARCH 2020

Management Committee

The strategic leadership of the River Clyde Homes (“the Company”) is provided by a Board which is supported by a Chief Executive and two Directors (the Executive Management team). The full list of Board members during the year ended 31 March 2020 is as follows:

Name	Date of Appointment / Resignation
Elizabeth Grant (tenant)	18 October 2011 / 23 April 2019
Craig McGinn	18 March 2014 / 24 September 2019
Jillian Moffat (Chair)	16 September 2014
Marilyn Beveridge (Vice Chair)	17 May 2016
Jenny Speck (tenant)	20 September 2016
Cllr Graeme Brooks	30 May 2017
Tom Ferrier	26 September 2017
Cllr Christopher Curley	6 March 2018
Anthony Smith	25 September 2018
John Quinn	24 September 2019
Gillian McLees	24 September 2019

The composition of the Board has been amended to reflect requirements of the new Housing Amendment (Scotland) Act 2018.

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 2020, River Clyde Homes had 49 members. The Chair of the Board is a paid role.

RIVER CLYDE HOMES AND SUBSIDIARY
MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2020

Executives

The executive officers of the Company during the year to 31 March 2020 were as follows:

Position	Name
Chief Executive	Kevin Scarlett (Resigned 24 April 2020)
Executive Director, Customer Services	Sandra McLeod
Executive Director, Resources and Transformation	Richard Turnock (Appointed Chief Executive 20 April 2020)

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. Richard Turnock was appointed Chief Executive by the Board on 20 April 2020. Having joined the RCH Group in 2015 from Standard Life, following a 23 year career in the global finance and business assurance sector, Richard has a wealth of skills and experience at the leadership level and has demonstrated an ability to achieve consistently high levels of performance within strong customer focused organisations.

The Board of Home Fix Scotland Limited ("HFS"), a wholly owned subsidiary of River Clyde Homes, consists of five members. The full list of Board members during the period to 31 March 2020 is as follows:

Position	Name	Date of Appointment / Resignation
Director	Richard Turnock	16 August 2016
Director	Jillian Moffat	17 November 2017
Director/Chair	Christopher Morgan	17 August 2018
Director	Mark Robson	12 June 2019
Director	Paul McDevitt	10 March 2020

The River Clyde Homes Board oversees the activities of Home Fix Scotland Limited within the Group Business Plan.

Advisers

The advisers of the Company during the year ended 31 March 2020 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 2020

Introduction

The Board presents its Annual Report together with the audited financial statements for the year ended 31 March 2020. This report incorporates the financial statements of the Company's wholly owned subsidiary HFS.

Principal Activities

The principal activity of the Company is the provision of social housing throughout Inverclyde. Employing over 250 staff (including 56 specialist trades operatives) the business owns and manages circa 6,000 homes and provides factoring services to a further 2,250 homes. The principal activity of HFS is to carry out certain works and services on behalf of the Company. In addition to utilizing the services of certain trade staff seconded from RCH, HFS 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 2020

STRATEGIC REPORT

Financial Highlights

Statement of Comprehensive Income

Group Turnover of £28.0 million (2019: £27.2 million) relates mainly to the income from the letting of properties which accounts for £26.9 million (2019: £26.2 million) of this total. The balance of income of £1.1 million (2019: £1.0 million) relates to support activities, Homefact and Cycle Scotland fund.

Total Operating Expenditure was £28.5 million (2019: £27.5 million), consisting of:

- Management and maintenance admin costs £11.9 million (2019: £13.3 million)
- Planned and cyclical maintenance £4.7 million (2019: £2.4 million) (major repairs expenditure capitalised is detailed in note 3 on page 37)
- Reactive maintenance costs £4.3 million (2019: £4.3 million)
- Other costs £6.4 million (2019: £6.5 million)

The operating deficit for the year ended 31 March 2020 was £0.4 million (2019: £0.3 million) and the deficit on ordinary activities before actuarial adjustments on pension scheme was £4.7 million (2019: £4.0 million).

It is noted that the Group had an operating deficit on ordinary activities of £4.7 million for the year ended 31 March 2020 however actuarial adjustments with regards to the valuation of pension schemes of which the company is a member of £6.6 million had a positive effect, resulting in an overall surplus of £1.9 million. These actuarial gains/losses are accounting adjustments that do not reflect the controllable operational performance of the company. The Management Committee wish to highlight the fact that actuarial gains/losses are driven by the prevailing economic conditions at the year-end date when pension valuations are performed. Due to the impact that COVID-19 has had on the global economy the Management Committee anticipate an adverse actuarial adjustment is likely to be reported for the 20/21 period which will impact the overall surplus/deficit and increase the pension liability back to a level more comparable with previous years.

Statement of Financial Position

Total net assets for the group at the year-end amounted to £17.0 million (2019: £15.2 million). The key asset categories include:

- | | |
|------------------------|---------------------------------------|
| • Housing property | £216.7 million (2019: £198.2 million) |
| • Rent debtors (gross) | £1.9 million (2019: £1.9 million) |
| • Cash deposits | £3.7 million (2019: £0.8 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 £216.7 million (2019: £198.2 million).

Offsetting the rental debtor of £1.9 million (2019: £1.9 million) is a bad debt provision of £1.3 million (2019: £1.6 million). This provision relates to current and historical (pre transfer) arrears.

RIVER CLYDE HOMES AND SUBSIDIARY
REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2020

STRATEGIC REPORT (continued)

The key liabilities include:

- Total deferred grant £99.3 million (2019: £93.1 million)
- Total loans £95.9 million (2019: £78.0 million)

The deferred grant relates to Scottish Government grants in respect of SHQS works, New Build projects and Aids and Adaptations development. £1.6 million (2019: £1.5 million) of the deferred grant is due within one year; the balance of £97.7 million (2019: £91.6 million) is due after more than one year.

Statement of Cash Flows

The net cash inflow from operating activities was £6.8 million (2019: £4.2 million). A further £13.7 million net inflow (2019: £14.0 million) was generated from financing activities. Net cash outflow from investing activities totalled £17.5 million (2019: £21.7 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.

In June 2018, additional funding was secured, increasing the loan facility to a maximum of £126.7 million. This additional funding supports our new build and development programme. As at 31st March 2020 the Company had drawn down £94.2 million of loans. This comprised of £47.0 million of borrowing at a fixed interest rate and £47.2 million at a LIBOR interest rate.

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.

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 Committee/Board have approved action plans to mitigate these risks:

<i>Risk Description</i>	<i>Key Mitigation</i>
Asset management strategy delivery	<ul style="list-style-type: none"> • New comprehensive Asset Management strategy commissioned. • Improved governance and oversight of key activities and performance through EMT and Social Landlord Operations Committee. • Improved financial governance and processes.

RIVER CLYDE HOMES AND SUBSIDIARY
REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2020

STRATEGIC REPORT (continued)

	<ul style="list-style-type: none"> • New stock condition survey and investment planning database. • Regular compliance audits and we maintain a watching brief on compliance aspects that impact our assets (e.g. Grenfell requirements). • Ongoing work to deliver/maintain SHQS and EESSH compliance. • Improved Scottish Government, Regulator & Inverclyde Council relationship management. • Supplement development programme capacity, including the effective use of external consultants. • SLAs and performance management framework with HFS Strong relationship with CEO of main new build contractor (Crudens) and MD of HFS.
Covid-19 Pandemic	<ul style="list-style-type: none"> • A Covid-19 response plan has been developed detailing all contingency arrangements in the event of increasing staff absences. • A high focus on business resilience with managers and the senior manager team meeting (virtually) on a regular basis to discuss and resolve issues promptly. • A reduced level of service will be implemented in order to keep staff and customer safe. The level of service will be reviewed regularly, based on front-line manager feedback plus the latest government advice. • Services levels will be communicated to customers and staff via numerous mediums. • Vulnerable customers will be contacted to determine if any additional support is required. • PPE to be sourced from various suppliers to minimise supply issues. PPE to be controlled and monitored centrally. • Financial impact to be continually monitored, specifically: - <ul style="list-style-type: none"> ○ high engagement with customers due to the impact on rent payments (e.g. the current lack of cash only payment facilities and the potential drop in our customers' income levels). ○ the delay in the delivery of new build units as all sites have now been closed until further notice. This will reduce our anticipated rental income for 20/21. • staff costs (particularly HFS) who will not be fully utilised after the move to an emergency repair service. Government backed Job Retention Schemes to be investigated and deployed.

RIVER CLYDE HOMES AND SUBSIDIARY

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2020

STRATEGIC REPORT (continued)

Welfare Reform reducing income & increasing bad debts	<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 • Launch employability service to reduce welfare dependency. • Maximise channel shift and access to services, including increased personal visits, and online services. • Increased customer insight and profiling. • Welfare Reform Action Plan to cover period until March 21 before 'managed migration' of remaining legacy benefits claimants aimed at increasing capacity of claimants • Planned work to tackle the use of illegal money lending with local credit union
Failure to deliver competitive housing proposition	<ul style="list-style-type: none"> • SLAs with HFS. • 24/7 service offer in place. • New Asset Management Strategy commissioned and will include a review of housing quality options. • Older Persons Housing Services review in progress. • Business Planning activity will need to include ongoing assessment of customer need and demand for housing in Inverclyde. • 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 • Major Intervention Area action plans in place. • Void incentives in place and management process streamlined, improving efficiency and reducing days to let

RIVER CLYDE HOMES AND SUBSIDIARY
REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2020

STRATEGIC REPORT (continued)

Failure to deliver 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
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Covid-19

The coronavirus pandemic is having a significant impact on the operations of the RCH Group, as it will for all companies in the UK. This risk and mitigation actions has been reflected in our risk register with Covid-19 now being the second highest risk on this register. The major areas of risk relate to the availability of staff, levels of services delivery, health and safety issues and financial issues.

a) *Staff availability / Business resilience*

A Covid-19 response plan has been developed which details all contingency arrangements that will be implemented in the event of the Covid-19 pandemic leading to significant staff absences. This will ensure the continued operation of essential services provided by River Clyde Homes Group. There is a high focus on business resilience with managers and the senior manager team meeting (virtually) on a regular basis to discuss and resolve issues promptly.

b) *Service Delivery*

A reduced level of service will be required in order to keep staff and customer safe. The level of services is reviewed daily, based on front-line managers' feedback plus the latest government advice. Any changes to the level of service are being communicated to customers and staff via numerous mediums. Vulnerable customers are being contacted to determine if any additional support is required.

c) *Health and Safety*

The availability of PPE will determine what work can be carried out. Staff are aware of the safeguards they need to put in place to ensure they, and the customer, are protected e.g. isolating in separate rooms from the customer and observing a 2 metre distance at all times.

d) *Financial*

The financial impact of this pandemic cannot be fully known at present; however RCH are anticipating that there could be a fall in rent payments, especially with the current lack of cash only payment facilities and also the potential drop in our customers' income levels. In addition, there will be a delay in the delivery of new build units as all sites have now been closed until further notice. This will reduce our anticipated rental income for 20/21. Finally, RCH will also be incurring the cost of staff (particularly in HFS) who will not be fully utilised due to RCH moving to an emergency repair service only. Mitigation strategies have been put in place for all the above risks to minimise their impact. (Note: these include careful consideration of 'furlough' activity, through which, the RCH Group can access grant funding via the Job Retention Scheme).

RIVER CLYDE HOMES AND SUBSIDIARY
REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2020

STRATEGIC REPORT (continued)

Stakeholder Engagement

As part of the strategic report, Section 172 of the Companies Act 2006 requires the company to demonstrate how their directors have had regard to the matters set out in section 172 (1) (a) to (f) when performing their duty under section 172. This is evidenced throughout our strategic report, through our engagement with our tenants, staff, Scottish Housing Regulator, Inverclyde Council, Scottish Government, Bankers.

Employees with disabilities

Applications for employment by people with disabilities are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retain them in order that their employment with RCH Group may continue. RCH Group policy is that training, career development, promotion opportunities should be available to all employees.

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 more than 500 new homes 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 HOMES AND SUBSIDIARY
REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2020

OPERATING REVIEW

CUSTOMER EXPERIENCE DIRECTORATE

Key achievements in 2019-20

- Re-organisation and integration into a new Group Structure and new office accommodation.
- New Service Level Agreements with HFS.
- Eastern Gateway regeneration masterplan in development with Inverclyde Council.
- New high quality and energy efficient housing delivered for Phase 2 at the Slaemuir development.
- Strategic partnership with Scottish Veterans to provide housing management and repairs services.
- Two Chartered Institute of Housing (CIH) excellence awards received for customer service and financial advice services.
- Introduction of improved call handling system in the contact centre.
- New Asset Management Strategy commissioned.
- New Investment Plan agreed with HFS.
- New factoring policy and charging structure introduced.
- Support to Inverclyde Council's Rapid Rehousing Transition Plan (RRTP) for homeless people.

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 (SHR) and Customers.

Selected ARC Measures	2019/20	2018/19
Gross average time taken to re-let properties (days)	72	67.5
Rent lost due to properties becoming vacant (ARC)	1.85%	1.5%
Rent collected as a proportion of rent due	100.5%	98.7%
Gross rent arrears as a % of rent due	6.2%	7.5%
ASB cases resolved within target	87%	88.9%
Stage 1 complaints responded to on time	65%	88.1%
Stage 2 complaints responded to on time	78%	85.0%
Properties with a valid gas safety certificate	100%	100%

Voids

The continuing prioritisation of void management to improve operational efficiency, generate new demand and develop strategic options for stock with no demand, resulted in a reduced turnover of voids but a small increase in void loss and the average time taken to re-let.

RIVER CLYDE HOMES AND SUBSIDIARY
REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2020

OPERATING REVIEW (continued)

Rent Arrears and Welfare Reform

The high priority given to rent arrears recovery and financial support to customers has resulted in improved performance. This has been achieved in the context of parts of Greenock Town Centre and East Central Inverclyde being identified in the Scottish Index of Multiple Deprivation (SIMD) as the most deprived area in Scotland.

Anti-social behavior (ASB)

More challenging timescale targets to respond and resolve incidences of ASB were introduced mid-year and performance has been particularly positive in this context.

Complaints

In a challenging year for complaints as service delivery adapted to the new Group Structure, the numbers responded to on time reduced from the previous year following a sustained period of improving performance.

Energy Consumption and Efficiency Reporting

RCH consumes electricity, gas and transport equivalents for its own offices use and in the provision of energy to Tenants. Consumption figures have been computed from utility bills provided by providers. Intensity ratios of usage per property provided and usage per square foot of office were deemed appropriate based on the company's activities. The effects of transport consumption were deemed negligible and therefore have not been reported. The energy consumption in kWh and carbon footprint in kgCO₂e for the year ending 31 March 2020 is disclosed as follows:

Energy	kWh	kgCO₂e	Per Property	Per Office sq ft
Office (Electricity)	216,371	76,067	-	13
Tenants (Electricity)	2,054,054	722,123	533	-
Total (Electricity)	2,270,425	798,190	-	-
Office (Gas)	221,198	40,736	-	14
Tenants (Gas)	3,503,526	645,209	12,557	-
Total (Gas)	3,724,724	685,945	-	-

Carbon Emissions and Energy Consumption

RCH takes its responsibilities with regard to reducing the effects of climate change seriously. One of the key objectives of our Asset Management Strategy is to achieve the Energy Efficiency Standard for Social Housing (ESSH). Its purpose is to help reduce energy consumption, fuel poverty and the emission of greenhouse gases. It will also contribute to reducing the countries' carbon emissions by 42 per cent by 2020 and 80 per cent by 2050, in line with the requirements set out in the Climate Change (Scotland) Act 2009. For the reporting year, we have been able to achieve 66% stock ESSH compliance.

RIVER CLYDE HOMES AND SUBSIDIARY
REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2020

OPERATING REVIEW (continued)

For the majority of its electrical supply, RCH uses the Scottish Government National Framework Contract for the supply of electricity. This framework has a Risk Management Committee consisting of experts from energy management, finance and procurement functions from across the Scottish public sector. They ensure the organisation's achieve Sustainability, Community and socio-economic benefits.

HOME FIX SCOTLAND (HFS)

The continued development of HFS, which undertakes certain works and services on behalf of RCH, was another success this year. The focus of HFS has moved from the successful delivery of key works in relation to the Broomhill Regeneration programme and RCH's environmental programme, onto the award of the planned and cyclical programmes across RCH's entire property and land portfolio. 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. In 2019/20 new works streams were added in relation to repairs and maintenance and cleaning services. HFS's business activity is likely to remain primarily sourced from RCH in the short term with external trading becoming a realistic option in the near future.

The HFS repairs and maintenance service is focused on improving front line services to our customers, whilst at the same time continuing to improve its performance and efficiency. The key initiatives contributing to this include:

- Maximising the benefits from the multi-skilling delivery plan after the successful completion of an extensive training programme.
- Assisting Customer Experience and RCH Contact Centre through the implementation of online repair diagnostics and appointing.
- Assisting with the implementation of Asset Management, focusing on ensuring real time updates, leading to more accurate reporting and forecasting for SHQS and EESSH compliance going forward.
- Simplifying and streamlining repair and maintenance operation through enhancements across the application used.
- Supporting Factoring Customer Experience and RCH Operation by leveraging the above activity, combined with improvements in the end to end business process.
- the surrounding areas and working closely with housing management to maintain grounds grassed areas associated with the RCH group.
- Improving properties for SVGCA by utilising repairs service to maintain a small number of their properties

RIVER CLYDE HOMES AND SUBSIDIARY
REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2020

OPERATING REVIEW (continued)

Performance highlights

Key Performance Indicators

The key performance indicators below highlight the strong performance of the Home Fix Scotland repairs and maintenance service, delivering a significant increase across all key performance metrics.

Selected Performance Measures	2019/20	2018/19
Average hours to complete emergency repairs	2.8	2.8
Average working days to complete non-emergency repairs	6.4	3.3
Percentage reactive repairs completed right first time	97.9	97.8
Percentage reactive repair appointments kept	95.7	96.0

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.

The Management Committee has considered the impact of the COVID-19 pandemic in concluding on going concern. The risks facing the company have been considered, as detailed on page 10, a consideration of the available funding to the company through its available loan facilities, the use of the job retention scheme, moving to emergency repairs only and a number of scenario planning exercises have been conducted which have projected the potential financial impact that may occur ranging from best to worst case scenarios. As a result of these actions the board has been able to conclude that the adoption of the going concern assumption continues to be appropriate.

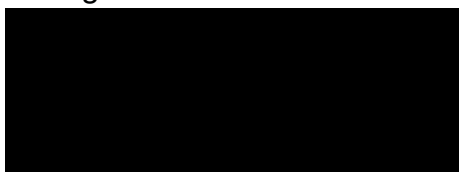
Information for auditors

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:



21st April 2020

RIVER CLYDE HOMES AND SUBSIDIARY
STATEMENT OF MANAGEMENT COMMITTEE'S RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2020

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 29 to 35, 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 2020

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:

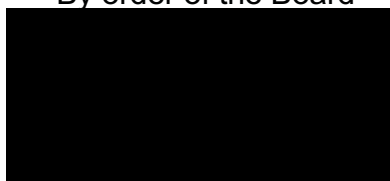
- the reliability of financial information used within the Company or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets (against unauthorised use or disposition).

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 2020. 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



2020-03-31 14:00

RIVER CLYDE HOMES AND SUBSIDIARY
EXTERNAL AUDITORS REPORT ON CORPORATE GOVERNANCE MATTERS
FOR THE YEAR ENDED 31 MARCH 2020

Corporate Governance

In addition to the audit of the financial statements, we have reviewed the Board of Management's statement on page 16 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 17 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

31st August 2020

RIVER CLYDE HOMES AND SUBSIDIARY
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020

Opinion

We have audited the financial statements of River Clyde Homes (the 'parent Company') and its subsidiary (the 'Group') for the year ended 31 March 2020, which comprise the Group and Company Statement of comprehensive income, the Group and Company Balance sheets, the Group and Company Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2020 and of the Group's result 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, Schedule 7 of Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator.

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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 included in the Report of the Management Committee, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

RIVER CLYDE HOMES AND SUBSIDIARY
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

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

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

Responsibilities of directors

As explained more fully in the Management Committee's responsibilities statement on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

RIVER CLYDE HOMES AND SUBSIDIARY
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020


Auditors' responsibilities for the audit of the financial statements

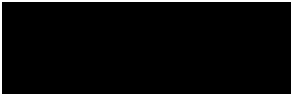
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

Use of our report

This report is made solely to the Company's shareholders 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 Company's shareholders 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 or assume responsibility to anyone other than the Company and the Company's shareholders for our audit work, for this report, or for the opinions we have formed.


For and on behalf of Armstrong Watson Audit Limited
Chartered Accountants & Statutory Auditors
Floor 1
24 Blythswood Square | Glasgow | G2 4BG


31st August 2020

RIVER CLYDE HOMES AND SUBSIDIARY

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £'000	2019 £'000
Turnover	2	28,024	27,162
Operating expenditure	2	(28,471)	(27,475)
Operating deficit		(447)	(313)
Gain on sale of fixed assets	4a	-	34
Interest receivable		7	6
Interest and Financing Costs	19	(4,057)	(3,547)
Other Financing Expense	11	(238)	(175)
Deficit on ordinary activities before taxation		(4,735)	(3,995)
Taxation on surplus on ordinary activities	21	-	-
Deficit for the year	13	(4,735)	(3,995)
Other Comprehensive Income			
Initial recognition of multi-employer defined benefit scheme		-	(1,138)
Actuarial gain/(loss) on pension scheme	11	6,646	(2,551)
Total comprehensive income/(loss) for the year		1,911	(7,684)

RIVER CLYDE HOMES AND SUBSIDIARY

COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £'000	2019 £'000
Turnover	2	28,024	27,162
Operating expenditure	2	(28,509)	(27,554)
Operating deficit		(485)	(392)
Gain on sale of fixed assets	4a	-	34
Interest receivable		34	31
Interest and Financing Costs	19	(4,057)	(3,547)
Other Financing Expense	11	(238)	(175)
Deficit on ordinary activities before taxation		(4,746)	(4,049)
Taxation on surplus on ordinary activities	21	-	-
Deficit for the year	13	(4,746)	(4,049)
Other Comprehensive Income			
Initial Recognition of multi employer defined benefit scheme		-	(1,138)
Actuarial gain/(loss) on pension scheme	11	6,646	(2,551)
Total comprehensive income/(loss) for the year		1,900	(7,738)

RIVER CLYDE HOMES AND SUBSIDIARY

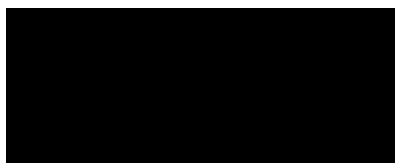
GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

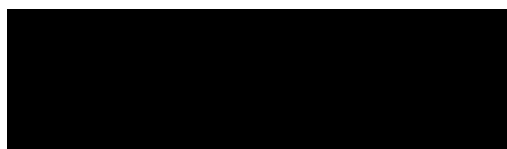
	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed Assets					
Tangible Assets	4a/b		216,652		198,343
Intangible Assets	4c		657		951
Current Assets					
Stock	5	254		207	
Trade and other Debtors	6a	1,637		3,323	
Trade and other debtors due after more than one year	6b	349		442	
Cash and cash equivalents		3,754		758	
		<u>5,994</u>		<u>4,730</u>	
Creditors: amounts falling due within one year	7	(10,489)		(9,828)	
Net current assets			<u>(4,495)</u>		<u>(5,098)</u>
Total assets less current liabilities			<u>212,814</u>		<u>194,196</u>
Creditors: amounts falling due after more than one year	8		(191,819)		(169,456)
Pension Provision	11		(3,924)		(9,580)
Total Net Assets			17,071		15,160
Reserves					
Restricted Reserve	13	102		29	
Income & Expenditure Reserve	13	16,969		15,131	
			17,071		15,160

These financial statements were approved and authorised for issue by the Board on 25 August 2020 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 2020

	Notes	2020 £'000	2019 £'000
Fixed Assets			
Tangible Assets	4a/b	216,547	198,208
Intangible Assets	4c	657	951
Current Assets			
Stock	5	-	116
Trade and other Debtors	6a	4,167	4,366
Trade and other debtors due after more than one year	6b	349	442
Cash and cash equivalents		1,850	281
		<u>6,366</u>	<u>5,205</u>
Creditors: amounts falling due within one year	7	(10,885)	(10,286)
Net current assets		<u>(4,519)</u>	<u>(5,081)</u>
Total assets less current liabilities		<u>212,685</u>	<u>194,078</u>
Creditors: amounts falling due after more than one year	8	(191,819)	(169,456)
Pension Provision	11	(3,924)	(9,580)
Total Net Assets		16,942	15,042
Reserves			
Restricted Reserve	13	102	29
Income & Expenditure Reserve	13	16,840	15,013
		16,942	15,042

These financial statements were approved and authorised for issue by the Board on 25 August 2020 and signed on their behalf by:

Chair of Board:

Director:

Board Member

RIVER CLYDE HOMES AND SUBSIDIARY

GROUP STATEMENT OF CHANGES IN RESERVES

AS AT 31 MARCH 2020

	Restricted Reserve £'000	Income & Expenditure Account £'000	Total £'000
At 1 April 2019	29	15,131	15,160
Actuarial profit on pension scheme	-	6,646	6,646
Deficit for the Year	-	(4,735)	(4,735)
Movement in Year	73	(73)	-
At 31 March 2020	102	16,969	17,071

Further details are given in note 13.

COMPANY STATEMENT OF CHANGES IN RESERVES

AS AT 31 MARCH 2020

	Restricted Reserve £'000	Income & Expenditure Account £'000	Total £'000
At 1 April 2019	29	15,013	15,042
Actuarial gain on pension scheme	-	6,646	6,646
Deficit for the Year	-	(4,746)	(4,746)
Movement in Year	73	(73)	-
At 31 March 2020	102	16,840	16,942

Further details are given in note 13.

RIVER CLYDE HOMES AND SUBSIDIARY

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	£'000	£'000
	£'000	£'000
Net cash inflow from operating activities (note 14)	6,828	4,223
Cashflow from financing activities		
Interest paid	(4,057)	(3,547)
Loan advances received	18,000	17,743
Other finance expense	(238)	(175)
Net cash outflow from financing activities	13,705	14,021
Cashflow from investing activities		
Purchase of Tangible Fixed Assets	(25,015)	(35,330)
Grants Received	7,471	13,613
Interest Received	7	6
Proceeds from sale of Tangible Fixed Assets	-	34
Net cash outflow from investing activities	(17,537)	(21,677)
Net Change in Cash and Cash Equivalents	2,996	(3,433)
Cash and cash equivalents at the beginning of the year	758	4,191
Cash and cash equivalents at the end of the year	3,754	758
Net Change in Cash and Cash Equivalents	2,996	(3,433)

Further details are given in note 14.

RIVER CLYDE HOMES AND SUBSIDIARY

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	£'000	£'000
	£'000	£'000
Net cash inflow from operating activities (note 14)	5,368	3,907
Cashflow from financing activities		
Interest paid	(4,057)	(3,547)
Loan advances received	18,000	17,743
Other finance expense	(238)	(175)
Net cash outflow from financing activities	13,705	14,021
Cashflow from investing activities		
Purchase of Tangible Fixed Assets	(25,009)	(35,239)
Grants Received	7,471	13,613
Interest Received	34	31
Proceeds from sale of Tangible Fixed Assets	-	34
Net cash outflow from investing activities	(17,504)	(21,561)
Net Change in Cash and Cash Equivalents	1,569	(3,633)
Cash and cash equivalents at the beginning of the year	281	3,914
Cash and cash equivalents at the end of the year	1,850	281
Net Change in Cash and Cash Equivalents	1,569	(3,633)

Further details are given in note 14.

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

1. General Information and Accounting Policies

The Company is incorporated in the United Kingdom under the Companies Act 2006 and is registered in Scotland as a private Company Limited by guarantee with Companies House. 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 company is defined as a public benefit entity and thus the company complies with all disclosure requirements relating to public benefit entities.

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

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 2018 "Statement of Recommended Practice for Registered Housing Providers" and the Determination of Accounting Requirements 2019 as issued by the Scottish Housing Regulator and under the historical cost convention, modified to include certain financial instruments at fair value.

The financial statements are prepared in Sterling (£) and are rounded to nearest £'000.

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.

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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.

iii. Obligations under defined benefit pension scheme

Pension obligations within the financial statements rely on actuarial assumptions and calculations completed by professional actuaries. These assumptions and calculations are reviewed by management to ensure the results are reasonable and appropriate.

iv. Impairment of Housing Properties

An assessment is made at each reporting date of whether there are indicators that housing properties may be impaired. 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. These impairment losses are recognised in the Statement of Comprehensive Income. See accounting policy k for further details of impairment policy.

c) Consolidation

River Clyde Homes owns the entire share capital of Home Fix Scotland Limited (a private company limited by shares). In accordance with FRS 102 using the purchase method, the financial statements show the consolidated position of River Clyde Homes and its subsidiary Home Fix Scotland Limited relating to the year ended 31 March 2020. All inter-group transactions are eliminated in full on consolidation.

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.

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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 Statement of Comprehensive Income. 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
Re-Financing Fees	5 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) Investments in Subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements

h) 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.

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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.

i) Other Grants

Grants received in respect of revenue expenditure are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they relate.

j) 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.

k) 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 Statement of Comprehensive Income.

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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 Statement of Comprehensive Income. 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.

l) 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 Statement of Comprehensive Income inclusive of VAT. Recoverable VAT arising from partial exempt activities is credited to the Statement of Comprehensive Income.

m) 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 Statement of Comprehensive Income so as to spread the cost of pensions over the employees' working lives within the Company. There has been no change in accounting treatment in the year.
- ii) Scottish Housing Association Pension Scheme which is a multi employer defined benefit scheme managed by the Pension Trust. Retirement benefits to employees of the Association are funded by contributions from all participating employers and employees in the Scheme.
 - a. For the SHAPS, the association is able to identify its share of the scheme assets and scheme liabilities from 1 April 2018 and therefore has applied defined benefit accounting from this date onwards. FRS 102 Section 28 requires the difference on transition from defined contribution to defined benefit accounting to be presented separately in other comprehensive income. The group early adopted the amendment made to Section 28 of FRS 102, as issued in May 2019 by the Financial Reporting Council, and therefore recognised the difference on transition to defined benefit accounting in the year ended 31 March 2019. The scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the statement of financial position. This has been recognised within the defined benefit pension liability on the face of the statement of financial position.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the Statement of Comprehensive Income. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income.

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

- n) Allocation of Owner Occupier Income**
Monies charged and received from owner-occupiers for common maintenance are credited into the Statement of Comprehensive Income within the accounting period in which it is invoiced.
- o) 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.
- p) 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.
- q) Energy Trust and Scottish Government 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.
- r) 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.
- s) 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.
- t) 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.
- u) 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.

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

v) 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.

Home Fix Scotland is subject to Corporation Tax on its applicable activities. Any payments due for corporation tax will be recognised.

w) 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.

The Management Committee have considered the impact of the COVID-19 pandemic in concluding on going concern. The risks facing the company have been considered, as detailed in the strategic report, a consideration of the available funding to the company through its available loan facilities and a number of scenario planning exercises have been conducted which have projected the potential financial impact that may occur ranging from best to worst case scenarios. As a result of these actions the board have been able to conclude that the adoption of the going concern assumption continues to be appropriate.

x) Financial Instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised cost model. Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in surplus or deficit. At each year end, the instruments are revalued to fair value, with the movements posted to the Statement of Comprehensive Income (unless hedge accounting is applied). The group and association have not adopted hedge accounting for the financial instruments.

RIVER CLYDE HOMES AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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

	Turnover £'000	Operating Costs £'000	Operating Surplus/(Deficit) £'000	Operating Deficit for previous period of account £'000
Social lettings (Note 3a)	26,947	27,436	(489)	(292)
Other activities (Note 3b)	1,077	1,035	42	(21)
Total	28,024	28,471	(447)	(313)
2019	27,162	27,475	(313)	

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

	Turnover £'000	Operating Costs £'000	Operating Surplus/(Deficit) £'000	Operating Deficit for previous period of account £'000
Social lettings (Note 3a)	26,947	27,474	(527)	(371)
Other activities (Note 3b)	1,077	1,035	42	(21)
Total	28,024	28,509	(485)	(392)
2019	27,162	27,554	(392)	

RIVER CLYDE HOMES AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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

	2020	2019
	£'000	£'000
Rent receivable net of Service Charges	25,738	24,740
Service Charges	728	678
Gross income from rents and service charge	26,466	25,418
Less voids	(998)	(860)
Net income from rents and service charges	25,468	24,558
Grants from the Scottish Ministers	1,235	1,312
Other Income	244	336
Total turnover from social letting activities	26,947	26,206
Management and maintenance administration costs	11,968	13,310
Planned and cyclical maintenance inc major repair costs	4,712	2,428
Reactive maintenance costs	4,336	4,270
Bad Debts - rents and service charge	(29)	361
Depreciation of social housing	6,449	6,129
Operating costs for social letting activities	27,436	26,498
Operating Deficit for Letting Activities	(489)	(292)
2019	(292)	

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 £8,449,931 (2019-£16,613,532). Major repairs of £6,198,692 (2019-£14,818,279) were capitalised in the year.

RIVER CLYDE HOMES AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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

	2020	2019
	£'000	£'000
Rent receivable net of Service Charges	25,738	24,740
Service Charges	728	678
Gross income from rents and service charge	26,466	25,418
Less voids	(998)	(860)
Net income from rents and service charges	25,468	24,558
Grants from the Scottish Ministers	1,235	1,312
Other Income	244	336
Total turnover from social letting activities	26,947	26,206
Management and maintenance administration costs	11,968	13,310
Planned and cyclical maintenance inc major repair costs	4,750	2,501
Reactive maintenance costs	4,336	4,276
Bad Debts - rents and service charge	(29)	361
Depreciation of social housing	6,449	6,129
Operating costs for social letting activities	27,474	26,577
Operating Deficit for Letting Activities	(527)	(371)
2019	(371)	

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 £8,449,931 (2019-£16,613,532). Major repairs of £6,198,692 (2019-£14,818,279) were capitalised in the year.

RIVER CLYDE HOMES AND SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

3b. GROUP AND 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 2020 Operating Surplus/(Deficit) £'000	Year to 2019 Operating Surplus/(Deficit) £'000
Support activities	-	-	179	417	596	596	-	(45)
Homefact	-	-	-	295	295	326	(31)	-
Support & Connect	-	58	-	26	84	90	(6)	8
Universal Credit	-	5	-	-	5	-	5	16
Extracare Plus	-	7	-	-	7	7	-	-
Cycle Scotland	-	90	-	-	90	16	74	-
Other activities	-	-	-	-	-	-	-	-
Total from other activities	-	160	179	738	1,077	1,035	42	(21)
2019	-	129	173	654	956	977	(21)	

Grants awarded 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 AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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. Security has been granted to lenders in respect of housing properties and net cumulative interest capitalised on housing properties at 31 March 2020 amounted to £nil (2019: £nil).

	Housing Properties Held for Letting £'000	Housing Properties Held for Construction £'000	Totals £'000
Cost			
At 1 April 2019	210,473	21,294	231,767
Additions during the period	6,677	17,893	24,570
Transferred during the period	2,606	(2,606)	-
Disposals during the period	(63)	-	(63)
At 31 March 2020	219,693	36,581	256,274
Depreciation			
At 1 April 2019	33,576	-	33,576
Provided during the period	6,449	-	6,449
Disposals during the period	(38)	-	(38)
At 31 March 2020	39,987	-	39,987

Net Book Value

As at 31 March 2020	179,706	36,581	216,287
As at 31 March 2019	176,897	21,294	198,191

Social Housing Grant is repayable under certain circumstances. The amount relating to asset disposal during the year is £26,422 (2019: £48,227).

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

4b. Tangible Assets - Group – other

	Furniture and Fittings £'000	Plant and Machinery £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 April 2019	57	172	2,648	2,877
Additions during the period	-	6	388	394
Disposals during the period	-	-	-	-
At 31 March 2020	57	178	3,036	3,271
Depreciation				
At 1 April 2019	57	37	2,631	2,725
Provided during the period	-	36	145	181
Disposals during the period	-	-	-	-
At 31 March 2020	57	73	2,776	2,906
Net Book Value				
As at 31 March 2020	-	105	260	365
As at 31 March 2019	-	135	17	152

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

4b. Tangible Assets - Company – other

	Furniture and Fittings £'000	Computer Equipment £'000	Total £'000
Cost			
At 1 April 2019	57	2,648	2,705
Additions during the period	-	388	388
Disposals during the period	-	-	-
At 31 March 2020	57	3,036	3,093
Depreciation			
At 1 April 2019	57	2,631	2,688
Provided during the period	-	145	145
Disposals during the period	-	-	-
At 31 March 2020	57	2,776	2,833
Net Book Value			
As at 31 March 2020	-	260	260
As at 31 March 2019	-	17	17

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 2020

4c. Intangible Assets - Group and Company

	Computer Software £'000	Website Development £'000	Arrangement Fee £'000	Total £'000
Cost				
At 1 April 2019	616	47	828	1,491
Additions during the period	98	16	-	114
Disposals during the period	-	-	-	-
At 31 March 2020	714	63	828	1,605
Depreciation				
At 1 April 2019	333	41	166	540
Provided during the period	232	11	165	408
Disposals during the period	-	-	-	-
At 31 March 2020	565	52	331	948
Net Book Value				
As at 31 March 2020	149	11	497	657
As at 31 March 2019	283	6	662	951

	Group		Company	
5. Stock	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
General stock	254	207	-	116
	254	207	-	116

The cost of stock recognised as an expense during the year amounted to £0.5 million (2019: £0.5 million).

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

6a. Debtors due within one year	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Rent arrears	1,901	1,901	1,901	1,901
Less: bad debt provision	(1,326)	(1,609)	(1,326)	(1,609)
	575	292	575	292
VAT	-	24	-	24
Prepayments	213	341	213	341
Intercompany Loan	-	-	497	497
Intercompany Debtors	-	-	2,033	546
Sundry debtors	793	793	793	793
Less: bad debt provision	(203)	(210)	(203)	(210)
	1,378	948	3,333	1,991
 Grant receivable	 259	 2,083	 259	 2,083
	1,637	3,323	4,167	4,366

In October 2016, RCH entered into an intercompany loan agreement of £0.5 million with its subsidiary Home Fix Scotland. 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	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Sundry debtors	349	442	349	442
	349	442	349	442

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

7. Creditors due within one year

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade creditors	128	2,449	25	2,449
Other taxation and social security	62	292	62	258
Rents in advance	291	150	291	150
Deferred Capital Grant (Note 9)	1,624	1,513	1,624	1,513
Loan	1,736	100	1,736	100
Intercompany creditors	-	-	1,125	598
Accruals and other creditors	6,648	5,324	6,022	5,218
	10,489	9,828	10,885	10,286

8. Creditors due after one year

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Deferred Capital Grant (Note 9)	97,651	91,552	97,651	91,552
Lease creditor	-	-	-	-
Loan	94,168	77,904	94,168	77,904
	191,819	169,456	191,819	169,456

Loans

Loans are repayable in instalment due as follows:-	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
In one year or less	1,736	100	1,736	100
Between one and two years	2,021	100	2,021	100
Between two and five years	39,089	300	39,089	300
In five years or more	53,058	77,504	53,058	77,504
	95,904	78,004	95,904	78,004

The company's holds loan facilities of £67.5m and £26.7m with RBS and Nationwide respectively.

The company holds two terms loans with RBS and a revolving credit facility. Term loan A accrues interest at a fixed rate of 6.09% per annum and is repayable by March 2035. Term Loan B accrues interest at LIBOR +1.5% per annum and is repayable by way of bullet payment in 2028. The revolving facility accrues interest at LIBOR +1.25% per annum and is repayable in 2023.

The company holds one term loan with Nationwide and a revolving credit facility. The term loan accrues interest at 6.14% fixed per annum and is repayable in March 2038. The revolving facility accrues interest at LIBOR +1.45% per annum and is repayable in 2023.

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

8. Creditors due after one year (continued)

The company's loan facilities are secured by a standard security over 5,720 of the company's properties and also contains a negative pledge. This security is held by Prudential Trustee Company Limited as Security Trustee for the aforementioned finance parties.

Energy Trust Loans of £707k are repayable over 7 years (£0.1 million within one year) and have no interest charge. Scottish Government Loans of £1m are repayable over 5 years (£0.2 million within one year) and have no interest charge.

9. Deferred Capital Grant

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Opening Balance	93,066	80,727	93,066	80,727
Grant Received in the Year	7,461	13,613	7,461	13,613
Capital Grant Released	(1,262)	(1,274)	(1,262)	(1,274)
	99,275	93,066	99,275	93,066
Amounts to be Released within One Year	1,624	1,513	1,624	1,513
Amounts to be Released after One Year	97,651	91,553	97,651	91,553
	99,275	93,066	99,275	93,066

10. Employees – Group

	2020	2019
	No.	No.
The average full time equivalent number (including key management personnel) of persons employed by the Company during the period were as follows:	327.9	300.1
Group Services	39.2	37.6
Executive Management Team	10.9	9.7
Customer Services	106.3	118.5
Property and Development	22.6	29.7
Operations	148.9	104.6
The average number of persons employed by the Company during the period	305	305
	£'000	£'000
Wages and salaries	10,925	9,652
Social security costs	1,024	915
Other pension costs	1,748	1,944
Staff costs during period	13,697	12,511

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

10. Employees – Group (continued)

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.

The total number of staff members whose emoluments exceeded £60,000 per year was 10 (2019: 13).

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	-	-
£90,001+	3	4
	2020	2019
	£'000	£'000
Aggregate emoluments for the above Key Management Personnel (excluding pension contributions)	361	486
The emoluments of the Chief Executive (excluding pension contributions)	137	132
Aggregate pension contributions in relation to the above key management personnel	36	43

There were redundancy costs of £179,611 in the year (2019: £139,054). The Chair of the Boards received emoluments of £2,250 (RCH Board) and £1,984 (HFS Board) in the year (2019: £nil) in respect of their services to the Group.

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.

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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

(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:

	31/03/2020 % per annum	31/03/2019 % per annum
Retail Price Inflation	2.9	3.4
Increase in salaries	3.0	3.7
Increase in pension and deferred pensions	1.9	2.5
Discount rate	2.3	2.4

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

	31/03/2020 Assets 2020 £'000	31/03/2019 Assets 2019 £'000
Equities	24,195	27,417
Bonds	10,662	10,281
Property	5,331	4,284
Cash	820	857
Total	41,008	42,839

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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

The mortality assumptions for those aged 65 adopted at 31 March 2020 imply the following life expectancies:

	Males	Females
Current Pensioners	20.7 years	22.9 years
Future Pensioners	22.2 years	24.6 years

Net Pension Liability

	31/03/2020 £'000	31/03/2019 £'000	31/03/2018 £'000	31/03/2017 £'000	31/03/2016 £'000
Estimated Employer Assets	41,008	42,839	40,532	40,532	32,008
Present Value of funded liabilities	(43,279)	(48,839)	(43,562)	(50,588)	(37,423)
Present Value of unfunded liabilities	(1,653)	(1,929)	(1,850)	(1,853)	(1,317)
Net Pension Liability	(3,924)	(7,929)	(4,880)	(12,460)	(6,732)

Analysis of the amount credited to other finance income

	31/03/2020		31/03/2019	
	%	£'000	%	£'000
Expected return on Assets	42.5	1,028	43.8	1,092
Interest on pension scheme liability	(46.7)	(1,222)	(52.2)	(1,227)
Net loss (B)	(4.2)	(194)	(8.4)	(135)
Net Revenue Account Costs (A) - (B)	41.5	1,280	54.4	1,082

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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

Analysis of the amount charged to operating profit

	31/03/2020		31/03/2019		31/03/2018		31/03/2017		31/03/2016	
	%	£'000	%	£'000	%	£'000	%	£'000	%	£'000
Service costs	37.3	1,019	46.0	947	40.4	1,011	29.6	762	34.4	1,040
Past service costs	2.5	67	0.0	0	0.0	0	16.9	434	8.5	257
Total Operating Charge (A)	39.8	1,086	46.0	947	40.4	1,011	46.5	1,196	42.9	1,297

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

	2020	2019
	£'000	£'000
Opening Balance Losses	(8,268)	(5,615)
Actuarial gain/(loss)	4,525	(2,653)
Increase/(Decrease) in Irrecoverable Surplus from Membership	-	-
Actuarial gain/(loss) on assets and liabilities recognised in Comprehensive Income	4,525	(2,653)
Cumulative Actuarial Losses	(3,743)	(8,268)

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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

Movement in pension deficit during the year

	2020	2019
	£'000	£'000
Deficit at beginning	(7,929)	(4,880)
Current Service cost	(1,019)	(947)
Past Service cost	(67)	-
Expected Return on Employers assets	1,028	1,092
Interest Costs	(1,222)	(1,227)
Employers contribution	760	686
Actuarial gain/(loss)	4,525	(2,653)
Pension deficit at end of year	(3,924)	(7,929)

- ii. Scottish Housing Association Pension Scheme is a multi-employer defined benefit scheme managed by the Pension Trust. Contributions are charged to the Statement of Comprehensive Income so as to spread the cost of pensions over the employees' working lives within the Company.

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

	2020	2019
	£'000	£'000
Fair value of plan assets	8,348	4,709
Present value of defined benefit obligation	7,598	6,360
Surplus/(Deficit) in plan	750	(1,651)
Unrecognised surplus	(750)	-
Defined benefit asset (liability) to be recognised	-	(1,651)

RECONCILIATION OF THE IMPACT OF THE ASSET CEILING

	2020
	£'000
Impact of asset ceiling at start of period	-
Effect of the asset ceiling included in net interest cost	-
Actuarial losses (gains) on asset ceiling	750
Impact of asset ceiling at end of period	750

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

11. Pension Obligations (continued)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	2020
	£'000
Defined benefit obligation at start of period	6,360
Current service cost	1,074
Expenses	2
Interest expense	169
Contributions by plan participants	380
Actuarial losses (gains) due to scheme experience	784
Actuarial losses (gains) due to changes in demographic assumptions	14
Actuarial losses (gains) due to changes in financial assumptions	506
Benefits paid and expenses	(57)
Defined benefit obligation at end of period	7,598

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

	2020
	£'000
Fair value of plan assets at start of period	4,709
Interest income	125
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	271
Contributions by the employer	650
Contributions by plan participants	380
Benefits paid and expenses	(57)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	8,348

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2020 was £2,666,000.

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

11. Pension Obligations (continued)

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

	2020
	£'000
Current service cost	1,074
Expenses	2
Net interest expense	44
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income (SoCI)	1,120

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	2020
	£'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	2,541
Experience gains and losses arising on the plan liabilities - gain (loss)	(784)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	42
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	1,072
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	2,871
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	(750)
Total amount recognised in other comprehensive income - gain (loss)	2,121

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

11. Pension Obligations (continued)

ASSETS

	2020	2019
	£'000	£'000
Global Equity	1,148	758
Absolute Return	513	399
Distressed Opportunities	152	80
Credit Relative Value	201	82
Alternative Risk Premia	669	263
Fund of Hedge Funds	-	13
Emerging Markets Debt	297	151
Risk Sharing	264	136
Insurance-Linked Securities	224	122
Property	156	94
Infrastructure	492	197
Private Debt	165	61
Opportunistic Illiquid Credit	203	-
Corporate Bond Fund	610	330
Liquid Credit	219	-
Long Lease Property	204	57
Secured Income	463	164
Over 15 Year Gilts	106	121
Liability Driven Investment	2,199	1,676
Net Current Assets	63	5
Total assets	8,348	4,709

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

KEY ASSUMPTIONS

	31/03/2020	31/03/2019
	% per annum	% per annum
Allowance for commutation of pension for cash at retirement	75	75
Inflation (RPI)	2.45	3.16
Increase in salaries	2.45	3.16
Increase (CPI)	1.45	2.16
Discount rate	2.3	2.4

RIVER CLYDE HOMES AND SUBSIDIARY
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11. Pension Obligations (continued)

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male Retiring in 2020	21.5
Female Retiring in 2020	23.2
Male Retiring in 2040	22.8
Female Retiring in 2040	24.5

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	2020	2019
	£'000	£'000
Opening funds	15,131	22,839
Deficit for period	(4,735)	(3,995)
Change in Accounting Estimate (SHAPS)	-	220
SHAPS Change in Accounting Disclosures	-	(1,358)
Tfr to Restricted Reserve	(73)	(24)
SHAPS Actuarial gain on pension scheme	2,121	102
LGPS Actuarial gain/(loss) on pension scheme	4,525	(2,653)
Revenue reserve at end of year	16,969	15,131

Restricted Reserves	2020	2019
	£'000	£'000
Opening funds	29	5
Movement in the Year	73	24
Restricted Reserve	102	29

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

Restricted Reserve Detail	Opening Funds £'000	Movement in Year £'000	Balance £'000
Support & Connect	29	(3)	26
Cycle Scotland	-	76	76
Restricted Reserve	29	73	102

13. Reconciliation of movement in reserves - Company

Income & Expenditure Reserve	2020 £'000	2019 £'000
Opening funds	15,013	22,775
Deficit for period	(4,746)	(4,049)
Change in Accounting Estimate (SHAPS)	-	220
SHAPS Change in Accounting Disclosures (Opening Balance)	-	(1,358)
Tfr from Restricted Reserve	(73)	(24)
SHAPS Actuarial gain on pension scheme	2,121	102
LGPS Actuarial gain/(loss) on pension scheme	4,525	(2,653)
Revenue reserve at end of year	16,840	15,013

Restricted Reserve Detail	Opening Funds £'000	Movement in Year £'000	Balance £'000
Support & Connect	29	(3)	26
Cycle Scotland	-	76	76
Restricted Reserve	29	73	102

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
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14. Notes to the Cash Flow Statement – Group

	2020	2019
	£'000	£'000
a) Reconciliation of operating surplus to Net cash inflow from operating activities		
Operating deficit	(447)	(313)
Depreciation	7,000	6,628
Pension – employee income	990	791
Capital Grant Released	(1,262)	(1,275)
Decrease/(Increase) in debtors	1,874	(69)
Increase in stock	(47)	(48)
Decrease in creditors	(1,280)	(1,491)
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>6,828</u>	<u>4,223</u>
b) Reconciliation of net cash flow to movement in net debt		
Increase/(Decrease) in cash for the period	2,996	(3,433)
Loans received	(18,000)	(17,743)
Loan repayments	100	472
	<hr/>	<hr/>
Change in net debt	(14,904)	(20,704)
Opening Net debt	(78,312)	(57,608)
Net debt as at 31 March 2020	<u>(93,216)</u>	<u>(78,312)</u>

c) Analysis of changes in net debt				
	As at	Cash	Other	As at
	01/04/19	Flow	Changes	31/03/20
	£'000	£'000	£'000	£'000
Cash at bank and in hand	758	2,996	-	3,754
Debt due within one year	-	-	-	-
Debt due after one year	(79,070)	(17,900)	-	(96,970)
	<hr/>	<hr/>	<hr/>	<hr/>
	(78,312)	(16,331)	-	(93,216)

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

14. Notes to the Cash Flow Statement – Company

	2020	2019
	£'000	£'000
a) Reconciliation of operating surplus to Net cash inflow from operating activities		
Operating deficit	(485)	(392)
Depreciation	6,964	6,602
Pension – employee income	990	791
Capital Grant Released	(1,262)	(1,275)
Decrease in debtors	292	57
Decrease in stock	116	8
Decrease in creditors	(1,247)	(1,884)
	<u>5,368</u>	<u>3,907</u>
Net cash inflow from operating activities	<u>5,368</u>	<u>3,907</u>
b) Reconciliation of net cash flow to movement in net debt		
Increase/(Decrease) in cash for the period	1,569	(3,633)
Loans received	(18,000)	(17,743)
Loan repayments	100	472
Change in net debt	(16,331)	(20,904)
Opening Net debt	(77,721)	(56,817)
Net debt as at 31 March 2020	<u>(94,052)</u>	<u>(77,721)</u>

c) Analysis of changes in net debt

	As at	Cash	Other	As at
	01/04/19	Flow	Changes	31/03/20
	£'000	£'000	£'000	£'000
Cash at bank and in hand	281	1,569	-	1,850
Debt due within one year	-	-	-	-
Debt due after one year	(78,002)	(17,900)	-	(95,902)
	<u>(77,721)</u>	<u>(16,331)</u>	<u>-</u>	<u>(94,052)</u>

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15. Unit numbers under management

	2020	2019
	No.	No.
Cottage	1,937	1,918
Flat	575	575
Maisonette	85	94
Multi-Storey	832	830
Tenement	2,259	2,264
	5,688	5,681

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. During the year £4,456 (2019: £9,134) of rent was receivable from these tenant members. At the year-end there were £nil (2019: £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.

17. Auditors Remuneration

	Group		Company
	2020	2019	2020
	£'000	£'000	£'000
Fees payable to the auditor and its associates for the audit of the financial statements	18	13	13
Fees payable to the auditor and its associates in relation to taxation services	1	1	-
			8

18. Annual Operating Leases-Group and Company

	<u>2020</u>		<u>2019</u>
	<u>£'000</u>		<u>£'000</u>
	<u>Land & Buildings</u>	<u>Other Assets</u>	<u>Land & Buildings</u>
Leases < 1 year	294	576	188
Leases 1 - 5 years	1,156	1,137	361
Leases > 5 years	2,668	-	738
	4,118	1,713	1,287
			402

All the above leases relate to land, buildings, IT infrastructure and plant and machinery. The cost of operating leases recognised as an expense during the year amounted to £0.5 million (2019: £0.5 million).

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19. Interest Payable and Other Charges	2020	2019
	£'000	£'000
Banks and Building Society Loans	4,057	3,547
	4,057	3,547

20. Capital Commitments	2020	2019
	£'000	£'000
Expenditure authorised by the Board	58,208	64,379
less certified	(31,872)	(18,241)
	26,336	46,138

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

21. Tax on Profit on Ordinary Activities

	2020	2019
	£'000	£'000
<i>Current Tax:</i>		
UK corporation tax on profits of current year	-	-
Adjustments in respect of previous periods	-	-
Total current tax	-	-
<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	-	-

RIVER CLYDE HOMES AND SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
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22. Financial Instruments

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Financial Assets				
Cash and Cash Equivalents	3,754	758	1,850	281
Financial assets that are debt instruments measured at amortised cost	<u>1,773</u>	<u>3,424</u>	<u>4,303</u>	<u>4,467</u>

Financial Liabilities

Financial liabilities measured at amortised cost	<u>104,158</u>	<u>86,219</u>	<u>103,429</u>	<u>86,677</u>
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Financial assets that are debt instruments measured at amortised cost comprise rental arrears, other debtors and amounts owed by fellow group companies.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, amounts owed to fellow group companies, accruals and bank loans.

23. Covid19 Impact on organisation

The World Health Organisation announced a global pandemic of COVID-19 on 11 March 2020 which was subsequently followed by a nationwide wide lockdown on the 23 March 2020. The impact on the organisation's performance in the current year has not been materially impacted by these events. The management committee have assessed the possible future impact on the organisation and continue to monitor the effects against projected budgets for the 2021 period. The Management Committee have considered the impact of the COVID-19 pandemic in concluding on their going concern assessment. The risks facing the company have been considered, as detailed in the report of the management committee, a consideration of the available funding to the company through its available loan facilities and a number of scenario planning exercises have been conducted which have projected the potential financial impact that may occur ranging from best to worst case scenarios. As a result of these actions the board have been able to conclude that the adoption of the going concern assumption continues to be appropriate.

