

# Financial Statements

For the year ended 31 March 2019

Irvine Housing Association Limited

FCA Reference No. 2459RS

Registered Housing Association No. HAL280

Scottish Charity No. SC042251

# Financial Statement

For the year end 31 March 2019

Irvine Housing Association

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# Board of Management and advisers

## **Board of Management:**

D McEachran, Chairman  
C Bell  
M Burgess  
M Crearie\* (appointed 28 November 2018)  
G Darroch  
J Galbraith  
F Garven \* (resigned 22 August 2018)  
R Hill  
C McGuinness  
J Meek (resigned 22 August 2018)  
J Murray  
D Thornton

\* Co-opted Board Member

## **Secretary:**

Paul Hillard

## **Auditor:**

KPMG LLP  
1 Sovereign Street  
Leeds  
LS1 4DA

## **Bankers:**

National Westminster Bank plc  
Liverpool City Office  
22 Castle Street  
Liverpool  
L2 0UP

## **Solicitors:**

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

## **Registered office:**

44-46 Bank Street  
Irvine  
Ayrshire  
KA12 0LP

# Report of the Board of Management

The Board presents its Report and Audited Financial Statements for the year ended 31 March 2019.

## Principal activity

The principal activity of the Association is the provision and management of affordable rented housing.

## Review of business and future developments

### Financial Strength

During the 2018/19 operating year, the Association has worked to increase efficiency to ensure it can continue to grow, and provide high quality services that meet the needs of our customers. The Statement of Comprehensive Income which is set out on Page 9 shows that an Operating Surplus of £4.4m was generated in the year. Turnover benefited from the receipt of grant funding in excess of £0.3m while, due to the lack of exceptional items in the year, operating costs are considerably lower than in the 2017/18 financial year. After accounting for interest, Total Comprehensive Income for the year of £2.9m has been recorded. Overall reserves of £12.7m place us in a strong position and means we have capacity to deliver additional housing and fund capital works programmes with a view to increasing customer satisfaction.

### Review of activities

Key activities under taken by the Association during the year are noted below.

In recognition of the challenging economic environment for many customers rent affordability remained a high priority for the Association. The long-term goal of reducing business plan reliance on future rent increase has been a key driver. Therefore the Association's main activities during the year included a range of projects and initiatives which sought to improve services and performance, invest in existing homes, and achieve growth while emphasising efficiency and cost reduction.

The Association has continued to embed and improve the operating model which was introduced in November 2017. The operating model, is based on the call centre and self-service options being the first point for customers to access services, supported by agile working housing, sustainability and assets staff spending more time in customers' homes and communities. Shared Riverside processing centres for income collection and housing administration provide additional support, with one of the 'hubs' for these shared services being located in Irvine.

Operational improvements during the year include adapting work flows between income collection, housing and sustainability teams to meet the needs of customers in receipt of welfare benefits that were transferring to the universal credit system. During the year, the number of customers in receipt of Universal Credit increased from 4% to 17%. Improved working practices meant that the Association was able to maintain high levels of contact with the majority of these customers, assisting them through the process and maintaining control of rent arrears, with the last half of the operational year seeing a modest but consistent trend of reducing rent arrears.

A key component that enabled this was the establishment of a generic Sustainability Team. The functions within this team, primarily money advice and affordable warmth advice, were previously undertaken by specialist staff. The move to a generic approach has allowed greater efficiency in the way staff are deployed and an improved customer experience.

The Association continued significant investment in its existing properties during the year spending approximately £2m. Over 540 major components were replaced including 20 kitchens, 82 roofs, 52 full heating systems, 171 boilers, 78 properties received new external doors, 51 properties received replacement windows and 88 properties were re-rendered.

Demand for the Association's homes remained strong during the year. The Association's efficient management of empty homes once again delivered exceptional performance with an average void property turnaround time of just over 8 days and total void loss of less than 0.2% of rental income.

The Association undertook a review of the staffing and structure of the Asset Management services during the year. This review has improved management efficiency and allows more resources invested in direct service delivery. The new structure will facilitate more efficient control of the increased levels of investment planned in the coming years, the move to more of the day to day repairs service being offered digitally and improvements in customer satisfaction.



# Report of the Board of Management (continued)

A focus on the safety of customers has remained a high priority for the Association. The new asset management services structure maintains the dedication of specialist resources to matters of landlord safety compliance. In addition to locally based staff the Association is also able to benefit from considerable expertise on health and safety from being part of Riverside. The Association's Board have robust oversight of this issue through the regular reporting of compliance related key performance indicators.

The new resources applied to planning and performance during the year have given the Association significant business insight during the year. This enabled us to target resources towards customers and communities most impacted by changes to welfare benefit. It also provided the Board with a wealth of information about the current and future economic, social and housing need and demand trends in the communities where the Association operates.

A widespread consultation exercise with customers was undertaken during the year to ascertain preferences for accessing services, communications and involvement in the Association processes. The results from this process informed the new Customer Involvement Strategy which was agreed by Board and will be implemented over the coming year.

The Association's commitment to new housing supply has been maintained during the year with a start on site being made at the first phase of the Tarryholme site in Irvine. This £13m development will provide 87 much needed new social rented homes which will commence handover from the summer of 2019. This is the Association's largest ever new build development both in terms of value and the number of homes being built.

The Association has maintained the continuous improvement of its governance during the year, streamlining structures and using on-line document management and information systems to improve efficiency. As part of these initiatives a new Risk Management Policy and Risk Procedure has been adopted. This strengthened the terms of reference of the Audit and Risk Committee and aligned the approach to risk management with that taken across Riverside.

In line with the implementation of the operating model the Association has reviewed its office strategy. This resulted in a new ten year lease being agreed for the main Bank Street, Irvine offices premises which have also been refurbished to accommodate agile working and the Riverside shared services based in Irvine. The former office premises in Drongan have been vacated and the marketing process started for the sale of property.

## Board of management

The current members of the Board of the Association, who are also Trustees of the Charity, are listed on page three.

Each member of the Board holds one fully paid share of £1 in the Association.

## Statement of the board's responsibilities in respect of the board's report and the financial statements

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the association and of its income and expenditure for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

# Report of the Board of Management (continued)

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Registered Social Landlords Determination of Accounting Requirements 2014. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

## Statement of the board of management in respect of internal controls

The Board acknowledges that it is responsible for establishing and maintaining the Association's system of internal controls, and for reviewing the effectiveness of those controls. Such a system can only provide reasonable, and not absolute, assurance against material misstatement or loss, or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that strategic objectives will be achieved.

The key features of the system of internal controls which has been established, and which is designed to provide effective internal control, are as described below.

1. The Association's organisational structure embodies clearly defined levels of responsibility and delegation of authorities in relation to internal control. Appropriate policies and procedures in respect of financial management are in place and are set out in the Association's Financial Regulations. The Board retains responsibility for a range of strategic, operational, performance and financial issues.
2. The Association has a robust system of strategic and operational planning, including in stressed situations, informed by a system of risk management. The system of risk management is participative and informs all activities undertaken by the Association.
3. Experienced and suitably qualified staff are employed by the Association, and their performance is reviewed as part of a comprehensive appraisal process.
4. The Association has an appropriate system of financial reporting in place to enable the Board and senior staff to monitor the key business risks facing the Association. This system of financial reporting includes the preparation of budgets and forecasts, and the preparation of regular financial reports providing relevant and reliable financial information, where significant variances from budgets are appropriately investigated.
5. All significant new initiatives, major commitments and investment projects are subject to appropriate appraisals, review, analysis and authorisation, either by the Board or through relevant Committees of the Board, where authority to consider such matters has been appropriately delegated by the Board.
6. The Board considers reports from senior staff and auditors as relevant to provide reasonable assurance that suitable internal financial control procedures are in place and are being followed. In addition, the Association's Financial Regulations are subject to regular review and updating.

By order of the Board



**D McEachran**  
**Chair**  
**July 2019**



# Report of the Independent Auditor

to the members of Irvine Housing Association Limited

## Opinion

We have audited the financial statements of Irvine Housing Association Limited ("the association") for the year ended 31 March 2019 which comprise the statement of comprehensive income, statement of changes in reserves, statement of financial position, statement of cash flows and related notes, including the Accounting Policies in Note 1.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the state of affairs of the association as at 31 March 2019 and of its income and expenditure for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been properly prepared in accordance with the Housing (Scotland) Act 2014 and the Registered Social Landlords Determination of Accounting Requirements 2014.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the [group and the] association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Going concern

The association's Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the association or to cease its operations, and as they have concluded that the association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Board's conclusions, we considered the inherent risks to the association's business model, including the impact of Brexit, and analysed how those risks might affect the association's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the association will continue in operation.

## Other information

The association's Board is responsible for the other information, which comprises the Board's Annual Report and the Statement on Internal Controls. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the Statement on Internal Financial Control on Page 6 does not provide 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; or
- in our opinion, the Statement on Internal Financial Control is materially inconsistent with the knowledge acquired by us in the course of performing our audit.

We have nothing to report in these respects.

# Report of the Independent Auditor (continued)

## Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- the association has not kept proper books of account; or
- the association has not maintained a satisfactory system of control over transactions; or
- the financial statements are not in agreement with the association's books of account; or
- we have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.

## Board's responsibilities

As more fully explained in their statement set out on Page 5 and 6, the Association's Board is responsible for the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the association in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 69 of the Housing (Scotland) Act 2010. Our audit work has been undertaken so that we might state to the association those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association as a body, for our audit work, for this report, or for the opinions we have formed.

**Clare Partridge**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

# Statement of Comprehensive Income

For year ended 31 March 2019

|                                         | Note   | 2019<br>£000 | 2018<br>£000 |
|-----------------------------------------|--------|--------------|--------------|
| Turnover                                | 2      | 10,132       | 9,933        |
| Operating costs                         | 2,5,17 | (5,777)      | (6,309)      |
| <b>Operating surplus</b>                | 2      | <b>4,355</b> | 3,624        |
| Gain on sale of fixed assets            | 4      | -            | 181          |
| Interest receivable and other income    | 6      | 3            | 1            |
| Interest and financing cost             | 7      | (1,444)      | (1,335)      |
| <b>Surplus before taxation</b>          |        | <b>2,914</b> | 2,471        |
| Taxation                                | 9      | -            | -            |
| <b>Surplus for the year</b>             | 19     | <b>2,914</b> | 2,471        |
| Total comprehensive income for the year |        | <b>2,914</b> | 2,471        |

All of the above operations are continuing and comply with Housing SORP 2014 and FRS 102. The notes on Pages 13 to 29 form an integral part of these financial statements.

# Statement of Changes in Reserves

For year ended 31 March 2019

|                                                   | Income and Expenditure Reserves |                           |                               |
|---------------------------------------------------|---------------------------------|---------------------------|-------------------------------|
|                                                   | General<br>reserve<br>£000      | Total<br>reserves<br>£000 | Unrestricted<br>funds<br>£000 |
| Balance at 1 April 2018                           | 9,738                           | 9,738                     | 9,738                         |
| Surplus from statement of<br>comprehensive income | 2,914                           | 2,914                     | 2,914                         |
| <b>Balance at 31 March 2019</b>                   | <b>12,652</b>                   | <b>12,652</b>             | <b>12,652</b>                 |

|                                                   | Income and Expenditure Reserves |                           |                               |
|---------------------------------------------------|---------------------------------|---------------------------|-------------------------------|
|                                                   | General<br>reserve<br>£000      | Total<br>reserves<br>£000 | Unrestricted<br>funds<br>£000 |
| Balance at 1 April 2017                           | 7,267                           | 7,267                     | 7,267                         |
| Surplus from statement of<br>comprehensive income | 2,471                           | 2,471                     | 2,471                         |
| <b>Balance at 31 March 2018</b>                   | <b>9,738</b>                    | <b>9,738</b>              | <b>9,738</b>                  |



# Statement of Financial Position

For year ended 31 March 2019

|                                              | Note | 2019<br>£000   | 2018<br>£000  |
|----------------------------------------------|------|----------------|---------------|
| <b>FIXED ASSETS</b>                          |      |                |               |
| <b>Tangible fixed assets</b>                 |      |                |               |
| Housing properties                           | 10a  | 71,345         | 64,581        |
| Other tangible fixed assets                  | 10b  | 81             | 102           |
|                                              |      | <hr/>          | <hr/>         |
|                                              |      | 71,426         | 64,683        |
| Investments                                  |      |                |               |
| Net investment position - NSSE               | 10c  | -              | 690           |
|                                              |      | <hr/>          | <hr/>         |
|                                              |      | 71,426         | 65,373        |
|                                              |      | <hr/>          | <hr/>         |
| <b>CURRENT ASSETS</b>                        |      |                |               |
| Debtors                                      | 11   | 700            | 808           |
| Cash and cash equivalents                    | 12   | 1,387          | 1,968         |
|                                              |      | <hr/>          | <hr/>         |
|                                              |      | 2,087          | 2,776         |
| <b>CREDITORS</b>                             |      |                |               |
| Amounts falling due within one year          | 13   | (3,194)        | (3,433)       |
|                                              |      | <hr/>          | <hr/>         |
| <b>Net current assets/(liabilities)</b>      |      | <b>(1,107)</b> | <b>(657)</b>  |
|                                              |      | <hr/>          | <hr/>         |
| <b>Total assets less current liabilities</b> |      | <b>70,319</b>  | <b>64,716</b> |
| <b>Creditors</b>                             |      |                |               |
| Amounts falling due after more than one year | 14   | (57,667)       | (54,978)      |
|                                              |      | <hr/>          | <hr/>         |
| <b>Total net assets</b>                      |      | <b>12,652</b>  | <b>9,738</b>  |
|                                              |      | <hr/>          | <hr/>         |
| <b>RESERVES</b>                              |      |                |               |
| General reserve                              | 19   | 12,652         | 9,738         |
|                                              |      | <hr/>          | <hr/>         |
| Income and Expenditure reserves              | 19   | 12,652         | 9,738         |
|                                              |      | <hr/>          | <hr/>         |
| <b>TOTAL RESERVES</b>                        |      | <b>12,652</b>  | <b>9,738</b>  |
|                                              |      | <hr/>          | <hr/>         |

These financial statements were approved by the Board of Management on 26 June 2019, and were signed on its behalf by on July 2019 by:



**D McEachran**  
CHAIRMAN



**P Hillard**  
SECRETARY



**C McGuinness**  
BOARD MEMBER

The notes on pages 13 to 29 form an integral part of these financial statements.

# Statement of Cash Flows

For year ended 31 March 2019

|                                                               | Notes | 2019<br>£000   | 2018<br>£000   |
|---------------------------------------------------------------|-------|----------------|----------------|
| <b>Net cash inflow from operating activities</b>              | 24    | <b>2,735</b>   | <b>4,719</b>   |
| <b>Cash flows from investing activities</b>                   |       |                |                |
| Purchase of tangible fixed assets                             |       | (22)           | (1,025)        |
| Cash paid for housing construction                            |       | (5,502)        |                |
| Proceeds from sale of tangible fixed assets                   |       |                | 218            |
| Interest received                                             |       | 2              | 1              |
| Grants received                                               |       | 5,339          |                |
|                                                               |       | <b>(183)</b>   | <b>(806)</b>   |
| <b>Cash flows from financing activities</b>                   |       |                |                |
| Interest paid                                                 |       | (1,433)        | (1,336)        |
| New secured loans                                             |       | 570            | -              |
| Repayment of borrowings                                       |       | (2,270)        | (2,500)        |
|                                                               |       | <b>(3,133)</b> | <b>(3,836)</b> |
| <b>Net change in cash and cash equivalents</b>                |       | <b>(581)</b>   | <b>77</b>      |
| <b>Cash and cash equivalents at the beginning of the year</b> |       | <b>1,968</b>   | <b>1,891</b>   |
| <b>Cash and cash equivalents at the end of the year</b>       |       | <b>1,387</b>   | <b>1,968</b>   |

The notes on pages 13 to 29 form an integral part of these financial statements.

# Notes to the Financial Statements

For year ended 31 March 2019

## 1 Accounting Policies

### Legal Status

The Association is a public benefit entity, is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with and monitored by the Scottish Housing Regulator.

### Basis of Accounting

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards and the Statement of Recommended Practice (SORP): Accounting by Registered Social Landlords 2014 and comply with the Determination of Accounting Requirements 2015. As explained at note 15, the accounts of Thistle Housing Services Limited have not been consolidated with those of the Association, as the Board considers this would be of no real value to the members of the Association in view of the insignificant amounts involved.

The financial statements have been prepared in compliance with FRS102.

### Going concern

Irvine Housing Association Limited financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. No significant concerns have been noted and the Board consider it appropriate to continue to prepare the financial statements on a going concern basis.

### Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements, estimates and assumptions have had the most significant effect in amounts recognised in the financial statements:

- Tangible fixed assets. Tangible assets are depreciated over their useful lives taking into account residual values where appropriate. The estimates of useful life for the different component types and assets are detailed below;
- Impairment of non-financial assets. Reviews for impairment of housing properties are carried out when a trigger has occurred.

### Turnover

Turnover represents rental and service charge income receivable and certain revenue grants together with other income.

### Retirement Benefits

SHPS is a defined contribution scheme and as such no surplus or deficit is included in the financial statements and the accounting charge for the period is represented by the employer contribution payable.

### Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

# Notes to the Financial Statements (continued)

For year ended 31 March 2019

## Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. The cost of housing land and properties comprises purchase price together with incidental costs of acquisition and improvements, including related administration charges.

Housing properties are principally properties available for rent. Cost includes the cost of acquiring the land and buildings, development costs and expenditure incurred in respect of improvements.

## Leasing and hire purchase

Where assets are financed by hire purchase contracts and leasing agreements that give rights approximating to ownership (finance leases), they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as obligations to the lessor in creditors. They are depreciated over the shorter of the lease term and their economic useful lives.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit and loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

Other leases are treated as operating leases and payments are charged to the statement of comprehensive income on a straight line basis over the term of the lease.

Reverse premiums and similar incentives received on leases to enter into operating lease agreements are released to statement of comprehensive income over the term of the lease.

## Housing Properties

The Association has undertaken a review of the intended use of all housing properties and has determined that they are held for social benefit.

## Depreciation and impairment

Where a housing property comprises two or more major components with substantially different useful economic lives, each component is accounted for separately and depreciated over its individual useful economic life. The estimated individual useful economic life of the components are as follows:

| Component       | Useful Economic Life |
|-----------------|----------------------|
| Structure       | 100 years            |
| Kitchens        | 20 years             |
| Bathrooms       | 30 years             |
| Heating Systems | 30 years             |
| Boilers         | 15 years             |
| Windows         | 25 years             |
| External Doors  | 25 years             |
| Roofs           | 60 years             |
| Render          | 20 years             |

Assets that are in the course of construction are held at cost and are not depreciated until reclassified as housing properties completed.

## Improvements to property

Expenditure incurred on general repairs to housing properties is charged to the statement of comprehensive income in the year in which it is incurred.

Expenditure on refurbishment or replacement of identified housing property components is capitalised.

Non-component works to existing housing properties are capitalised where they relate to an improvement, which is defined as an increase in the net rental stream or the life of a property.



# Notes to the Financial Statements (continued)

For year ended 31 March 2019

## Impairment of non-financial assets

The carrying amount of the Association's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit" or "CGU"),

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of consolidated income.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation if no impairment loss had been recognised.

## Other Fixed Assets

Other Fixed Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected useful economic lives of the assets at the following annual rates:

|                       |           |
|-----------------------|-----------|
| Furniture & Equipment | 20%       |
| Plant & Machinery     | 33.33%    |
| Office Property       | 6% to 10% |

## Housing Association Grant

Where developments have been financed wholly or partly by Housing Association Grant, the amount of grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure, under the accruals model. Grant received for items of cost written off in the Statement of Comprehensive Income is included as part of Turnover. Housing Association Grant in respect of housing properties in the course of construction, received in advance of expenditure, is shown as a current liability.

## Other Grants

Grants received from other sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as turnover.

## Loan Issue Costs and Interest Costs

The cost of raising loans is amortised over the period of the loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income in the year in which the redemption took place.

## Capitalisation of Development Overheads

Administration costs relating to development activities are capitalised only to the extent that they are directly attributable to the development process and in bringing the properties into their intended use.

## Taxation

The Association is a registered charity and is not therefore liable for corporation tax on its charitable activities.

# Notes to the Financial Statements (continued)

For year ended 31 March 2019

## 2 Turnover, costs of sales, operating costs and operating surplus

|                                             | Turnover      | Operating costs | 2019 Surplus | 2018 Surplus |
|---------------------------------------------|---------------|-----------------|--------------|--------------|
| <b>Income and expenditure from lettings</b> | <b>£000</b>   | <b>£000</b>     | <b>£000</b>  | <b>£000</b>  |
| Social lettings                             | 9,886         | 5,370           | 4,516        | 3,716        |
| Other activities                            | 246           | 407             | (161)        | (92)         |
| <b>Total</b>                                | <b>10,132</b> | <b>5,777</b>    | <b>4,355</b> | <b>3,624</b> |
| 2018                                        | 9,933         | 6,309           | 3,624        |              |

# Notes to the Financial Statements (continued)

For year ended 31 March 2019

## 3a Particulars of Income and expenditure from social lettings

|                                                               | General<br>Needs Housing<br>£000 | Supported<br>Housing<br>£000 | 2019<br>Total<br>£000 | 2018<br>Total<br>£000 |
|---------------------------------------------------------------|----------------------------------|------------------------------|-----------------------|-----------------------|
| Rent Receivable net of<br>Identifiable service charges        | 9,486                            | 164                          | 9,650                 | 9,285                 |
| Service charges receivable                                    | 40                               | 5                            | 45                    | 55                    |
| Gross income from rents and<br>Service charges                | 9,526                            | 169                          | 9,695                 | 9,340                 |
| Rent losses from voids                                        | (18)                             | -                            | (18)                  | (11)                  |
| <b>Net income from rents and<br/>service charges</b>          | <b>9,508</b>                     | <b>169</b>                   | <b>9,677</b>          | <b>9,329</b>          |
| Grants released from deferred income                          | 208                              | 1                            | 209                   | 210                   |
| Other revenue grants                                          | -                                | -                            | -                     | 43                    |
| <b>Total turnover from affordable lettings</b>                | <b>9,716</b>                     | <b>170</b>                   | <b>9,886</b>          | <b>9,582</b>          |
| Management and maintenance<br>administration costs            | 2,171                            | 23                           | 2,194                 | 2,590                 |
| Service costs – landscape                                     | 311                              | -                            | 311                   | 352                   |
| Service costs – sheltered housing schemes                     | -                                | 98                           | 98                    | 127                   |
| Planned and cyclical maintenance                              | 727                              | 6                            | 733                   | 767                   |
| Reactive maintenance                                          | 767                              | 11                           | 778                   | 831                   |
| Bad debts – rent and service charges                          | (9)                              | -                            | (9)                   | 47                    |
| Depreciation of affordable letting properties                 | 1,248                            | 17                           | 1,265                 | 1,152                 |
| Impairment of affordable letting properties                   | -                                | -                            | -                     | -                     |
| <b>Operating costs for affordable letting<br/>activities</b>  | <b>5,215</b>                     | <b>155</b>                   | <b>5,370</b>          | <b>5,866</b>          |
| <b>Operating surplus on affordable letting<br/>Activities</b> | <b>4,501</b>                     | <b>15</b>                    | <b>4,516</b>          | <b>3,716</b>          |
| Operating surplus from letting activities<br>for 2018         | 1,134                            | 13                           | 1,147                 |                       |

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £12.8k (2018: £20.5k).

## Notes to the Financial Statements (continued)

For year ended 31 March 2019

### 3b Turnover, operating costs and operating surplus or deficit from other activities

|                                    | Grants<br>from<br>Scottish<br>Ministers<br>£000 | Other<br>Revenue<br>Grants<br>£000 | Other<br>Income<br>£000 | Total<br>Turnover<br>£000 | Operating<br>Costs<br>Bad<br>Debts<br>£000 | Other<br>Operating<br>Costs<br>£000 | 2019<br>Operating<br>Surplus/<br>(Deficit)<br>£000 | 2018<br>Operating<br>Surplus /<br>(Deficit)<br>£000 |
|------------------------------------|-------------------------------------------------|------------------------------------|-------------------------|---------------------------|--------------------------------------------|-------------------------------------|----------------------------------------------------|-----------------------------------------------------|
| Factoring                          | -                                               | -                                  | 76                      | 76                        | 15                                         | 94                                  | (33)                                               | (56)                                                |
| Aids and adaptations               | 167                                             | -                                  | -                       | 167                       | -                                          | 298                                 | (131)                                              | (111)                                               |
| Other activities                   | -                                               | -                                  | 3                       | 3                         | -                                          | -                                   | 3                                                  | 75                                                  |
| <b>Total from other activities</b> | <b>167</b>                                      | <b>-</b>                           | <b>79</b>               | <b>246</b>                | <b>15</b>                                  | <b>392</b>                          | <b>(161)</b>                                       | <b>(92)</b>                                         |
| <b>Total from 2018</b>             | <b>202</b>                                      | <b>73</b>                          | <b>76</b>               | <b>351</b>                | <b>19</b>                                  | <b>424</b>                          | <b>(92)</b>                                        |                                                     |



# Notes to the Financial Statements (continued)

For year ended 31 March 2019

## 4 Profit on sale of fixed assets

|                                             | 2019<br>£000 | 2018<br>£000 |
|---------------------------------------------|--------------|--------------|
| Proceeds from sale of housing accommodation | -            | 219          |
| Costs of disposal of housing accommodation  | -            | (38)         |
| <b>Profit on sale of fixed asset</b>        | <b>-</b>     | <b>181</b>   |

## 5 Employee information

### 5 a Directors Emoluments

No member of the Board received any emoluments during the year. J Wood is an employee of the parent undertaking, The Riverside Group Ltd, and the costs are borne by the parent

|                                                                                                                     | 2019<br>£000   | 2018<br>£000   |
|---------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| Emoluments of the Managing Director                                                                                 | 100            | 97             |
| Employers pension contributions for the Managing Director                                                           | 11             | 10             |
| <b>Total emoluments of the Managing Director</b>                                                                    | <b>111</b>     | <b>107</b>     |
| <br>Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions) | <br><b>234</b> | <br><b>159</b> |

The number of staff whose emoluments (excluding pension contributions) were within the following ranges was:

|                      |   |   |
|----------------------|---|---|
| £60,000 to £69,999   | 1 | 1 |
| £70,000 to £79,999   | 1 | - |
| £80,000 to £89,999   | - | - |
| £90,000 to £100,000  | - | 1 |
| £100,000 to £109,000 | 1 | - |

|                                                                                           | 2019<br>£000 | 2018<br>£000 |
|-------------------------------------------------------------------------------------------|--------------|--------------|
| Aggregate consideration payable to third parties for services of key management personnel | -            | 34           |
| <b>Aggregate compensation payable to staff for loss of office</b>                         | <b>10</b>    | <b>179</b>   |

# Notes to the Financial Statements (continued)

For year ended 31 March 2019

## 5 b Staff

|                                                                  | 2019<br>Number | 2018<br>Number |
|------------------------------------------------------------------|----------------|----------------|
| Average number of persons employed during this year              |                |                |
| Permanent                                                        | 36             | 42             |
| Temporary                                                        | 2              | 2              |
| Average number of full time equivalents employed during the year | 34.06          | 39.33          |
| <b>Staff Cost</b>                                                |                |                |
|                                                                  | £000           | £000           |
| Wages and Salaries                                               | 1,273          | 1,398          |
| Social Security Costs                                            | 127            | 122            |
| Other Pension Costs                                              | 129            | 110            |
| <b>Total staff cost</b>                                          | 1,529          | 1,630          |

## 6 Interest receivable and other income

|                                             | 2019<br>£000 | 2018<br>£000 |
|---------------------------------------------|--------------|--------------|
| Bank interest receivable                    | 3            | 1            |
| <b>Interest receivable and other income</b> | 3            | 1            |

## 7 Interest payable and similar charges

|                                                                                                  | 2019<br>£000 | 2018<br>£000 |
|--------------------------------------------------------------------------------------------------|--------------|--------------|
| On Bank loans, overdrafts and other loans:<br>Repayable wholly or partly in more than five years | 1,444        | 1,335        |
| <b>Interest payable and similar charges</b>                                                      | 1,444        | 1,335        |

# Notes to the Financial Statements (continued)

For year ended 31 March 2019

## 8 Surplus on ordinary activities before taxation

|                                                                                             | 2019<br>£000 | 2018<br>£000 |
|---------------------------------------------------------------------------------------------|--------------|--------------|
| <b>Surplus on ordinary activities before taxation is stated after charging/(crediting):</b> |              |              |
| Depreciation on tangible fixed assets                                                       | 1,299        | 1,220        |
| Auditors' remuneration:<br>In their capacity of auditor                                     | 20           | 19           |
|                                                                                             | <hr/>        | <hr/>        |

## 9 Tax on surplus on ordinary activities

|                                      | 2019<br>£000 | 2018<br>£000 |
|--------------------------------------|--------------|--------------|
| Current tax charge                   | -            | -            |
| Prior year adjustments               | -            | -            |
| Total current tax charge             | -            | -            |
|                                      | <hr/>        | <hr/>        |
| Reconciliation of current tax charge | -            | -            |
|                                      | <hr/>        | <hr/>        |

|                                                             | 2019<br>£000 | 2018<br>£000 |
|-------------------------------------------------------------|--------------|--------------|
| <b>Factors affecting the tax charge for the year</b>        |              |              |
| Total comprehensive income for the year                     | 2,914        | 2,471        |
| Expected tax charge                                         | 554          | 469          |
| Expenses not deductible for tax purposes                    | -            | -            |
| Capital allowances for the period in excess of depreciation | -            | -            |
| Adjustments relating to prior periods                       | -            | -            |
| Profits exempt from tax due to charitable exemption         | (554)        | (469)        |
| <b>Prior year adjustment</b>                                |              |              |
| Unrelieved tax losses                                       | -            | -            |
| Other short term timing differences                         | -            | -            |
| Actual tax charge for the year                              | -            | -            |
|                                                             | <hr/>        | <hr/>        |
| <b>Total factors affecting the tax charge for the year</b>  | -            | -            |
|                                                             | <hr/>        | <hr/>        |

# Notes to the Financial Statements (continued)

For year ended 31 March 2019

## 10a Tangible fixed assets

|                                        | Housing Properties |                               |               |
|----------------------------------------|--------------------|-------------------------------|---------------|
|                                        | Rental<br>£000     | Under<br>Construction<br>£000 | Total<br>£000 |
| <b>Cost</b>                            |                    |                               |               |
| At 1 April 2018                        | 74,969             | 3,629                         | 78,598        |
| Additions                              | 2,496              | 5,533                         | 8,029         |
| Disposals                              | (44)               | -                             | (44)          |
|                                        | <hr/>              | <hr/>                         | <hr/>         |
| <b>At 31 March 2019</b>                | <b>77,421</b>      | <b>9,162</b>                  | <b>86,583</b> |
|                                        | <hr/>              | <hr/>                         | <hr/>         |
| <b>Depreciation</b>                    |                    |                               |               |
| At 1 April 2018                        | 14,017             | -                             | 14,017        |
| Charge for the year                    | 1,235              | -                             | 1,235         |
| Disposals                              | (14)               | -                             | (14)          |
|                                        | <hr/>              | <hr/>                         | <hr/>         |
| <b>At 31 March 2019</b>                | <b>15,238</b>      | <b>-</b>                      | <b>15,238</b> |
|                                        | <hr/>              | <hr/>                         | <hr/>         |
| <b>Net book value at 31 March 2019</b> | <b>62,183</b>      | <b>9,162</b>                  | <b>71,345</b> |
|                                        | <hr/>              | <hr/>                         | <hr/>         |
| Net book value at 31 March 2018        | 60,952             | 3,629                         | 64,581        |
|                                        | <hr/>              | <hr/>                         | <hr/>         |

Improvements to existing properties consist of £2m (2018: £1m) capitalised costs in addition to £733k (2018: £524k) non-capital improvements which have been charged to the statement of comprehensive income.



## Notes to the Financial Statements (continued)

For year ended 31 March 2019

### 10b Tangible fixed assets (continued)

|                                        | Office<br>Property<br>& Tenant's<br>Improvements<br>£000 | Furniture &<br>Equipment<br>£000 | Plant &<br>Machinery<br>£000 | Total<br>£000 |
|----------------------------------------|----------------------------------------------------------|----------------------------------|------------------------------|---------------|
| <b>Cost</b>                            |                                                          |                                  |                              |               |
| At 1 April 2018                        | 473                                                      | 33                               | 24                           | 530           |
| Additions                              | 11                                                       | 33                               | -                            | 44            |
| Disposals                              | -                                                        | (14)                             | -                            | (14)          |
| <b>At 31 March 2019</b>                | <b>484</b>                                               | <b>52</b>                        | <b>24</b>                    | <b>560</b>    |
| <b>Depreciation</b>                    |                                                          |                                  |                              |               |
| At 1 April 2018                        | 389                                                      | 24                               | 15                           | 428           |
| Charge for the year                    | 47                                                       | 17                               | -                            | 64            |
| Disposals                              | -                                                        | (13)                             | -                            | (13)          |
| <b>At 31 March 2019</b>                | <b>436</b>                                               | <b>28</b>                        | <b>15</b>                    | <b>479</b>    |
| <b>Net Book Value at 31 March 2019</b> | <b>48</b>                                                | <b>24</b>                        | <b>9</b>                     | <b>81</b>     |
| Net Book Value as 31 March 2018        | 84                                                       | 9                                | 9                            | 102           |

### 10c NSSE investment

|                        | 2019<br>£000 | 2018<br>£000 |
|------------------------|--------------|--------------|
| Investment properties  | 842          | 1,923        |
| Equity loan / grant    | (842)        | (1,233)      |
| <b>NSSE investment</b> | <b>-</b>     | <b>690</b>   |

Ten properties were re-classified as general needs and the costs and grant were transferred to housing properties.

# Notes to the Financial Statements (continued)

For year ended 31 March 2019

## 11 Debtors: amounts due within one year

|                                             | 2019<br>£000 | 2018<br>£000 |
|---------------------------------------------|--------------|--------------|
| Rent Arrears                                | 351          | 521          |
| Bad Debt Provision                          | (224)        | (342)        |
| Other Debtors and Accrued Income            | 573          | 629          |
| <b>Debtors: amounts due within one year</b> | <b>700</b>   | <b>808</b>   |

## 12 Cash and cash equivalents

|                                   | 2019<br>£000 | 2018<br>£000 |
|-----------------------------------|--------------|--------------|
| Short term money markets deposits | 997          | 1,626        |
| Cash at bank and in hand          | 390          | 342          |
| <b>Cash and cash equivalents</b>  | <b>1,387</b> | <b>1,968</b> |

The Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held. At 31 March 2019 the Association has £20.2m (2018: £16.5m) of undrawn loan facilities.

## 13 Creditors: amounts falling due within one year

|                                                       | 2019<br>£000 | 2018<br>£000 |
|-------------------------------------------------------|--------------|--------------|
| Sundry Creditors                                      | 758          | 102          |
| Rents in Advance                                      | 499          | 435          |
| Accruals and Deferred Income                          | 1,866        | 2,896        |
| Other Taxes                                           | 29           | 8            |
| Amounts due to group undertakings                     | 42           | (8)          |
| <b>Creditors: amounts falling due within one year</b> | <b>3,194</b> | <b>3,433</b> |

# Notes to the Financial Statements (continued)

For year ended 31 March 2019

## 14 Creditors: amounts falling due after one year

### Housing Loans

Loans are secured by standard securities over the Association's Housing Properties and are repayable at varying rates of interest other than by instalments as follows

|                                                      | 2019<br>£000  | 2018<br>£000  |
|------------------------------------------------------|---------------|---------------|
| Two years or more but less than five years           | -             | -             |
| Five years or more                                   | 28,201        | 29,893        |
|                                                      | <hr/> 28,201  | <hr/> 29,893  |
| Pension Cessation Cost                               | 1,868         | 2,618         |
| Deferred Income – Grants                             | 27,598        | 22,467        |
|                                                      | <hr/>         | <hr/>         |
| <b>Creditors: amounts falling due after one year</b> | <b>57,667</b> | <b>54,978</b> |
|                                                      | <hr/>         | <hr/>         |

The above figures includes a loan of £2.3m (2018: £4m) from The Riverside Group Ltd. The above figures contain £99k of capitalised finance costs (2018: £107k). These are charged to income and expenditure over the term of the facility. The amount charged in 2019 was £7k (2018: £7k).

## 14a Deferred Income

|                               | 2019<br>£000  | 2018<br>£000  |
|-------------------------------|---------------|---------------|
| Grant at start of year        | 25,571        | 25,748        |
| Received in year              | 5,341         | -             |
| Disposals                     | -             | (177)         |
|                               | <hr/> 30,912  | <hr/> 25,571  |
|                               | <hr/>         | <hr/>         |
| Amortisation at start of year | (3,104)       | (2,914)       |
| Released to income            | (210)         | (210)         |
| Released to disposal          | -             | 20            |
|                               | <hr/> (3,314) | <hr/> (3,104) |
|                               | <hr/>         | <hr/>         |
| <b>Total deferred income</b>  | <b>27,598</b> | <b>22,467</b> |
|                               | <hr/>         | <hr/>         |

# Notes to the Financial Statements (continued)

For year ended 31 March 2019

## 15 Investment in Subsidiary Undertaking

On 23 October 1997 Irvine Housing Association Limited acquired the entire ordinary share capital of Thistle Housing Services Limited for no consideration. Thistle Housing Services Limited originally traded as lessors of property and equipment but is now dormant. The results of Irvine Housing Association Limited and Thistle Housing Services Limited have not been consolidated as the Board considers this to be of no real value due to the insignificant amounts involved. Thistle Housing Services Limited did not trade in the year to 31 March 2019.

## 16 Related Party Transactions

The Riverside Group Ltd provides loan funding to the Association. Payments of £1.7m were made to The Riverside Group Ltd during the year and as disclosed in Note 14, the balance outstanding to the Riverside Group Ltd at the year end was £2.3m (2018: £4m)

During the year purchases from Thistle Housing Services Limited amounted to £nil (2018: £nil). The balance outstanding to Thistle Housing Services Limited at the year end was £183 (2018: £183). During the year sales to Thistle Housing Services Limited amounted to £nil (2018: £nil). The balance outstanding from Thistle Housing Services Limited at the year end was £nil (2018: £nil).

Various members of the Board and their relatives are tenants of the Association. Aggregate transactions in the year totalled £13.1k. All of these transactions have been carried out on the terms applicable to all tenants and no rent payments were outstanding at year end.

## 17 Pension Cost

The Association contributed to a defined contribution scheme during the accounting period. The defined contribution scheme is administered by the Social Housing Pension Scheme (SHPS) and was used as the vehicle for Auto Enrolment. The scheme is split into two separate sections with auto enrolment contribution rates currently set at employer 4%, employee 1% and enhanced rates of employer 12% and employee 6%. Employees who were members of the Strathclyde Pension Fund have been given the opportunity to join SHPS on flexible contribution rates at 8% to 12% employer and 4% to 6% employee.

The total pension cost for the Association was £123k (2018: £110k).

# Notes to the Financial Statements (continued)

For year ended 31 March 2019

## 18 Share capital

| Shares of £1 each, allotted, issued and fully paid | 2019<br>£  | 2018<br>£  |
|----------------------------------------------------|------------|------------|
| At 1 April 2018                                    | 132        | 171        |
| Issued during the year                             | 1          | 3          |
| Cancelled                                          | (31)       | (42)       |
| <b>At 31 March 2019</b>                            | <b>102</b> | <b>132</b> |

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividends on a winding up. Each member has a right to vote at members' meetings.

## 19 Income and expenditure reserve

|                         | General<br>Reserve | 2019<br>Total<br>£000 | 2018<br>Total<br>£000 |
|-------------------------|--------------------|-----------------------|-----------------------|
| At 1 April 2018         | 9,738              | 9,738                 | 7,267                 |
| Surplus for the year    | 2,914              | 2,914                 | 2,471                 |
| <b>At 31 March 2019</b> | <b>12,652</b>      | <b>12,652</b>         | <b>9,738</b>          |

## 20 Housing stock

|                                                         | 2019         | 2018         |
|---------------------------------------------------------|--------------|--------------|
| General Needs accommodation                             | 2,160        | 2,160        |
| Supported Housing accommodation                         | 41           | 41           |
| <b>Total units in management at the end of the year</b> | <b>2,201</b> | <b>2,201</b> |

Land held for development has been funded by Housing Association Grant



# Notes to the Financial Statements (continued)

For year ended 31 March 2019

## 21 Financial commitments

At 31 March 2019, the Association had total commitments under operating leases as follows

|                                    | 2019<br>Land and Building<br>£000 | 2019<br>Other<br>£000 | 2018<br>Land and Building<br>£000 | 2018<br>Other<br>£000 |
|------------------------------------|-----------------------------------|-----------------------|-----------------------------------|-----------------------|
| Operating leases which expire      |                                   |                       |                                   |                       |
| Within one year                    | -                                 | -                     | 4                                 | 2                     |
| Within 2 to 5 years                | 86                                | 1                     | 4                                 |                       |
| <b>Total financial commitments</b> | <b>86</b>                         | <b>1</b>              | <b>8</b>                          | <b>2</b>              |

Land and Buildings leases may be cancelled after five years. Operating leases may be cancelled at the lessee's request.

## 22 Capital commitments

|                                                         | 2019<br>£000 | 2018<br>£000  |
|---------------------------------------------------------|--------------|---------------|
| Future Capital Expenditure<br>Authorised and contracted | 5,167        | 13,339        |
| <b>Total capital commitments</b>                        | <b>5,167</b> | <b>13,339</b> |

It is expected these commitments will be funded by HAG and Private Finance.

## 23 Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is The Riverside Group Ltd, registered in England as a charitable Industrial & Provident Society (Registration No, 30938R) and Registered Provider of Social Housing Reg. No. L4552. A copy of the Group Financial Statements can be obtained from The Riverside Group Ltd, 2 Estuary Boulevard, Estuary Commerce Park, Liverpool, L24 8RF.

# Notes to the Financial Statements (continued)

For year ended 31 March 2019

## 24 Notes to the cash flow statement

### Reconciliation of operating surplus to net cash inflow from operating activities

|                                                  | 2019<br>£000 | 2018<br>£000 |
|--------------------------------------------------|--------------|--------------|
| Operating Surplus                                | 4,355        | 3,624        |
| Depreciation & Impairment                        | 1,135        | 1,220        |
| Amortisation of grant                            | (244)        | (210)        |
| Expenditure on capitalised movement              | (2,159)      | -            |
| (Increase) / Decrease in debtors                 | (1,694)      | (589)        |
| Increase / (Decrease) in creditors               | 1,342        | 674          |
| <b>Net cash inflow from operating activities</b> | <b>2,735</b> | <b>4,719</b> |

### Analysis of net debt

|                          | At 1<br>April 2018<br>£000 | Non Cash<br>Movement<br>£000 | Cash Flow<br>£000 | At 31<br>March 2019<br>£000 |
|--------------------------|----------------------------|------------------------------|-------------------|-----------------------------|
| Cash at Bank and in hand | 1,968                      | -                            | (581)             | 1,387                       |
| Debt due after one year  | (29,893)                   | -                            | 1,692             | (28,201)                    |
| <b>Total</b>             | <b>(27,925)</b>            | <b>-</b>                     | <b>1,111</b>      | <b>(26,814)</b>             |

### Reconciliation of net cash flow to movement in net debt

|                                                                    | 2019<br>£000    | 2018<br>£000    |
|--------------------------------------------------------------------|-----------------|-----------------|
| Increase/(decrease) in cash in the year                            | (581)           | 77              |
| Cash inflow from increase in debt                                  | 1,692           | 2,486           |
| Non cash movement - write off of arrangement fee relating to loans | -               | 7               |
| <b>Movement in net debt in the year</b>                            | <b>1,111</b>    | <b>2,570</b>    |
| <b>Net debt at 1 April 2018</b>                                    | <b>(27,925)</b> | <b>(30,495)</b> |
| <b>Net debt at 31 March 2019</b>                                   | <b>(26,814)</b> | <b>(27,925)</b> |

