

# Financial Statements

For the year ended 31 March 2021

Irvine Housing Association Limited

FCA Reference No. 2459RS

Registered Housing Association No. HAL280

Scottish Charity No. SC042251

# Financial Statements

For the year end 31 March 2021

Irvine Housing Association

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# Directors, Professional Advisors and Registered Office

## Board of Management

D McEachran, Chair  
C Bell (resigned 16 September 2020)  
M Burgess  
M Crearie  
G Darroch  
C Donohue (resigned 25 February 2021)  
J Galbraith  
R Hill  
C McGuinness  
J Murray  
J Strang (appointed 25 March 2021)  
D Thornton (resigned 16 September 2020)

## Company Secretary

Paul Hillard

## Auditor

KPMG LLP  
1 Sovereign Street  
Leeds  
LS1 4DA

## Bankers

National Westminster Bank plc  
Liverpool City Office  
2-8 Church Street  
Liverpool  
L1 3BG

## 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 2021.

## Principal activity

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

## Basis of preparation

The accounts have been prepared on a going concern basis.

## Directors

The current members of the Board of the association, who are also trustees of the charity, are listed on page 3.

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

## Subsequent Events

The Directors confirm that there have been no events since the financial period end which have had a material effect on the financial position of the company.

## Business review

The results for the period are detailed in the statement of comprehensive income on page 11.

During the 2020/21 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 11 shows that an operating surplus of £5m (2020: £5m) was generated in the year. Turnover benefited from the receipt of grant funding in excess of £0.2m (2020: £0.1m) while operating costs are slightly higher than 2019/20 at £6.2m (2020: £5.8m). After accounting for interest, total comprehensive income for the year of £3.7m (2020: £3.4m). Overall reserves of £19.8m (2020: £16m) place us in a strong position, meaning that 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.

The association's operating year 2020/21 has, unsurprisingly, been dominated by the COVID-19 pandemic, its impact on our customers and the consequent lockdown restrictions. Nevertheless, the financial capacity built up by the association in previous years has allowed us to keep serving customers, building homes and supporting our staff throughout the pandemic.

The Board approved our new Corporate Plan 2020 to 2023. The Plan sets out our objectives in three key areas:

**People at our heart** - We will improve the quality of service provided to our customers, delivered by engaged and fulfilled colleagues. We will do more to sustain tenancies and provide secure homes to those who do not have one.

**Homes for the future** - We will raise the standard of our homes and consider every option for those that may not be fit for the future. We will continue to build and grow to help address the housing crisis.

**Places to thrive in** - We will align our investment in homes and services to have a positive impact on the places in which we work, with a particular focus on helping those customers who face the greatest challenges.

The Plan is our most ambitious yet with commitments to invest c. £2m per annum in existing homes, improve our customer service with increased use of digitalisation, prioritise services which help tenants sustain their tenancies, build at least 300 new social rented homes and embrace more agile ways of working.

As part of Riverside, the association had been promoting more agile and flexible ways of working as part of our operating model for a number of years. This included facilitating colleagues to work from home by ensuring they had suitable IT hardware and software systems, and working and HR practices etc. Working from home was also central to our business continuity plans should the office become unusable.



## Report of the Board of Management (continued)

This position meant that we were able to switch to home working by all colleagues as soon as the guidance, and subsequent legislation, was put in place to work from home in March 2020. This was done without, the fact of home working in itself, disrupting our service for business. Subsequent lockdown restrictions means that the Association has maintained home working throughout the year.

The Association has followed Scottish Government's lockdown guidance, and supplementary guidance from the Social Housing Resilience Group throughout the pandemic. At the time of most severe restrictions, March to June 2020 and December 2020 to April 2021, this significantly restricted the services that could be provided. Most notably to an emergency repairs only service. The Association did, however, seek to continue to provide as many services as possible, including the letting of empty properties. During the periods of tighter restrictions lettings were made exclusively to homeless households and the Association used its longstanding partnership with North Ayrshire Women's Aid to particularly prioritise making homes available to women fleeing domestic violence. In total the Association let 110 of 114 properties becoming empty during the year representing a turnover of c.5% which is slightly lower than experienced in recent years.

During the last year the Association has adopted additional working procedures and protocols to maximise the protection of customers, colleagues and contractors from the COVID-19 virus. This has included the issuing of personal protective equipment, guidance on behavioural protocols and, where available, following relevant national and trade body guidance. We have also maintained frequent and regular contact with contractors to ensure they have been adopting a similar COVID -19 aware approach. Inevitably this has had some impact on performance, most notably on the void turnaround time which, with additional cleaning of properties and restrictions on the number of operatives allowed in a property at the same time, increased to c. 20 days. This, however, continues to be very strong performance when compared to peer organisations. The reduced turnover combined with an increased void turnaround during the year resulted in a void loss of 0.33% against a budget of 0.3%.

The economic impact of the pandemic has led to significant hardship for a significant number of the association's customers. The most material manifestation of this has been the c.25% increase to 941 in the number of customers in receipt of Universal Credit over the year. The Association has sought to assist and work with customers facing financial hardship and having difficulties paying their rent, with increased staffing resources being directed to income management. The year-end position of 3.56% represented an increase in arrears over the year, however, analysis demonstrates that 95% of this increase is due to the administrative processes associated with Universal Credit causing delays in payment.

The Association quickly recognised that the COVID-19 pandemic lockdown measures had the potential to be particularly challenging for some of our most vulnerable customers. Early in the pandemic we therefore initiated a programme of prioritised pro-active welfare calls to customers. During the year we contacted nearly 100% of customers and have maintained this welfare contact where it has been requested. This pro-active approach was well received by customers and is being extended to the processes for other aspects of service delivery.

Strong governance and risk management has been maintained during the pandemic. Board, and Audit and Risk Committee, meeting were immediately moved to a virtual format, which has continued throughout the year. A specific COVID-19 risk schedule was developed and the Board has received a COVID-19 Report at each meeting detailing the association's response. All notifications and returns to the Scottish Housing regulator have also been reported to the Board.

Notwithstanding the challenges of working during the pandemic the association maintained significant business as usual and developed its plans for the future.

The Board has also restated its commitment to ensuring that disabled adaptations were carried out on a timely basis. The Association carried out 119 disabled adaptations in the year, with the support of £215k funding from the Scottish Government.

The Association continued significant investment in its existing properties during the year spending a total of £1.9m making improvements to the homes of current customers. Over 400 major components were replaced including 23 kitchens, 29 roofs, 112 boilers, 70 properties received new external doors, 86 properties received replacement windows and 80 properties we re-rendered.

Additionally, the Board remains absolutely committed to the safety of customers. As always, resources were prioritised to ensure all landlord health and safety compliance targets were met. While lockdown access restriction have, at times, meant that some inspections could not been completed this situation has been quickly recovered and full compliance maintained. The Association was also able to continue its LD2 smoke alarm installation programme which was 98% complete by the end of the year.



# Report of the Board of Management (continued)

The Association continued to actively pursue its development programme during the year, making a start on site with the development of 63 homes for social rent at Kilmarnock Road, Dundonald. The development has a total scheme cost of c. £9.9m and will attract c. £ 4.7m of Scottish Government grant funding. It is particularly significant for the Association being our first in the South Ayrshire Council area and our first, and Scotland's largest, modular social housing development.

The Association continued to pursue other notably development opportunities in Kilmarnock and Monkton and the second phase of development at Tarryholme, Irvine. The latter two have received planning permission which will mean the start on site with a further 127 new social housing homes during 2021.

As part of the move to improving, a comprehensive review and option appraisal of our repairs and maintenance services has been undertaken. This encompassed responsive, cyclical and major repairs and involved significant consultation with customers. The review has recommended an integrated repairs and maintenance package for the next ten years. This is currently being prepared for tender ready for a contract commencement in April 2022.

The home working necessitated by the COVID-19 pandemic lockdown restrictions, has developed the association's previous moves towards more agile approaches to service delivery. In view of this the Board agreed to exercise the break clause on the association's existing lease at its office on Bank Street, Irvine. This will take effect from August 2021. The Association will be seeking offices with approximately 50% of the floor area, possibly in the same location. This will allow a blended model of working and service delivery facilitating a more customer orientated operating model and cost savings.

The association's Rules mean that Mr Duncan McEachran will be required to stand down from his position of Chair of the Board at the 2021 Annual General Meeting (AGM). In recognition of the critical importance of the role to strong governance the Board carefully considered the succession planning options available and undertook a robust, external and internal, recruitment exercise for the position. This has resulted in Mr James Strang joining the Board in March 2021 with a view to becoming the new Chair following the AGM. Mr Strang is an experienced housing professional and former President of the Chartered Institute of Housing.

## 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, 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.

# Report of the Board of Management (continued)

In addition to the above controls, a number of actions have been taken in order to mitigate the risk associated with the COVID-19 pandemic. These include representation on The Riverside Group Ltd Incident Response Team meetings; increased frequency of Management Team Meetings; development of a COVID-19 issues and decisions log; specific Audit & Risk Committee meeting to discuss the risks; and the creation of a temporary COVID-19 risk register.

## Disclosure of information to auditor

The members of the Board who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; each member has taken all the steps that they ought to have taken as a member of the Board to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

## Statement of 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.

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 2010 and the Registered Social Landlords Determination of Accounting Requirements 2019. 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.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

  
Duncan McEachran (Jul 20, 2021 08:55 GMT+1)  
**D McEachran**  
**Chair**

Jul 20, 2021



# 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 2021 which comprise the statement of comprehensive income, statement of changes in equity, 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 2021 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 prepared in accordance with the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2019.

## 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 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").

In our evaluation of the Board's conclusions, we considered the inherent risks to the association's business model and analysed how those risks might affect the association's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the association's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the association will continue in operation.

## Fraud and breaches of laws and regulations – ability to detect

### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the association's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

# Report of the Independent Auditor (continued)

to the members of Irvine Housing Association Limited

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because rental and service charge income is recorded and collected on a regular and consistent basis comprising high volume low value transactions.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the association-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those posted to unusual accounts and those posted by irregular posters.

## *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

As the association is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the association is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related co-operative & community benefit society legislation), taxation legislation and specific disclosures required by housing legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the association is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law and certain aspects of co-operative & community benefit society legislation recognising the nature of the association's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

## *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## **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.



# Report of the Independent Auditor (continued)

to the members of Irvine Housing Association Limited

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 pages 6 to 7, 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.

## 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 its 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 explained more fully in their statement set out on page seven, 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 (Jul 20, 2021 19:40 GMT+1)

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

Jul 20, 2021



# Statement of Comprehensive Income

For year ended 31 March 2021

	Note	2021 £000	2020 £000
Turnover	3	11,231	10,805
Operating costs	3	(6,241)	(5,818)
Gain on sale of fixed assets	4	-	17
<b>Operating surplus</b>		<b>4,990</b>	<b>5,004</b>
Interest receivable and other income	6	-	1
Interest and financing cost	7	(1,249)	(1,587)
<b>Surplus before taxation</b>		<b>3,741</b>	<b>3,418</b>
Taxation	9	-	-
<b>Surplus for the year after tax</b>		<b>3,741</b>	<b>3,418</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>3,741</b>	<b>3,418</b>

All of the above operations are continuing and comply with Housing SORP 2018 and FRS 102.

The notes on pages 15 to 32 form part of these financial statements.

# Statement of Changes in Reserves

For year ended 31 March 2021

	Note	Income and Expenditure Reserves		
		General reserve £000	Total reserves £000	Unrestricted funds £000
Balance at 1 April 2020		16,070	16,070	16,070
Surplus from statement of comprehensive income		3,741	3,741	3,741
<b>Balance at 31 March 2021</b>		<b>19,811</b>	<b>19,811</b>	<b>19,811</b>

	Note	Income and Expenditure Reserves		
		General reserve £000	Total reserves £000	Unrestricted funds £000
Balance at 1 April 2019		12,652	12,652	12,652
Surplus from statement of comprehensive income		3,418	3,418	3,418
<b>Balance at 31 March 2020</b>		<b>16,070</b>	<b>16,070</b>	<b>16,070</b>

# Statement of Financial Position

For year ended 31 March 2021

	Note	2021 £000	2020 £000
<b>Tangible Fixed Assets</b>			
Housing properties	10a	81,742	80,307
Other tangible fixed assets	10b	676	684
		<b>82,418</b>	<b>80,991</b>
<b>Investments</b>			
New Supply Shared Equity	10c	-	-
		<b>82,418</b>	<b>80,991</b>
<b>Current assets</b>			
Debtors	11	1,405	1,203
Cash and cash equivalents	12	(90)	351
		<b>1,315</b>	<b>1,554</b>
Creditors: amounts falling due within one year	13	(3,692)	(3,307)
<b>Net current assets/(liabilities)</b>		<b>(2,377)</b>	<b>(1,753)</b>
<b>Total assets less current liabilities</b>		<b>80,041</b>	<b>79,238</b>
Creditors: amounts falling due after more than one year	14	(60,230)	(63,168)
<b>Total net assets</b>		<b>19,811</b>	<b>16,070</b>
<b>Capital and Reserves</b>			
Income and expenditure reserve		19,811	16,070
		<b>19,811</b>	<b>16,070</b>

The notes on pages 15 to 32 form part of these financial statements.

These financial statements were approved by the Board of Management on 30 June 2021, and were signed on its behalf by:

  
Duncan McEachran (Jul 20, 2021 08:55 GMT+1)

**D McEachran**  
Chair

Jul 20, 2021

  
P Hillard (Jul 20, 2021 10:15 GMT+1)

**P Hillard**  
Secretary

Jul 20, 2021

  
Cris McGuinness (Jul 20, 2021 10:15 GMT+1)

**C McGuinness**  
Board Member

Jul 20, 2021

# Statement of Cash Flows

For year ended 31 March 2021

	Notes	2021 £000	2020 £000
<b>Net cash inflow from operating activities</b>	23	3,932	4,786
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(89)	(631)
Cash paid for housing construction		(890)	(8,313)
Interest received		-	1
Grants received		809	1,510
		<b>(170)</b>	<b>(7,433)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(1,260)	(1,230)
New secured loans		-	5,309
Repayment of borrowings		(2,944)	(2,468)
		<b>(4,204)</b>	<b>1,611</b>
<b>Net change in cash and cash equivalents</b>		<b>(443)</b>	<b>(1,036)</b>
Cash and cash equivalents at the beginning of the year		351	1,387
<b>Cash and cash equivalents at the end of the year</b>		<b>(92)</b>	<b>351</b>

The notes on pages 15 to 32 form part of these financial statements.

# Notes to the Financial Statements

For year ended 31 March 2021

## 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 2018 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 under the historical cost convention and have been prepared in accordance with the provisions of FRS 102 and has applied the exemptions available under FRS 102 in respect of the requirement to disclose related parties.

### Basis of preparation

The association's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 4. The association has considerable financial resources and is a key part of the strategic plans of the Riverside Group Limited. The directors believe that the association is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the association has adequate resources to continue in operational existence for the foreseeable future with the support.

The board, after reviewing the association budgets for 2021/22 and the group's medium term financial position as detailed in the 30-year business plan including changes arising from the ongoing COVID-19 pandemic, is of the opinion that, taking account of severe but plausible downsides, the group and association have adequate resources to continue in business for the period of 12 months from the date of the approval of the financial statements. The Board therefore continues to adopt the going concern basis in preparing the annual financial statements.

### 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 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.
- 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 excluding value added tax.

### Charged bank accounts

Charged bank accounts are readily disposable current asset investments which can only be withdrawn by meeting certain withdrawal criteria.



# Notes to the Financial Statements (continued)

For year ended 31 March 2021

## Value Added Tax

The Riverside Group is partially exempt in relation to Value Added Tax (VAT), and accordingly is able to recover from HM Revenue & Customs part of the VAT incurred on expenditure. At the year-end VAT recoverable or payable is included in the statement of financial position. Irrecoverable VAT is accounted for in the statement of comprehensive income

## Retirement Benefits

The L&G Mastertrust 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. This can be found at Note 17 of these financial statements.

## 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.

## 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.



# Notes to the Financial Statements (continued)

For year ended 31 March 2021

## Depreciation

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.

## 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%

## 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.

## 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.

# Notes to the Financial Statements (continued)

For year ended 31 March 2021

## Cash Policy

Cash includes cash in hand and deposits repayable on demand. Deposits are repayable on demand to The Riverside Group Limited.

## 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.

## Taxation

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

## 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.

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income immediately.

An impairment loss is measured as follows on the following instruments measured at cost or amortised cost:

- For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.
- For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

## 2 Auditors remuneration

Auditor's remuneration comprises the audit fee. The audit fee of £22k (2020: £20k) was paid by the parent company, The Riverside Group Limited.

## Notes to the Financial Statements (continued)

For year ended 31 March 2021

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

	Turnover £000	Operating costs £000	2021 Surplus £000	2020 Surplus £000
Income and expenditure from lettings				
Social lettings	10,943	(5,915)	5,028	5,150
Other activities	288	(326)	(38)	(163)
<b>Total</b>	<b>11,231</b>	<b>(6,241)</b>	<b>4,990</b>	<b>4,987</b>
2020	10,805	(5,818)	4,987	

# Notes to the Financial Statements (continued)

For year ended 31 March 2021

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

	General Needs Housing £000	Supported Housing £000	2021 Total £000	2020 Total £000
Rent Receivable	10,656	-	10,656	10,377
Service charges receivable	39	-	39	39
<b>Gross income from rents and service charges</b>	<b>10,695</b>	<b>-</b>	<b>10,695</b>	<b>10,416</b>
Rent losses from voids	(38)	-	(38)	(20)
<b>Net income from rents and service charges</b>	<b>10,657</b>	<b>-</b>	<b>10,657</b>	<b>10,396</b>
Grants released from deferred income	284	-	284	200
Other revenue grants	2	-	2	2
<b>Total turnover from affordable lettings</b>	<b>10,943</b>	<b>-</b>	<b>10,943</b>	<b>10,598</b>
Management and maintenance administration costs	(2,518)	-	(2,518)	(2,216)
Service costs – landscape	(397)	-	(397)	(429)
Service costs – sheltered housing schemes	-	-	-	(103)
Planned and cyclical maintenance	(598)	-	(598)	(606)
Reactive maintenance	(919)	-	(919)	(880)
Bad debts – rent and service charges	(57)	-	(57)	(55)
Depreciation of affordable letting properties	(1,426)	-	(1,426)	(1,160)
Impairment of affordable letting properties	-	-	-	-
<b>Operating costs for affordable letting activities</b>	<b>5,915</b>	<b>-</b>	<b>5,915</b>	<b>5,449</b>
<b>Operating surplus on affordable letting Activities</b>	<b>5,028</b>	<b>-</b>	<b>5,028</b>	<b>5,149</b>
Operating surplus from letting activities for 2020	5,174	(25)	5,149	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2020: £1k).

Service costs – sheltered housing schemes; the sheltered service was reviewed during the year, and has since been reclassified, hence why it is nil in the current year.



# Notes to the Financial Statements (continued)

For year ended 31 March 2021

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

	Grants from Scottish Ministers £000	Other Income £000	Total Turnover £000	Operating Costs Bad Debts £000	Other Operating Costs £000	2021 Operating Surplus/ (Deficit) £000	2020 Operating Surplus / (Deficit) £000
Factoring	-	70	70	(17)	(94)	(41)	(32)
Aids and adaptations	215	-	215	-	(215)	-	(134)
Other activities	-	3	3	-	-	3	3
<b>Total from other activities</b>	<b>215</b>	<b>73</b>	<b>288</b>	<b>(17)</b>	<b>(309)</b>	<b>(38)</b>	<b>(163)</b>
Total from 2020	131	76	207	(16)	(354)	-	

# Notes to the Financial Statements (continued)

For year ended 31 March 2021

## 4 Profit on sale of fixed assets

	2021 £000	2020 £000
Proceeds from sale of housing accommodation	-	25
Costs of disposal of housing accommodation	-	(8)
<b>Profit on sale of fixed asset</b>	<b>-</b>	<b>17</b>

## 5 Employee information

### 5 a Directors Emoluments

No member of the Board received any emoluments during the year.

	2021 £000	2020 £000
Emoluments of the Managing Director	103	102
Employers pension contributions for the Managing Director	11	11
<b>Total emoluments of the Managing Director</b>	<b>114</b>	<b>113</b>

Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	245	237
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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	1
£80,000 to £89,999	-	-
£90,000 to £100,000	-	-
£100,000 to £109,000	1	1

	2021 £000	2020 £000
Aggregate consideration payable to third parties for services of key management personnel	-	-
Aggregate compensation payable to staff for loss of office	-	5



# Notes to the Financial Statements (continued)

For year ended 31 March 2021

## 5 b Staff

	2021 Number	2020 Number
Average number of persons employed during this year		
Permanent	34	37
Temporary	2	3
Average number of full time equivalents employed during the year	33	36
<b>Staff Cost</b>		
	2021 £000	2020 £000
Wages and Salaries	1,256	1,246
Social Security Costs	125	121
Other Pension Costs	133	129
<b>Total staff cost</b>	<b>1,514</b>	<b>1,496</b>

## 6 Interest receivable and other income

	2021 £000	2020 £000
Bank interest receivable	-	1
<b>Interest receivable and other income</b>	<b>-</b>	<b>1</b>

## 7 Interest payable and similar charges

	2021 £000	2020 £000
On Bank loans, overdrafts and other loans: Repayable wholly or partly in more than five years	1,249	1,587
<b>Interest payable and similar charges</b>	<b>1,249</b>	<b>1,587</b>

# Notes to the Financial Statements (continued)

For year ended 31 March 2021

## 8 Surplus on ordinary activities before taxation

	2021 £000	2020 £000
Surplus on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation on tangible fixed assets	1,440	1,172
	<u>1,440</u>	<u>1,172</u>

## 9 Tax on surplus on ordinary activities

	2021 £000	2020 £000
Current tax charge	-	-
Prior year adjustments	-	-
Total current tax charge	-	-
Reconciliation of current tax charge	<u>-</u>	<u>-</u>

	2021 £000	2020 £000
Factors affecting the tax charge for the year		
Total comprehensive income for the year	3,741	3,418
Expected tax charge	711	649
Profits exempt from tax due to charitable exemption	(711)	(649)

# Notes to the Financial Statements (continued)

For year ended 31 March 2021

## 10a Tangible fixed assets

	Housing Properties		
	Rental £000	Under Construction £000	Total £000
<b>Cost</b>			
At 1 April 2020	94,709	1,975	96,684
Additions	1,969	892	2,861
Disposals	(45)	-	(45)
Transfers	8	(8)	-
	<hr/>	<hr/>	<hr/>
<b>At 31 March 2021</b>	<b>96,641</b>	<b>2,859</b>	<b>99,500</b>
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 April 2020	16,377	-	16,377
Charge for the year	1,404	-	1,404
Disposals	(23)	-	(23)
	<hr/>	<hr/>	<hr/>
<b>At 31 March 2021</b>	<b>17,758</b>	<b>-</b>	<b>17,758</b>
	<hr/>	<hr/>	<hr/>
<b>Net book value at 31 March 2021</b>	<b>78,883</b>	<b>2,859</b>	<b>81,742</b>
	<hr/>	<hr/>	<hr/>
Net book value at 31 March 2020	78,332	1,975	80,307
	<hr/>	<hr/>	<hr/>

Improvements to existing properties consist of £1.9m (2020: £1.8m) capitalised costs in addition to £598k (2020: £607k) non-capital improvements which have been charged to the statement of comprehensive income.

# Notes to the Financial Statements (continued)

For year ended 31 March 2021

## 10b Tangible fixed assets (continued)

	Office Property & Tenant's Improvements £000	Furniture & Equipment £000	Total £000
<b>Cost</b>			
At 1 April 2020	404	693	1,097
Additions	-	80	80
Disposals	(333)	(10)	(343)
<b>At 31 March 2021</b>	<b>71</b>	<b>763</b>	<b>834</b>
<b>Depreciation</b>			
At 1 April 2020	363	50	413
Charge for the year	6	82	88
Disposals	(333)	(10)	(343)
<b>At 31 March 2021</b>	<b>36</b>	<b>122</b>	<b>158</b>
<b>Net Book Value at 31 March 2021</b>	<b>35</b>	<b>641</b>	<b>676</b>
Net Book Value as 31 March 2020	41	643	684

The £80k additions in furniture and equipment relate to smoke detectors that are installed in individual properties.

## 10c New Supply Shared Equity

	2021 £000	2020 £000
Investment properties	842	842
Grant	(842)	(842)
<b>Total investment in shared equity</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements (continued)

For year ended 31 March 2021

## 11 Debtors: amounts due within one year

	2021 £000	2020 £000
Rent Arrears	821	870
Bad Debt Provision	(97)	(112)
Other Debtors and Accrued Income	681	445
<b>Debtors: amounts due within one year</b>	<b>1,405</b>	<b>1,203</b>

Trade debtors are measured at amortised cost less impairment.

## 12 Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	(90)	351
<b>Cash and cash equivalents</b>	<b>(90)</b>	<b>351</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 2021 the association has £23.4m (2020: £20.5m) of undrawn loan facilities.

## 13 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Sundry Creditors	1,080	776
Rents in Advance	519	437
Accruals and Deferred Income	1,851	1,865
Other Taxes	-	1
Amounts due to group undertakings	(42)	7
Deferred income – grants	284	221
<b>Creditors: amounts falling due within one year</b>	<b>3,692</b>	<b>3,307</b>

Trade creditors are measured at amortised cost. Intercompany creditors are related to trading balances and are repayable on demand.

The above figure for 'accruals and deferred income' includes £467k relating to the pension cessation cost falling due within one year.

# Notes to the Financial Statements (continued)

For year ended 31 March 2021

## 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

	2021 £000	2020 £000
Five years or more	29,934	32,859
	<b>29,934</b>	<b>32,859</b>
Pension Cessation Cost	934	1,401
Deferred Income – Grants	29,362	28,908
<b>Creditors: amounts falling due after one year</b>	<b>60,230</b>	<b>63,168</b>

The above figures includes a loan of £4.0m (2020: £6.9m) from The Riverside Group Ltd. The above figures contain £111k of capitalised finance costs (2020: £92k). These are charged to income and expenditure over the term of the facility. The amount charged in 2021 was £18k (2020: £7k).

Irvine Housing Association left the Strathclyde Pension Fund on 31 March 2017 resulting in an exit payment liability of £3,368k. As set out in the termination agreement, payments are made annually and £1,401k is outstanding at 31 March 2021, with £467k falling due within one year and £934k falling due after one year. Payments will cease on 30 April 2023.

## 14a Deferred Income

	2021 £000	2020 £000
Grant at start of year	32,644	31,133
Received in year	809	1,511
Disposals	-	-
	<b>33,453</b>	<b>32,644</b>
Amortisation at start of year	(3,515)	(3,314)
Released to income	(292)	(200)
Released to disposal	-	-
	<b>(3,807)</b>	<b>(3,515)</b>
<b>Total deferred income</b>	<b>29,646</b>	<b>29,129</b>



# Notes to the Financial Statements (continued)

For year ended 31 March 2021

## 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 2021

## 16 Related Party Transactions

The Riverside Group Ltd provides loan funding to the association. Payments of £2.85m 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 £4.0m (2020 £6.9m)

During the year purchases from Thistle Housing Services Limited amounted to £nil (2020: £nil). The balance outstanding to Thistle Housing Services Limited at the year end was £183 (2020 £183). During the year sales to Thistle Housing Services Limited amounted to £nil (2020 £nil). The balance outstanding from Thistle Housing Services Limited at the year end was £nil (2020 £nil).

Various members of the Board and their relatives are tenants of the association. Aggregate transactions in the year totalled £10.2k. 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 scheme is Our Riverside Retirement Plan, administered by Legal and General as part as Mastertrust. This is also used as the vehicle for Auto Enrolment. Separate rates apply where employees have moved from previous pension schemes (such as Strathclyde Pension Fund or SHPS) to allow higher pension contribution rates to continue.

The total pension cost for the association was £131k (2020 £119k).

# Notes to the Financial Statements (continued)

For year ended 31 March 2021

## 18 Share capital

Shares of £1 each, allotted, issued and fully paid	2021 £	2020 £
At 1 April 2020	85	102
Issued during the year	1	1
Cancelled	(18)	(18)
<b>At 31 March 2021</b>	<b>68</b>	<b>85</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 Housing stock

	2021	2020
General Needs accommodation	2,306	2,265
Supported Housing accommodation	-	41
<b>Total units in management at the end of the year</b>	<b>2,306</b>	<b>2,306</b>

Land held for development has been funded by housing association grant

# Notes to the Financial Statements (continued)

For year ended 31 March 2021

## 20 Financial commitments

At 31 March 2021 the association had total commitments for land and buildings under operating leases as follows:

	2021 £000	2020 £000
Operating leases which expire		
Within one year	1	1
Within 2 to 5 years	-	-
After 5 years	428	486
<b>Total financial commitments</b>	<b>429</b>	<b>487</b>

Land and Buildings leases may be cancelled after five years. Operating leases may be cancelled at the lessee's request. After the year end the association exercised a break clause over the Bank Street lease. £428k (FY2020: £486k) of the financial commitment disclosed as being due after five years in the note above relates to the Bank Street lease.

## 21 Capital commitments

	2021 £000	2020 £000
Future Capital Expenditure	8,449	-
Authorised and contracted	10,896	-
<b>Total capital commitments</b>	<b>19,345</b>	<b>-</b>

It is expected these commitments will be funded by housing association grant and private finance.

## 22 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 2021

## 23 Notes to the cash flow statement

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

	2021 £000	2020 £000
Operating Surplus	4,990	5,004
Depreciation & Impairment	1,105	1,072
Amortisation of grant	(284)	(210)
Expenditure on capitalised movement	(1,809)	(1,789)
(Increase) / Decrease in debtors	277	961
Increase / (Decrease) in creditors	(348)	(252)
<b>Net cash inflow from operating activities</b>	<b>3,932</b>	<b>4,786</b>

### Analysis of net debt

	At 1 April 2020 £000	Cash Flow £000	At 31 March 2021 £000
Cash at Bank and in hand	351	(443)	(92)
Debt due after one year	(32,859)	2,925	(29,934)
<b>Total</b>	<b>(32,508)</b>	<b>2,482</b>	<b>(30,026)</b>

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

	2021 £000	2020 £000
Increase/(decrease) in cash in the year	(443)	(1,036)
Cash inflow from increase in debt	(2,925)	(4,658)
<b>Movement in net debt in the year</b>	<b>(2,483)</b>	<b>(5,694)</b>
Net debt at 1 April 2020	(32,508)	(26,814)
<b>Net debt at 31 March 2021</b>	<b>(30,025)</b>	<b>(32,508)</b>