Financial Statements

For the year ended 31 March 2022

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 2022

Irvine Housing Association Limited

Contents

Directors, Professional Advisors and Registered Office

Board of Management:
J Strang (Chair)
D McEachran (Retired 22 September 2021)
M Burgess
M Crearie
G Darroch
S Easton * (Appointed 22 September 2021)
F Fox (Appointed 22 September 2021, Resigned 8 March 2022)
J Galbraith
R Hill
C McGuinness (Resigned 7 December 2021)
A McInnes (Appointed 22 September 2021)
J Murray (Resigned 22 September 2021)
P New (Appointed 7 December 2021)
S Petrie (Appointed 22 September 2021)
S Stewart (Appointed 22 September 2021)
F Fox

* Co-opted Board Member

Company Secretary
Diana MacLean

Auditor
BDO
3 Hardman Street
Spinningfields
Manchester
M3 3AT

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 2022.

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.

The board, after reviewing the association budgets for 2022/23 and the group's medium term financial position as detailed in the business plan including changes arising from the ongoing COVID-19 pandemic, the Russia-Ukraine conflict and the cost of living crisis, 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.

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 12.

During the 2021/22 operating year, the association has worked to increase efficiency to ensure it can continue to provide high quality services that meet the needs of our customers and grow our business. The statement of comprehensive income which is set out on page 12 shows that an operating surplus of £4.8m (2021: £5m) was generated in the year. Turnover benefited from the receipt of grant funding in excess of £0.2m (2021:£0.2m) while operating costs are slightly higher than 2020/21 at £6.7m (2021:£6.2m). After accounting for interest, total comprehensive income for the year of £3.5m (2021: £3.7m). Overall reserves of £23.3m (2021:£19.8m) 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

Operating Environment

This has been a year of many challenges for our customers and our business. We continued with various lockdown measures throughout most of the year. Following Scottish Government Guidance, and working with partners, we kept our customers and colleagues safe during the Covid -19 pandemic and were able to carry out all our Health and Safety obligations.

The impact of Brexit is still being felt in industries like construction, and our repairs and maintenance teams have had to face increasing prices for materials as well as shortages in the labour market and the supply chain.

Dramatic increases in fuel prices have contributed to rising inflation, in turn affecting food prices. The War in Ukraine which broke out in February 2022 has led to even greater price increases than expected with fuel costs rising up to 54%. We are acutely aware of difficult times ahead for our customers and intend to increase our focus of tenancy sustainment in the year ahead. There are additional measures in place to assess the impact of costs on the association.

Report of the Board of Management (continued)

Strategy and Objectives

We increased the visibility of the Riverside brand in Scotland when we rebranded to Riverside Scotland in summer 2021. The new branding was part of longer-term strategy to bring Irvine HA in line with Riverside Group branding. Given that our geography had stretched beyond Irvine for some time and the new name represents the business, and our future plans, more accurately.

Riverside Scotland's Corporate Plan 2020-2023 has three key themes:

People at our Heart
Homes For The Future
Places to Thrive in

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.*

Over the last year we have let 131 homes to new tenants, 34% of these have been to homeless households and we committed to allocate 10% of our homes at our new development in Dundonald to military veterans, reinforcing our commitment to the military covenant. We are committed to working with our local authority partners to end homelessness. We also completed an employee engagement survey and introduced hybrid working for all our Riverside Scotland Colleagues to help them improve their work life balance and to be a flexible employer. **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.*

In 2021 / 2022 we completed 20 new homes and had 170 on site, due for completion by the end of 2023. Our developments at Dundonald and Tarryholme Phase two are bringing much needed affordable rented homes to communities in North and South Ayrshire. The modular scheme at Dundonald, which we have developed in Partnership with Connect Modular, will deliver 63 homes in total and has already won awards for the innovative approach to construction

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.*

In 2021/22 we spent £2.4 million on improvements to our homes, installing 123 boiler replacements, 134 window replacements and 70 new kitchens as well as energy efficiency measures where we have taken a fabric first approach by insulating 63 homes with External Wall Insulation to improve their energy efficiency.

We also undertook a significant exercise to re procure all our repairs and maintenance services to ensure we met the future needs of our tenants. The new contracts will run for a period of ten years in a bid to give the successful contractors and the Association stability in the current changing economic environment.

Although we know we still have much to do we have made significant progress towards our corporate plan ambitions.

Values

Our values are: We Care, We are Trusted, and We are Courageous. These values underpin our work and our corporate plan. In 2021/22 we launched the Our Riverside Way Everyday programme encouraging managers to adopt a coaching style and to embed our values within our organisation. We aim to be a housing association where all our colleagues model our core values.

Governance

Riverside Scotland is governed by a Board of 12 members. There are currently two vacancies on the Board. At our Annual General Meeting in September 2021, we welcomed 5 new board members and appointed Jim Strang as the Chair of the Riverside Scotland Board.

One of the new appointees was a tenant member, demonstrating our commitment to put tenants at the heart of everything we do. Ideally there should be two tenant Board members on the Riverside Scotland Board and we undertook a recruitment campaign to find another tenant Board member in early 2022. Unfortunately, this campaign was not successful, however we intend to revisit the recruitment in the near future as we believe it is vitally important to our governance to have our tenants involved at the highest level of our governance structure.

In September we said farewell to our long-standing Managing Director Paul Hillard and in December 2022 a new Managing Director, Diana MacLean joined Riverside Scotland.

Report of the Board of Management (continued)

The Board and the Audit and Risk Committee continued to meet virtually over the year due to the restrictions of the Covid 19 pandemic, to guide the work of the Association. In response to the social, economic, and political uncertainty which we operated in during the year, we spent significant time on ensuring that our risk register fully reflected the impact of Brexit, the Covid 19 pandemic and the crisis in Eastern Europe.

Customer satisfaction

We continued to track Overall Customer Satisfaction throughout the year, which ended the year at 70%. One of our key aims for 2022/23 is to improve our customer satisfaction by understanding our customers' needs and aspirations and what they want from Riverside Scotland as their landlord. To do this we have started planning a Big Conversation with our customers in the summer of 2022 which will shape our services going forward and into the next period of our Corporate Plan.

Supporting our Customers

Enhanced support for vulnerable customers was strengthened with the launch of our Housing First for Families service providing direct support to our tenant households with children, who are struggling to maintain their tenancy, or who have previously been through the homeless system.

We were successful in obtaining a Mears Foundation Grant of £1,000 in support of this initiative and Homeless Prevention funding of £105,000 which enabled us to appoint two dedicated support co-ordinators who support individual families and help them make connections with community-based support services with the aim of avoiding a return to homelessness.
We further enhanced our customer support by establishing a Service Level Agreement with Veterans First Point/NHS Ayrshire and Arran to ensure that veterans are fully supported in their tenancies, and in the transition to civilian life after service in the armed forces.

This partnership provides a much-needed combination of secure and suitable housing, alongside support to address any mental, physical, emotional, and tenancy related needs for veterans and their families, for as long as required.
With the agreement in place, we've made a commitment to providing homes for veterans at risk of homelessness at our two newest developments by allocating more than 10% of new homes to support veteran households. At Dundonald 13% (8) of the homes have been allocated specifically to veteran households.

Developing New Homes

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

The Association continued to pursue other notable development opportunities in Kilmarnock and Monkton and the second phase of development at Tarryholme, Irvine. The latter two started on site in 2021 and will result in a further 127 new social housing units during 2022.

Investing in Digital Access to our Services

We have continued to enhance our digital offer to customers with the introduction of a new tracking feature for repairs appointments which will help customers plan, remember and change scheduled appointments. In addition, the launch of the My Riverside app enables customers to self-serve from their smartphone – including checking their rent account and reporting a routine repair online. This application will be developed further to allow customers to access digital services more easily in the future.

Our IT systems suffered a major disruption in late 2021 because of a malware attack on Riverside. Access to our Customer Support Centre (CSC) was impacted resulting in a backlog of customer enquiries, which has in turn affected our customer satisfaction scores. We have in place a Customer Satisfaction Improvement plan and Riverside has invested in improvements to ensure IT systems are robust and that lines of communications stay open in the event of any future malware incidents.

Our Colleagues

The Association continued its flexible working approach throughout 2021/22 with colleagues continuing to work from home during the pandemic. Home working was formalised with the introduction of a hybrid working model in late 2021.

Report of the Board of Management (continued)

Our Colleagues (Continued)

In 2021 we also conducted a Pulse survey of colleagues to understand the ongoing impact of the new working environment on them. The survey found that although colleagues had coped well with the Covid-19 pandemic and new ways of working, there was a feeling of isolation amongst those who had been working at home for two years. In response to issues raised in the survey Riverside Scotland introduced listening sessions and regular communication catch ups, bringing all colleagues together regularly to improve communication. From the surveys a People Plan was developed which included listening sessions, with Senior Managers, using Teams and an increased focus on telling our story.

In March once restrictions had lifted, we held a very successful Colleague conference where we focussed on 're setting, re energising and re grouping' bringing together teams from across Riverside to improve joint working and to set the direction for the next stage of our journey.

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.

7. 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, the Russia-Ukraine conflict & the cost of living crisis. 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.

Report of the Board of Management (continued)

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

The board members are responsible for preparing the report of the board and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the board members to prepare financial statements for each financial year. Under that law the board members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) , including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In preparing these financial statements, the board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the society will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the transactions and disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that the 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. They are also responsible for safeguarding the assets of the society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the association's website is the responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

By order of the Board

James Strang
Chair

Report of the Independent Auditor

to the members of Irvine Housing Association Limited

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2022 and of the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance 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.

We have audited the financial statements of Irvine Housing Association Limited ("the Association") for the year ended 31 March 2022 which comprise the statement of comprehensive income, the statement of changes in reserves, the statement of financial position, the statement of cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the board members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the board with respect to going concern are described in the relevant sections of this report.

Other information

The board are responsible for the other information. The other information comprises the information included in the accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Report of the Independent Auditor (continued)

to the members of Irvine Housing Association Limited

Other information – Statement of Internal Financial Controls

We are required to report to you if:

- in our opinion, the Statement on Internal Financial Controls on page 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 Controls is materially inconsistent with the knowledge acquired by us in the course of performing our audit.

We have nothing to report in respect of these matters.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 or the Housing (Scotland) Act 2010 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the Association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the board

As explained more fully in the board members responsibilities statement set out on page 8, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board are responsible for 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 the board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Association and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to their registration with the Scottish Regulator of Housing, and we considered the extent to which non-compliance might have a material effect on the Financial Statements or their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Registered Social Landlords Determination of Accounting Requirements 2019 and tax legislation.

We evaluated management’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

Report of the Independent Auditor (continued)

to the members of Irvine Housing Association Limited

The audit procedures to address the risks identified included:

- Challenging assumptions made by management in their significant accounting estimates and judgements in relation to useful economic lives and impairment of housing properties and other tangible fixed assets.
- Identifying and testing journal entries, in particular any journal entries posted from staff members with privileged access rights, journals posted by key management and journals posted after the year end;
- In respect of income from contracts, projects and property sales, these have been agreed to support providing evidence of delivery and timing of delivery;
- Enquiring of directors and other management as to whether the entity is in compliance with relevant laws and regulations; and
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and the Scottish Housing Regulator.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with the Housing (Scotland) Act 2010 and the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an 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 and the members as a body, for our audit work, for this report, or for the opinions we have formed.

Hamid Ghafoor
BDO LLP
Statutory Auditor
Liverpool, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income

For year ended 31 March 2022

	Note	2022 £000	2021 £000
Turnover	3	11,479	11,231
Operating costs	3	(6,712)	(6,241)
Operating surplus		**4,767**	**4,990**
Interest and financing cost	5	(1,248)	(1,249)
Surplus before taxation		**3,519**	**3,741**
Surplus for the year after tax		**3,519**	**3,741**
Other comprehensive income		-	-
Total comprehensive income for the year		**3,519**	**3,741**

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

The notes on pages 16 to 32 form part of these financial statements.

Statement of Changes in Reserves

For year ended 31 March 2022

	Income and Expenditure Reserves		
	General reserve £000	Total reserves £000	Unrestricted funds £000
Balance at 1 April 2021	19,811	19,811	19,811
Surplus from statement of comprehensive income	3,519	3,519	3,519
Balance at 31 March 2022	**23,330**	**23,330**	**23,330**

	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
Balance at 31 March 2021	**19,811**	**19,811**	**19,811**

Statement of Financial Position

For year ended 31 March 2022

	Note	2022 £000	Restated 2021 £000
Tangible Fixed Assets			
Housing properties	6a	92,858	82,592
Other tangible fixed assets	6b	592	676
		93,450	**83,268**
		93,450	**83,268**
Current assets			
Debtors	7	1,561	1,447
Cash and cash equivalents	8	-	(90)
		1,561	**1,357**
Creditors: amounts falling due within one year	9	(3,727)	(4,584)
Net current assets/(liabilities)		**(2,166)**	**(3,227)**
Total assets less current liabilities		**91,284**	**80,041**
Creditors: amounts falling due after more than one year	10	(67,954)	(60,230)
Total net assets		**23,330**	**19,811**
Capital and Reserves			
Income and expenditure reserve		23,330	19,811
		23,330	**19,811**

The notes on pages 16 to 32 form part of these financial statements.

These financial statements were approved by the Board of Management on 19 September 2022, and were signed on its behalf by:

J Strang
Chair

D Maclean
Secretary

R Hill
Board Member

Statement of Cash Flows

For year ended 31 March 2022

	Note	2022 £000	2021 £000
Net cash inflow from operating activities	21	2,519	3,931
Cash flows in investing activities			
Purchase of tangible fixed assets		(37)	(89)
Cash paid for housing construction		(9,336)	(890)
Interest Recieved		(17)	-
Grants received		7,927	809
		(1,463)	**(170)**
Cash flows in financing activities			
Interest paid		(1,248)	(1,260)
Repayment of borrowings		(15)	(2,944)
		(1,263)	**(4,204)**
Net change in cash and cash equivalents		**(207)**	**(443)**
Cash and cash equivalents at the beginning of the year		(90)	351
Cash and cash equivalents at the end of the year		**(297)**	**(92)**

The notes on pages 16 to 32 form part of these financial statements.

Notes to the Financial Statements
For year ended 31 March 2022

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 2019. As explained at note 13 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 2022/23 and the group's medium term financial position as detailed in the business plan including changes arising from the ongoing COVID-19 pandemic, the Russia-Ukraine conflict and the cost of living crisis, 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 consisting of factoring and amortisation and 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.

Debtors and creditors

Debtors and creditors are measured at amortised cost based on timing of expected cash flows.

Accounting Policies (Continued)

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

All properties within ownership of the association are allocated using common allocation policies shares with other RSLs including local authorities. A system is in operation to ensure allocation is offered to those most in need.

Notes to the Financial Statements (continued)
For year ended 31 March 2022

Accounting Policies (Continued)

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 live 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	10% to 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.

Accounting Policies (Continued)

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.

Irvine Housing Association Limited is a co-operative and Community Benefit Society, registered with the Scottish Housing Regulator and has charitable status for tax purposes. Therefore the association is exempt from Corporation Tax in respect of income under section 505 ICTA 1988.

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 comprehensive 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 Auditor's remuneration

Auditor's remuneration comprises the audit fee. The audit fee of £24k (2021: £22k) was paid by the parent company, The Riverside Group Limited.

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

	Turnover £000	Operating costs £000	2022 Surplus £000
Income and expenditure from lettings			
Social lettings	11,185	(6,439)	4,746
Other activities	294	(390)	(96)
Total	**11,479**	**(6,829)**	**4,650**

	Turnover £000	Operating costs £000	2021 Surplus £000
Social lettings	10,943	(5,915)	5,028
Other activities	288	(326)	(38)
	11,231	**(6,241)**	**4,990**

3a Particulars of Income and expenditure from social lettings

	General Needs Housing £000	2022 Total £000	2021 £000
Rent Receivable	10,821	10,821	10,656
Service charges receivable	40	40	39
Gross income from rents and service charges	**10,861**	**10,861**	**10,695**
Rent losses from voids	(40)	(40)	(38)
Net income from rents and service charges	**10,821**	**10,821**	**10,657**
Grants released from deferred income	294	294	284
Other revenue grants	70	70	2
Total turnover from affordable lettings	**11,185**	**11,185**	**10,943**
Management and maintenance administration costs	(2,670)	(2,670)	(2,518)
Service costs – landscape	(407)	(407)	(397)
Planned and cyclical maintenance	(617)	(617)	(598)
Reactive maintenance	(974)	(974)	(919)
Bad debts – rent and service charges	(113)	(113)	(57)
Depreciation of affordable letting properties	(1,540)	(1,540)	(1,426)
Operating costs for affordable letting activities	**6,321**	**6,321**	**5,915**
Operating surplus on affordable letting activities	**4,864**	**4,864**	**5,028**

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2021: £nil).

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	2022 Operating Surplus/ (Deficit) £000
Factoring	-	71	71	(21)	(100)	(50)
Aids and adaptations	223	-	223	-	(269)	(45)
Other activities	-	-	-	-		-
Total from other activities	**224**	**71**	**294**	**(21)**	**(369)**	**(96)**

	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
Factoring	-	70	70	(17)	(94)	(41)
Aids and adaptations	215	-	215	-	(215)	-
Other activities	-	3	3	-	-	3
Total from 2021	215	73	288	(17)	(309)	(38)

4 Employee information

4 a Directors Emoluments

	2022 £000	2021 £000
Emoluments of the Managing Director	105	103
Employers pension contributions for the Managing Director	10	11
Total emoluments of the Managing Director	**115**	**114**

	2022 £000	2021 £000
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	146	245

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

	2022	2021
£60,000 to £69,999	1	1
£70,000 to £79,999	1	1
£100,000 to £109,999	-	1

4 b Staff

	2022 Number	2021 Number
Average number of persons employed during this year		
Permanent	34	34
Temporary	4	2
Average number of full time equivalents employed during the year	**35**	**33**

Staff Cost

	2022 £000	2021 £000
Wages and Salaries	1,341	1,256
Social Security Costs	137	125
Other Pension Costs	137	133
Total staff cost	**1,615**	**1,514**

5 Interest payable and similar charges

	2022 £000	2021 £000
On Bank loans, overdrafts and other loans:		
Repayable wholly or partly in more than five years	1,248	1,249
Interest payable and similar charges	**1,248**	**1,249**

6a Tangible fixed assets

	Housing Properties		
	Rental £000	Under Construction £000	Total £000
Cost			
At 1 April 2021	96,641	2,859	99,500
At 1 April 2021 (Restated)	-	850	850
Additions	4	9,332	9,336
Improvements to existing properties	2,472	-	2,472
Schemes Completed	10	(10)	-
Accelerated replacement of components	(72)	-	(72)
At 31 March 2022	**99,055**	**13,031**	**112,087**
Depreciation			
At 1 April 2021	17,758	-	17,758
Charge for the year	1,507	-	1,507
Eliminated in respect of disposals and components	(37)	-	(37)
At 31 March 2022	**19,228**	**-**	**19,228**
Net book value at 31 March 2022	**79,827**	**13,031**	**92,858**
Net book value at 31 March 2021 (Restated)	78,883	3,709	82,592

Improvements to existing properties consist of £2.5m (2021: £1.9m) capitalised costs in addition to £445k (2021: £598k) non-capital improvements which have been charged to the statement of comprehensive income.
The accounts have been restated to include £850k of cost that had received valuation confirmation as at 31 March 2021 and was omitted from the 31 March 2021 accounts in error.

6b Tangible fixed assets (continued)

	Office Property & Tenant's Improvements £000	Furniture & Equipment £000	Total £000
Cost			
At 1 April 2021	71	763	834
Additions	-	37	37
Disposals	(71)	(5)	(76)
At 31 March 2022	**-**	**795**	**795**
Depreciation			
At 1 April 2021	36	122	158
Charge for the year	7	85	92
Disposals	(43)	(3)	(46)
At 31 March 2022	**-**	**204**	**204**
Net Book Value at 31 March 2022	**-**	**591**	**591**
Net Book Value as 31 March 2021	**35**	**641**	**676**

The £37k additions in furniture and equipment relate to smoke detectors that are installed in individual properties.

7 Debtors: amounts due within one year

	2022 £000	2021 £000
Rent Arrears	1,100	821
Bad Debt Provision	(259)	(97)
Other Debtors and Accrued Income	215	681
Amounts due from group undertakings	506	42
Debtors: amounts due within one year	**1,561**	**1,447**

Trade debtors are measured at amortised cost less impairment.

Intercompany debtors are related to trading balances and are repayable on demand.

8 Cash and cash equivalents

	2022 £000	2021 £000
Cash at bank and in hand	-	(90)
Cash and cash equivalents	**-**	**(90)**

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 2022 the association has £23.5m (2021: £23.4m) of undrawn loan facilities.

9 Creditors: amounts falling due within one year

	2022 £000	Restated 2021 £000
Sundry Creditors	616	1,080
Rents in Advance	361	519
Accruals and Deferred Income	2,160	2,701
Deferred income – grants	294	284
Overdraft	297	-
Creditors: amounts falling due within one year	**3,727**	**4,584**

Trade creditors are measured at amortised cost.

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

The accounts have been restated to include £850k of accrued costs that had received valuation confirmation as at 31 March 2021 and was omitted from the 31 March 2021 accounts in error.

10 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

	2022 £000	2021 £000
Five years or more	29,949	29,934
	29,949	**29,934**
Pension Cessation Cost	467	934
Deferred Income – Grants	37,538	29,362
Creditors: amounts falling due after one year	**67,954**	**60,230**

The above figures include a loan of £4.0m (2021: £4.0m) from The Riverside Group Ltd. The above figures contain £96k of capitalised finance costs (2021: £111k). These are charged to income and expenditure over the term of the facility. The amount charged in 2022 was £15k (2021: £18k).

Irvine Housing Association Limited 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 £934k is outstanding at 31 March 2022, with £467k falling due within one year and £467k falling due after one year. Payments will cease on 30 April 2023.

11 Deferred Capital Grant

	2022 £000	2021 £000
Grant at start of year	33,453	32,644
Received in year	8,481	809
	41,934	**33,453**
Amortisation at start of year	(3,807)	(3,515)
Released to income	(294)	(292)
	(4,101)	**(3,807)**
Total deferred income	**37,833**	**29,646**

12 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 2022.

13 Related Party Transactions

The Riverside Group Ltd provides loan funding to the association. Payments of £nil (2021: £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 (2021: £4.0m)

During the year purchases from Thistle Housing Services Limited amounted to £nil (2021: £nil). The balance outstanding to Thistle Housing Services Limited at the year end was £183 (2021: £183). During the year sales to Thistle Housing Services Limited amounted to £nil (2021: £nil). The balance outstanding from Thistle Housing Services Limited at the year end was £nil (2021: £nil).

Various members of the Board and their relatives are tenants of the association. Aggregate transactions in the year totalled £4.4k (2021 £10.2k). All of these transactions have been carried out on the terms applicable to all customers and no payments were outstanding at year end. There were no arrears for the tenant Board Members as at year end.

14 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 £137k (2021: £131k).

15 Share capital

Shares of £1 each, allotted, issued and fully paid	2022 £	2021 £
At 1 April 2021	68	85
Issued during the year	5	1
Cancelled	(16)	(18)
At 31 March 2022	**57**	**68**

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.

16 Housing stock

	2022	2021
General Needs accommodation	2,326	2,306
Total units in management at the end of the year	**2,326**	**2,306**

Land held for development has been funded by housing association grant.

17 Financial commitments

At 31 March 2022 the association had total commitments for land and buildings under operating leases as follows:

	2022 £000	2021 £000
Operating leases which expire		
Within one year	47	1
Within 2 to 5 years	188	-
After 5 years	2	428
Total financial commitments	**237**	**429**

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

18 Capital commitments

	2022 £000	2021 £000
Future Capital Expenditure	-	8,449
Authorised and contracted	27,135	10,896
Total capital commitments	**27,135**	**19,345**

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

19 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.

21 Notes to the cash flow statement

Reconciliation of operating surplus to net cash inflow from operating activities

	2022 £000	2021 £000
Operating Surplus	4,767	4,990
Depreciation & Impairment	1,599	1,105
Amortisation of grant	(294)	(284)
Expenditure on capitalised movement	(1,788)	(1,809)
(Increase) / Decrease in debtors	(300)	277
Increase / (Decrease) in creditors	(1,445)	(348)
(Increase)Decrease properties held for sale	(20)	-
Net cash inflow from operating activities	**2,519**	**3,932**

Analysis of net debt

	At 1 April 2021 £000	Cash Flow £000	At 31 March 2022 £000
Cash at Bank and in hand	(92)	(207)	(299)
Debt due after one year	(29,934)	(15)	(29,949)
Total	**(30,026)**	**(222)**	**(30,248)**

Reconciliation of net cash flow to movement in net debt

	2022 £000	2021 £000
Increase/(decrease) in cash in the year	(207)	(443)
Cash inflow from increase in debt	(15)	(2,925)
Movement in net debt in the year	**(222)**	**(2,483)**
Net debt at 1 April 2021	(30,026)	(32,508)
Net debt at 31 March 2022	**(30,248)**	**(30,026)**