

Financial Statements

For the year ended 31 March 2023

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 2023

Irvine Housing Association Limited

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Directors, Professional Advisors and Registered Office

Board of Management:

J Strang (Chair)
M Burgess
M Crearie (resigned 24 March 2023)
G Darroch
S Easton
J Galbraith
R Hill
A McInnes
P New
S Petrie
S Stewart
P Lynn* (appointed 30 November 2022)

* 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 the audited financial statements for the year ended 31 March 2023.

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. In assessing the company's ability to continue as a going concern the directors have considered the principal risks faced by the company and its long-term viability. After due consideration, the directors are confident that the company has adequate resources to continue in operational existence for the foreseeable future. The company has access to considerable financial resources and is a key part of the strategic plans of The Riverside Group Limited. The directors believe that the company is well placed to manage its business risks successfully and the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

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.

Review of activities

Operating Environment

The operating environment has continued to be challenging for both our customers, our colleagues and our business in 2022/23.

For many of our customers it has been a difficult year, with rising prices and increasing fuel costs leading to severe hardship for some. As an organisation we believe it is our role to do what we can, where we can, to help our customers in need: we are more than a bricks and mortar housing association.

During the year we accessed £25,000 grant funding from the Scottish Government's Social Housing Fuel Support Fund which allows us to make one off payments of £100 to 250 households to help with their fuel bills. We also secured funding for our tenants from the Riverside Helping Hands fund. This helped tenants purchase essential items such as white goods, beds and floorcoverings, where they had no other means to fund these. In addition we appointed an Affordability Officer on a one year fixed contract, funded by the Riverside Foundation, to offer help and assistance to our tenants with any financial issues.

In October 2022 the Scottish Government froze rents across the private and social rented sector in an attempt to alleviate some of the Cost-of-Living crisis. This freeze was lifted in January 2023 which allowed us to set our rents for the coming year. In light of the hardship our tenants face the Board decided to cap our rent increase for 23/24 below inflation at 5%. We were able to do this because of the financial stability which we enjoy, being part of the Riverside Group

Externally the operating environment became even more challenging than the previous year. Although as a country we emerged from the worst of the Covid pandemic in 2022, the war in Ukraine continued and severely affected global supply chains, leading to shortages in essential commodities. This in turn has led to rising inflation, driven mainly by fuel and food costs, with CPI peaking at over 10%. Although predictions are that inflation will start to drop, fuel and food costs are now 'baked-in' and unlikely to fall back to previous levels. In response to rising inflation the Bank of England has raised interest rates. These rate increases materially affect our business. It remains to be seen how future rates will change and we will monitor closely. The Board and senior leadership team will carefully consider how such changes will impact our capital investment programmes.

Report of the Board of Management (continued)

Operating Environment (Continued)

Construction and materials prices, which were rising in the wake of Brexit, have continued to rise as global supply chains recovered from the pandemic disruption although these have begun to stabilise and fall back in recent months. During the period of this report prices outstripped inflation with rises of 20-25% on some materials. Labour market shortages have also impacted on our ability to deliver our repairs services. However working together with our contractors, we are starting to see improvements in the service, which we hope will be reflected in our repairs satisfaction levels in the coming year.

In 2022 the Social Housing sector was shaken by the coroner's report into the tragic death of Awaak Ishab, a two-year-old boy from Rochdale who died from a respiratory condition caused by exposure to mould in his home. It highlighted the issues faced by tenants who live in poor quality social housing. It also highlighted a lack of knowledge and data about Housing Association stock and a culture across some housing providers of blaming tenants' lifestyles for issues of damp and mould rather than responding to the underlying causes.

At the time of the report we, as part of Riverside Group, were already responding to the Ombudsman's report which highlighted this issue and had in place a three-year action plan to deal with any cases of damp and mould in our properties. At Riverside Scotland we have a proactive approach to dealing with all aspects of Tenant and Resident safety and are investing resources in ensuring that our stock data and information is up to date and accurate. To assist us in this in 2022/23 we completed a sample stock condition survey and a Scottish Housing Quality Standard assurance survey, both carried out by Savills. This information will feed into our capital programmes and works over the next year.

Strategy and Objectives

2022/23 was the final year of our Corporate Plan which had 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 continued to allocate our homes to new tenants, including to homeless households and to veterans. We are committed to working with our local authority partners to end homelessness and ensure veterans are supported by working in partnership with Veterans First Point Scotland. All of our new developments have a specific number of homes prioritised for our veterans.

Our Housing First for Families continues to deliver a great service helping 43 families to sustain their tenancies by providing support to some of our most vulnerable tenants. The first of its kind, this service helps homeless families, rather than individuals, to sustain their tenancies. Since it began in 2021 the service has had a 100% record of sustaining the tenancies of those families to whom it has provided support.

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 2022/23 we completed 117 new homes and had 53 on site, due for completion by the end of 2023. This brings our stock holding to 2443 units owned and managed by Riverside Scotland.

In 2022 our Board took the decision to pause our pipeline projects. The reasons for this are two-fold, firstly the rising cost of development made unit costs above our business plan targets, and as a financially prudent organisation we want to ensure that any new developments represent good value for money. Secondly our Board has made a commitment to improve our existing properties for customers. We want to ensure that our customers live in safe, warm secure homes which are affordable to heat and maintain.

During the year we commissioned Savills to undertake a stock condition survey and a survey of our compliance with the Scottish Housing Quality Standard to ensure that we have up to date information on the quality of our stock. This information will be fed into our Group management systems to enable us to forecast our planned maintenance for the next five years. Leading to improved properties for our customers.

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.

Report of the Board of Management (continued)

Places to thrive in (continued)

In 2022/23 we spent £2 million on improvements to our homes, installing new windows, doors, boilers and external wall insulation improving the energy efficiency of our homes.

We were also successful in securing £1.4 million grant funding for energy efficiency works to our Dumfries properties which will be delivered in 2023.

We have achieved much in this final year of our corporate plan, despite the challenging operating environment.

Values

Our values are: We Care, We are Trusted, and We are Courageous. These values underpin our work and our corporate plan. We aim to be a housing association where all our colleagues model our core values.

In 2022 all Riverside Scotland Colleagues received training in Trauma Informed Practice to equip them with the skills to approach our customers and their issues with understanding and kindness. This approach has already started to become embedded in our service delivery and our practices.

Governance

Riverside Scotland is governed by a Board of 12 members. There are currently two vacancies on the Board

During the year we recruited a new tenant member who became engaged in our Big Conversation with tenants in the summer of 2022 who brings a wealth of experience to the board and importantly the tenants' voice to our governance. We believe that putting tenants at the heart of everything we do is key in delivering our services We would like to increase the membership of the board with further representation from tenants.

The Board is supported by the Audit and Risk committee which meets four times a year. This committee scrutinises key areas of the business which impact on our strategic risk register. A focus for the committee this year has been tenant and resident safety, receiving regular reports on compliance and health and safety. The audit and risk committee works to ensure that the board is kept apprised of current and horizon risks to the business and reflects on governance, risk and issues that pose a threat to the organisation and its ability to maintain good outcomes for our tenants in the coming years.

Customer satisfaction

We continued to track Overall Customer Satisfaction throughout the year, which ended the year at 66%. One of our key aims for 2022 /23 was to lay the foundations to improve our customer services. We wanted to understand our tenants' needs and aspirations and what they want from Riverside Scotland as their landlord

To do this we undertook the 'Big Conversation' in summer of 2022. We communicated with as many tenants as possible to ask what they want from us as their landlord.

We made 1208 house calls
We made 790 phone calls
208 customers completed online surveys
146 customers returned postal surveys

We also ran focus groups facilitated by an independent consultant.

What our tenants want

- Local presence and access to staff
- Better management of anti-social behaviour

What we did

We completely reviewed our operating model. Creating a new Tenant Partner role to engage more effectively with our customers, the Tenant Partners run local surgeries in community facilities for customers to drop in and discuss any issues face to face. They are also available to our tenants by mobile phone from 10am – 4pm daily for queries which can't be resolved through our Customer Service Centre.

We reduced the number of homes each tenant partner is responsible for managing in a desire to give them capacity to be a single point of contact for our customers and to be more visible in estates.

Report of the Board of Management (continued)

What our tenants want

- More property investment
- Better repairs contractor management

What we did

Our Board paused new development to focus on improving existing stock.

We undertook independent stock condition surveys and are working with our colleagues at Riverside Group to improve our stock condition information so that we can invest more effectively in our housing stock.

We redesigned our Asset team to increase the number of Asset Officers to work more closely with our contractors to improve our repairs service.

What our tenants want

- Effective tenant and community participation
- Sense of place

What we did

We employed a new Community and Customer Engagement Officer to ensure that we are involving our customers in developing and designing services.

We moved all our administration into our Business Support team to streamline business processes. Allowing us to free up time for customer facing colleagues to be more visible in our communities.

Developing New Homes

The Association continued to actively pursue its development programme during the year, completing the scheme at Dundonald in South Ayrshire. The development has a total scheme cost of c.£9.5m and attracted c £ 4.7m of Scottish Government grant funding.

The Association continued to pursue other developments in Monkton and the second phase of development at Tarryholme, Irvine. Delivering an additional 117 new homes in 2022/23

Supporting our customers

We were successful in obtaining £25,000 from the Social Housing Fuel Support Fund to support fuel poverty activities. This money has been used to support tenants struggling with their heating costs.

In addition, we were successful in obtaining funding from the Riverside Foundation for a one-year fixed term post to fund an Affordability Officer to help our tenants maximise their incomes.

Through the Riverside Helping Hands fund we also accessed in excess of £40k for our tenants helping them with the purchase of furniture, clearing debts and paying fuel bills.

Our Colleagues

This year has been one of significant change for our colleagues as we responded to the findings of our Big Conversation with tenants. We said goodbye to some valued colleagues but also welcomed a significant number of new colleagues who come with fresh ideas and approaches. New roles have been created which will aim to make colleagues more visible and accessible to our customers daily.

In 2022 we refurbished our offices in Irvine, making it a collaborative environment to support hybrid working. Colleagues can come into the office for meetings or to work throughout the day with the ability to drop in and link in, supporting our agile working environment. This refurbishment has been well received and helps to support new ways of working and delivery of our services.

Report of the Board of Management (continued)

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.

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.

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.

Experienced and suitably qualified staff are employed by the association, and their performance is reviewed as part of a comprehensive appraisal process.

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.

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.

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.

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 (Sep 15, 2023 09:22 PDT)

James Strang
Chair

Independent Auditor's Report

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 2023 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 2023 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.

Independent Auditor's Report (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.

Independent Auditor's Report (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.

DocuSigned by:

BDO LLP

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BDO LLP, Statutory Auditor

Liverpool, UK

18 September 2023

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 2023

	Note	2023 £000	2022 £000
Turnover	3	12,055	11,479
Operating costs	3	(7,800)	(6,712)
Operating surplus		4,255	4,767
Interest and financing cost	5	(1,534)	(1,248)
Surplus before taxation		2,721	3,519
Surplus for the year after tax		2,721	3,519
Other comprehensive income		-	-
Total comprehensive income for the year		2,721	3,519

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

The notes on pages 17 to 31 form part of these financial statements.

Statement of Changes in Reserves

For year ended 31 March 2023

	General reserve £000	Total reserves £000	Unrestricted funds £000
Balance at 1 April 2022	23,330	23,330	23,330
Surplus from statement of comprehensive income	2,721	2,721	2,721
Balance at 31 March 2023	26,051	26,051	26,051

	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

Statement of Financial Position

For year ended 31 March 2023

	Note	2023 £000	2022 £000
Tangible assets			
Housing properties	6a	108,307	92,858
Other tangible fixed assets	6b	517	592
		108,824	93,450
Current assets			
Debtors	7	993	1,561
Cash and cash equivalents	8	19	-
		1,012	1,561
Creditors: amounts falling due within one year	9	(3,600)	(3,727)
Net current assets/(liabilities)		(2,588)	(2,166)
Total assets less current liabilities		106,236	91,284
Creditors: amounts falling due after more than one year	10	(80,185)	(67,954)
Total net assets		26,051	23,330
Capital and Reserves			
Income and expenditure reserve		26,051	23,330
		26,051	23,330

The notes on pages 17 to 31 form part of these financial statements.

These financial statements were approved by the Board of Management on 15 September 2023 and were signed on its behalf by:

James Strang (Sep 15, 2023 09:22 PDT)

J Strang
Chair

Diana H MacLean (Sep 15, 2023 17:00 GMT+1)

D Maclean
Secretary

Robin Hill (Sep 15, 2023 17:47 GMT+1)

R Hill
Board Member

Statement of Cash Flows

For year ended 31 March 2023

	Note	2023 £000	Restated 2022 £000
Net cash inflow from operating activities	20	6,136	4,307
Cash flows from investing activities			
Purchase of tangible fixed assets		(3)	(37)
Cash paid for housing construction		(15,288)	(9,336)
Interest received		-	(17)
Grants received		3,758	7,927
Expenditure on capitalised improvements		(2,003)	(1,788)
		(13,536)	(3,251)
Cash flows from financing activities			
Interest paid		(1,534)	(1,248)
Loan raised		9,250	(15)
		7,716	(1,263)
Net change in cash and cash equivalents		316	(207)
Cash and cash equivalents at the beginning of the year		(297)	(90)
Cash and cash equivalents at the end of the year		19	(297)

The notes on pages 17 to 31 form part of these financial statements.

The prior period position has been restated by £1,788k to reclassify expenditure on capitalised improvements under investing activity in the cash flow statement.

Notes to the Financial Statements

For year ended 31 March 2023

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 Direction 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 company budgets for 2023/24 and the group's short-medium term financial position, is of the opinion that, taking account of severe but plausible downsides, the group and company have adequate resources to continue in business for the foreseeable future. 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.

Notes to the Financial Statements (continued)

For year ended 31 March 2023

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 2023

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 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	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.

Notes to the Financial Statements (continued)

For year ended 31 March 2023

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 £30k (2022: £24k) was paid by the parent company, The Riverside Group Limited.

Notes to the Financial Statements (continued)

For year ended 31 March 2023

3 Particulars of turnover, operating costs, and operating surplus

	Turnover	Operating costs	2023 Surplus/ (deficit)	2022 Surplus/ (deficit)
	£000	£000	£000	£000
Affordable letting activities	11,738	(7,394)	4,344	4,864
Other activities	317	(406)	(89)	(97)
Total 2023	12,055	(7,800)	4,255	-
Total 2022	11,479	(6,829)	-	4,767

3a Particulars of turnover, operating costs, and operating surplus from affordable lettings

	General Needs Housing	
	2023	2022
	£000	£000
Rent receivable net of service charge income	11,440	10,821
Service charges income	47	40
Gross income from rents and service charges	11,487	10,861
Less voids	(94)	(40)
Net income from rents and service charges	11,393	10,821
Grants released from deferred income	303	294
Other revenue grants	42	70
Total turnover from affordable letting activities	11,738	11,185
Management and maintenance administration costs	(2,743)	(2,670)
Service costs - landscape	(423)	(407)
Planned and cyclical maintenance including major repairs	(603)	(617)
Reactive maintenance costs	(1,628)	(974)
Bad debts - rent and service charges	(149)	(113)
Depreciation of affordable let properties	(1,848)	(1,540)
Operating costs for affordable letting activities	(7,394)	(6,321)
Operating surplus for affordable letting activities	4,344	4,864

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2022: £nil).

Notes to the Financial Statements (continued)

For year ended 31 March 2023

3b Particulars of 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 debt £000	Other operating costs £000	2023 operating surplus/ (deficit) £000	2022 operating surplus/ (deficit) £000
Factoring	-	100	100	(47)	(126)	(73)	(52)
Aids and adaptations	198	-	198	-	(233)	(35)	(45)
Other activities	-	19	19	-	-	19	-
Total from other activities	198	119	317	(47)	(359)	(89)	(97)

4 Employee information

4 a Directors Emoluments

	2023 £000	2022 £000
Emoluments of the Managing Director	104	105
Employers pension contributions for the Managing Director	11	10
Total emoluments of the Managing Director	115	115
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	429	146

4 b Staff

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

	2023 Number	2022 Number
£60,000 to £69,999	1	1
£70,000 to £79,999	1	-
£80,000 to £89,999	1	-
£90,000 to £99,999	1	1
£100,000 to £109,999	1	-

This excludes emoluments for the Managing Director which are disclosed separately above in 4 a Directors Emoluments

Notes to the Financial Statements (continued)

For year ended 31 March 2023

4 b Staff continued

	2023 £000	2022 £000
Compensation paid to staff for loss of office	174	-
	2023 Number	2022 Number
Average number of persons employed during this year		
Permanent	32	34
Temporary	1	4
Average number of full-time equivalents employed during the year	33	35
	<hr/>	<hr/>
Staff Cost		
	2023 £000	2022 £000
Wages and salaries	1,515	1,341
National insurance costs	146	137
Pension costs	123	137
Total staff cost	1,784	1,615
	<hr/>	<hr/>

5 Interest payable and similar charges

	2023 £000	2022 £000
On bank loans, overdrafts and other loans:		
Repayable wholly or partly in more than five years	1,534	1,248
Interest payable and similar charges	1,534	1,248
	<hr/>	<hr/>

Notes to the Financial Statements (continued)

For year ended 31 March 2023

6a Tangible fixed assets

	Housing Properties		
	Rental £000	Under Construction £000	Total £000
Cost			
At 1 April 2022	99,039	13,048	112,087
Additions	-	15,288	15,288
Improvements to existing properties	2,003	-	2,003
Schemes completed	9,545	(9,545)	-
Accelerated replacement of components	(553)	-	(553)
At 31 March 2023	110,034	18,791	128,825
Depreciation			
At 1 April 2022	19,228	-	19,228
Charge for the year	1,519	-	1,519
Eliminated in respect of disposals and components	(229)	-	(229)
At 31 March 2023	20,518	-	20,518
Net book value at 31 March 2023	89,516	18,791	108,307
Net book value at 31 March 2022	79,811	13,048	92,859

Improvements to existing properties consist of £403k non-capital improvements which have been charged to the statement of comprehensive income. (2022: £445k)

Notes to the Financial Statements (continued)

For year ended 31 March 2023

6b Tangible fixed assets (continued)

	Furniture & Equipment £000	Total £000
Cost		
At 1 April 2022	795	795
Additions	3	3
Disposals	-	-
At 31 March 2023	798	798
Depreciation		
At 1 April 2022	204	204
Charge for the year	77	77
Disposals	-	-
At 31 March 2023	281	281
Net Book Value at 31 March 2023	517	517
Net Book Value as 31 March 2022	591	591

The £1k additions in furniture and equipment relate to smoke detectors that are installed in individual properties.

7 Debtors: amounts due within one year

	2023 £000	2022 £000
Rent arrears	712	1,100
Bad debt provision	(362)	(259)
Other debtors and accrued income	643	214
Amounts due from group undertakings	-	506
Debtors: amounts due within one year	993	1,561

Trade debtors are measured at amortised cost less impairment.

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

Notes to the Financial Statements (continued)

For year ended 31 March 2023

8 Cash and cash equivalents

	2023 £000	2022 £000
Cash at bank and in hand	19	-
Cash and cash equivalents	19	-

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 2023 the association has £14.2m (2022: £23.5m) of undrawn loan facilities.

9 Creditors: amounts falling due within one year

	2023 £000	2022 £000
Sundry creditors	443	616
Rents in advance	677	361
Accruals and deferred income	1,844	2,159
Deferred income - grants	303	294
Overdraft	-	297
Amount due to group undertakings	333	-
Creditors: amounts falling due within one year	3,600	3,727

Trade creditors are measured at amortised cost.

Notes to the Financial Statements (continued)

For year ended 31 March 2023

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:

	2023 £000	2022 £000
Five years or more	39,199	29,949
	<hr/>	<hr/>
	39,199	29,949
Pension cessation cost	-	467
Deferred Income – Grants	40,986	37,538
	<hr/>	<hr/>
Creditors: amounts falling due after one year	80,185	67,954
	<hr/>	<hr/>

The above figures include a loan of £13.3m (2022: £4.0m) from The Riverside Group Ltd. The above figures contain £82k of capitalised finance costs (2022: £96k). These are charged to income and expenditure over the term of the facility. The amount charged in 2023 was £14k (2022: £15k).

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 £467k is outstanding at 31 March 2023, with £467k falling due within one year and £nil falling due after one year. Payments will cease on 30 April 2023.

11 Deferred Capital Grant

	2023 £000	2022 £000
Grant at start of year	41,714	33,233
Received in year	3,758	8,481
	<hr/>	<hr/>
	45,472	41,714
	<hr/>	<hr/>
Amortisation at start of year	(3,880)	(3,586)
Released to income	(303)	(294)
	<hr/>	<hr/>
	(4,183)	(3,880)
	<hr/>	<hr/>
Total deferred capital grant	41,289	37,834
	<hr/>	<hr/>

Notes to the Financial Statements (continued)

For year ended 31 March 2023

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 2023.

13 Related Party Transactions

The Riverside Group Ltd provides loan funding to the association. Payments of £9.2m (2022: £nil) were made from The Riverside Group Ltd during the year and as disclosed in note 10, the balance outstanding to The Riverside Group Ltd at the year-end was £13.3m (2022: £4.0m)

During the year purchases from Thistle Housing Services Limited amounted to £nil (2022: £nil). The balance outstanding to Thistle Housing Services Limited at the year-end was £183 (2022: £183). During the year sales to Thistle Housing Services Limited amounted to £nil (2022: £nil). The balance outstanding from Thistle Housing Services Limited at the year-end was £nil (2022: £nil).

Various members of the Board and their relatives are tenants of the association. Aggregate transactions in the year totalled £1.7k (2022 £4.4k). All 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 contributions to the defined contribution scheme in the year were £123k (2022: £137k).

15 Share capital

Shares of £1 each, allotted, issued and fully paid	2023 £	2022 £
At 1 April 2022	57	68
Issued during the year	-	5
Cancelled	(10)	(16)
At 31 March 2023	47	57

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.

Notes to the Financial Statements (continued)

For year ended 31 March 2023

16 Housing stock

	2023	2022
General needs accommodation	2,443	2,326
Total units in management at the end of the year	2,443	2,326

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

17 Financial commitments

At 31 March 2023 the association had total commitments for land and buildings under operating leases as follows:

	2023 £000	2022 £000
Operating leases which expire		
Within one year	61	47
Within 2 to 5 years	212	188
After 5 years	49	2
Total financial commitments	322	237

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

18 Capital commitments

	2023 £000	2022 £000
Future capital expenditure		
Authorised and contracted	1,899	27,135
Total capital commitments	1,899	27,135

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

Notes to the Financial Statements (continued)

For year ended 31 March 2023

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.

20 Notes to the cash flow statement

Reconciliation of operating surplus to net cash inflow from operating activities

	2023	Restated
	£000	2022
		£000
Operating surplus	4,255	4,767
Depreciation & impairment	1,920	1,599
Amortisation of grant	(303)	(294)
(Increase) / decrease in debtors	568	(300)
Increase / (decrease) in creditors	(304)	(1,445)
(Increase)/decrease properties held for sale	-	(20)
	<hr/>	<hr/>
Net cash inflow from operating activities	6,136	4,307
	<hr/>	<hr/>

The prior period position has been restated by £1,788k to reclassify expenditure on capitalised improvements under investing activity in the cash flow statement.

Analysis of net debt

	At 1	Cash Flow	At 31
	April 2022	£000	March 2023
	£000		£000
Cash at bank and in hand	(299)	318	19
Debt due after one year	(29,949)	(9,250)	(39,199)
	<hr/>	<hr/>	<hr/>
Total	(30,248)	(8,932)	(39,180)
	<hr/>	<hr/>	<hr/>

Reconciliation of net cash flow to movement in net debt

	2023	2022
	£000	£000
Increase/(decrease) in cash in the year	318	(207)
Cash inflow from increase in debt	(9,250)	(15)
	<hr/>	<hr/>
Movement in net debt in the year	(8,932)	(222)
	<hr/>	<hr/>
Net debt at 1 April 2022	(30,248)	(30,026)
	<hr/>	<hr/>
Net debt at 31 March 2023	(39,180)	(30,248)
	<hr/>	<hr/>

Notes to the Financial Statements (continued)

For year ended 31 March 2023

21 Prior Year Adjustment

The Statement of Cash Flows and note 20 are both restated for the prior year being the reclassification of the expenditure on capitalised improvements from operating activities to cash flows from investing activities, which was an error in the prior year, the amount reclassified is £1,788k.