Financial Statements

Year ended 31 March 2021

The Riverside Group Limited

Contents

These statements demonstrate we are in a strong position to deliver our vision of **transforming lives and revitalising neighbourhoods**

At a glance

In 2020/21 we achieved the following:

Homes for the future
766
New homes built
Last year: 894

Places to thrive in
4.7%
Reinvestment
Last year: 5.6%

People at our heart
16.8%
Digital participation
Last year: 11.2%

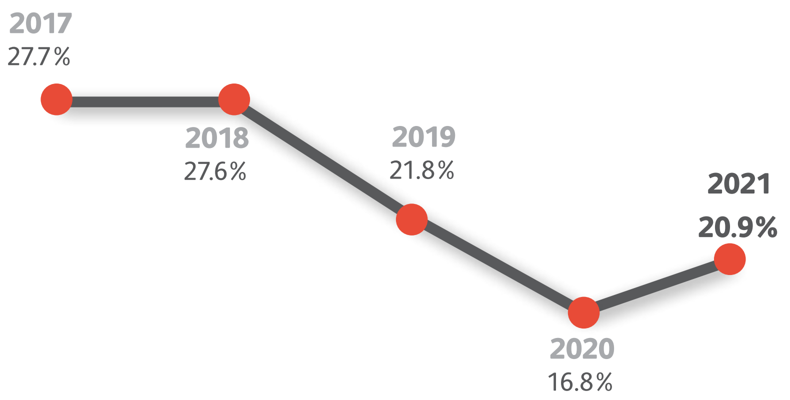
01.

Five year summary of financial highlights

For the year ended 31 March Group		2017	2018	2019	2020	**2021**
Statement of comprehensive income						
Turnover	£'000	370,051	346,160	364,255	355,654	**374,258**
Operating surplus	£'000	102,384	95,431	79,478	59,593	**78,203**
Operating surplus as a percentage of turnover	%	27.7%	27.6%	21.8%	16.8%	**20.9%**
Surplus on ordinary activities before tax	£'000	69,850	60,071	26,956	28,850	**49,112**
Surplus as a percentage of turnover	%	18.9%	17.4%	7.4%	8.1%	**13.1%**
Statement of financial position						
Tangible and intangible assets	£'000	1,793,785	1,835,975	2,006,915	2,185,540	**2,247,686**
Loans repayable after more than one year	£'000	740,629	749,595	842,616	976,960	**957,135**
Reserves	£'000	450,931	518,121	522,856	575,487	**608,452**
Accommodation figures						
Total housing stock owned and managed	Units	52,610	52,942	56,089	58,360	**58,671**
New homes built	Units	841	845	590	894	**766**
Key ratios						
Voids and bad debts – Group (as % of net rental income)	%	2.0	2.7	3.2	2.5	**3.0**
Rent and service charge arrears – Group (as a % of net rent and service charge receivable)	%	3.1	4.1	4.6	4.4	**4.4**
Gearing	%	40.3	38.9	38.3	43.6	**43.5**
Interest cover – Association (operating surplus plus surplus on sale of property, property depreciation, amortisation and grant divided by net interest payable)	%	3.5	3.2	2.5	2.4	**3.9**
Gearing – Association (loans as % of historic cost of properties)	%	34.5	32.6	34.7	36.7	**35.1**

All figures have been extracted from current and prior years' audited financial statements.

Operating surplus as a percentage of turnover
Riverside reported a healthy overall operating margin of 20.9% compared to 16.8% the previous year



02.

The Board, Executives and Advisors

The Board is responsible for Riverside's overall policy and strategy and is committed to integrity and accountability in the stewardship of the Group's affairs

Group Board

Terrie Alafat CBE
Group Chair
(Appointed 1 April 2020)

Pauline Davis
Group Vice Chair

Carlos Gregorio Ashmore
(Appointed 19 June 2020)

Ingrid Fife

Erfana Mahmood
(Appointed 19 June 2020, 2 June 2021 status from Co-Optee to Board Member)

Carol Matthews CBE

Sandy Murray
(Appointed Board Member from Co Optee 22 October 2020)

Lisa Tennant
(appointed 19 June 2020)

Sally Trueman

Peter White

Cameron Dougherty
Tenant observer

Detailed information can be found about each Group Board member on our website:
www.riverside.org.uk/about-us/our-team

Other movements during the year

Clarine Stenfert (Appointed 19 June 2020, resigned 19 June 2021)
Tim Croston (Resigned 9 July 2020)

Executive Directors

Carol Matthews CBE
Group Chief Executive

John Glenton
Executive Director, Care and Support

Ian Gregg
Executive Director, Asset Services

Jo Lucy
Executive Director, Business Support

Cris McGuinness
Chief Financial Officer

Patrick New
Executive Director, Customer Service

Registered auditors

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Principal bankers

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

Secretary and Registered Office

Sara Shanab

2 Estuary Boulevard
Estuary Commerce Park
Liverpool
L24 8RF

Registered Numbers

Co-operative and Community Benefit Society
Registered Number: 30938R

Regulator of Social Housing
Registered Number: L4552

03.

Group Chair's introduction

I have felt very proud of the way we have stepped up, putting the wellbeing of customers and staff at the heart of everything we have done.

I am delighted to introduce Riverside's 2021 Financial Statements. Thank you for taking the time to read them.

Over a year ago I took on the role of Chair of The Riverside Group – and what a year it has been! Inevitably the pandemic has dominated our planning and thinking. We have finished the year strongly, meeting our golden rules and making real progress in delivering our strategy.

The true mark of the strength and values of any organisation is the way it responds in a period of crisis, and I have felt immensely proud of how we have stepped up, putting the wellbeing of customers and staff at the heart of everything we have done. Our agility and flexibility have been truly tested as we have rapidly evolved our ways of working, delivering many services online or over the phone. Colleagues have also delivered services in a range of locations, whether dressed in protective equipment in our care and support schemes, delivering essential provisions from our fleet of vans or working from their own homes.

As well as adapting our core services, we have done so much more to support customers living in some of the communities most affected by COVID-19. This has included running new hotel-based services for rough sleepers as part of the 'Everyone In' initiative, proactively and repeatedly contacting customers who have been struggling with isolation and worrying about money, and providing practical support in the form of nearly a quarter of a million pounds worth of hardship grants.

Whilst all of this has had an inevitable impact on our day-to-day costs and operational performance, there is no sense that we have been blown off course. In fact, we have made really impressive progress in meeting our longer-term strategic objectives, which are standing the test of time. We have driven up customer satisfaction, come close to meeting our ambitious target for building affordable homes and progressed significant regeneration initiatives. Given we have a Government which has now articulated a clear domestic agenda which places housebuilding, extending home ownership opportunities and levelling-up at the heart of recovery from the pandemic, I believe we are well positioned to contribute significantly and these results show we have the underlying strength and appetite to do so. We also need to influence this agenda, to ensure that our communities truly benefit as the nation seeks to 'build back better'. I am delighted that our voice is gaining traction both through our work on homelessness prevention and our evidence based influencing through Homes for the North.

It is not just what we do that is important, but how we do it – the Government's Charter for Social Housing Residents is a clear reminder of the importance of ensuring that the customer's voice is at the heart of our decision making. I am delighted that we have been an early adopter of the NHF's 'Together with Tenants' charter and have been impressed by the progress the Riverside Customer Voice Executive has been making in broadening engagement by Facebook Live events and developing our online 'iCommunity'.

One of the most frustrating aspects of the last year for me has been the inability to travel and meet people face to face. Instead, I have been on a 'virtual road trip' around the four corners of Riverside, meeting staff, customers and members of our Boards and Committees. I have been inspired by the innovation, energy and commitment I have encountered and want to conclude by offering my heartfelt thanks to our staff and also my colleagues across the governance community for their flexibility and unwavering focus, underpinned by a strong understanding of our shared values.

Terrie Alafat CBE
Group Chair

04.

Group Chief Executive's statement

These financial statements are published as the country continues to grapple with the COVID-19 pandemic and as we complete the first of our three year planning cycle, focusing on 'People at our heart, Homes for the future and Places to thrive in'.

It is a privilege to work amongst such good, honest and committed people.

The term 'unprecedented' is often overused, but for once it feels like an understatement as I try and put this set of results in the context of the year we have experienced. I hardly need to rehearse the ongoing challenges faced by customers, colleagues and stakeholders alike, but what has really characterised the year for me has been the huge well of creativity and flexibility colleagues have been able to draw from, in their determination to do the right thing and live the values of this organisation, often in the face of difficult personal circumstances. It is a privilege to work amongst such good, honest and committed people and I pay tribute to each one of them.

These results show an organisation which, despite everything, continues to prosper and deliver for customers, communities and a nation that needs housing associations to step up and play a key role in its recovery. We are managing our resources more and more effectively, and whilst our turnover has increased by 5%, after adjusting for the impact of pension exit fees, our surplus has risen by 6%, despite additional costs relating to the pandemic. Of course this is not profit in the traditional sense, but resources that we will re-invest for the long-term, in improving our homes and services and building more affordable housing. In the meantime, the value of our assets has also grown to nearly £2.4bn, and with relatively low gearing compared with many of our peers, this gives us the ongoing capacity to invest more to address the significant challenges that surely lie ahead. This structural strength continues to be recognised both by our regulator and ratings agency and we are proud to continue to retain the highest grading for compliance with the Governance and Financial Viability Standard, as well as remaining one of the highest credit rated providers in the country.

Our operational performance has also been strong and I have been delighted that our plans to transform customer experience are bearing fruit with significant increases in overall satisfaction. Despite lettings disruptions, our level of empty properties has fallen. Due to strong income collection performance (at over 100%) the early and expected spike in rent arrears is now

steadily falling back. This has very much vindicated the proactive approach we have taken to income management through our ‘Let’s Talk Rent Campaign’, reaching out to customers who have struggled with loss of income, through intensive support and advice.

However, we don’t underestimate the challenges ahead. Whilst we can be cautiously optimistic about the progress we are making as a country, Covid will clearly leave some deep and lasting scars in many of the places we work. We need to be a robust organisation that is well prepared.

It is in this context that we have reviewed our current corporate plan – what we call ‘Our Riverside Plan’ – and concluded that whilst the timescales for achieving our objectives may need to flex, our strategic direction is the right one as we aim to deliver better services for our people, develop more and better homes and create more liveable places. The year ahead will see us make further improvements to the day to day experiences of our customers, drawing on a better understanding of the way they navigate our services gained through deeper engagement. Our development ambitions are undimmed and we expect to start more than 1,000 homes across all tenures, both as an affordable housing partner of Homes England and by widening opportunities for home ownership. We will also accelerate a disrupted major repairs programme, using new stock data to drive up energy efficiency and put in place a net zero carbon roadmap as part of a wider Climate Responsibility Strategy, which will also focus on our business practices.

Our strategy is explicit about the role of merger and acquisition activity as part of our overall growth and we are excited to have announced that we are working in partnership with London-based One Housing Group as we develop detailed proposals to join together later in the year. We believe this will create a sector-leading national organisation, sharing common values, a strong voice, a complementary geography and the capacity to do even more for our customers and communities.

Thank you for your ongoing support.

Carol Matthews CBE
Group Chief Executive

05.

Strategic report

We seek to transform the lives of individuals by providing quality services and better opportunities, whilst revitalising the places where they live through investing in building more new homes and leading regeneration.

100K+
Over 100,000 customers

60K
Almost 60,000 homes under management

160
Operating in 160 local authorities

Overview of the business

The Riverside Group Limited (TRGL) is an exempt charity registered with the Financial Conduct Authority as a Registered Society and with the Regulator of Social Housing as a Registered Provider. It is the parent organisation of a group of complementary businesses driven by a clear social purpose, with a charitable housing association at its core.

We provide in England and Scotland:

- affordable homes to rent for singles, couples and families
- care and support for older people, those who are homeless or at risk of homelessness, veterans and other people who are vulnerable and / or facing significant challenges in life
- affordable homes for sale to shared owners and leaseholders
- market homes for sale to generate profits to reinvest in our core social business (through commercial subsidiaries and joint ventures)
- extra services to help sustain tenancies including money advice, employment support and affordable warmth advice.

Each entity within the The Riverside Group plays a role in meeting our social and charitable objectives.

Rated **G1:V1** by the Regulator for Social Housing and **A1** by Moody's

Evolve Facility Services Limited*	Delivers repairs and maintenance services to Riverside properties.
Prospect (GB) Limited*	Builds new homes for sale.
Irvine Housing Association Limited	A Registered Provider in Scotland, providing social housing and homes for affordable rent in Irvine and overseeing Riverside's growth strategy in Scotland.
Riverside Estuary Limited	Operates three Extra Care Schemes in Hull.
The Compendium Group Limited*	A Joint Venture with Lovell Partnership Limited to carry out predominantly residential development and regeneration works.
Riverside Regeneration Limited*	Invests on Riverside's behalf in a Joint Venture partnership with Vistry to deliver new homes in Stanton Cross, Northamptonshire.
Riverside Regeneration (Lambeth) Limited*	Invests on Riverside's behalf in a joint venture with Bellway Homes to deliver regeneration in Lambeth, London.
Riverside Regeneration (London) Limited*	A vehicle to deliver the building of new homes on land owned by Riverside, where a joint venture partner is not required.
Riverside Regeneration (Bromley) Limited*	Will invest in the future on Riverside's behalf in a joint venture to deliver regeneration in Bromley, London.
St Michael's Housing Trust	A Registered Provider which administers property in Leicester to accommodate homeless families.
Riverside Finance Plc	Enables funding to be secured from capital markets through the issuing of bonds listed on the London Stock Exchange, the proceeds from which TRGL uses to meet its core social purpose.
Riverside Consultancy Services Limited*	Provides construction services to The Riverside Group Limited.

*Companies carrying out commercial activity, the profit from which is reinvested back into TRGL to be used to deliver its charitable objectives.

We are now embarking on year two of 'Our Riverside Plan' for 2020–23

In addition to these Group companies, Riverside Foundation is a charity closely associated with Riverside which promotes charitable purposes in and around England and Scotland, with an emphasis on areas where Riverside operates. Riverside is the primary donor to the charity and supports the work of its trustee board.

More detail of the Group's structure and its activities is set out in Note 12 of the financial statements.

This strategic report will provide information across four themes:

- **Our strategy**
- **Our business environment**
- **Being a responsible business**
- **Our business performance**

Each of these will be expanded upon in the paragraphs which follow.

Details of Riverside's governance can be found in the Board Report on page 34.

Our strategy

Objectives

Our vision is **'transforming lives, revitalising neighbourhoods'**.

We seek to transform the lives of individuals by providing quality services and better opportunities, whilst revitalising the places where they live through investing in building more new homes and leading regeneration.

Riverside's strategic planning is managed on a three year cycle and we have just completed the first year of our 2020-23 Corporate Plan ('Our Riverside Plan').

Context

'Our Riverside Plan' was approved in March 2020, a matter of weeks before the first national lockdown was announced. Following a rapid review of priorities, it was agreed that the overall strategic direction identified in the plan remained the right one and we are still committed to delivering against each of our objectives.

Our objectives 2021 – 2023

Our activities over the next two years will support the delivery of three clear objectives.

People at our heart

— Improving the quality of service provided to our customers, delivered by engaged and fulfilled colleagues.
— Doing more to end homelessness.

Homes for the future

— Raising the standard of our homes and dealing with those not fit for the future.
— Building and acquiring to grow Riverside and help address the housing crisis.

Places to thrive in

— Aligning our investment in homes and services to have a positive impact on the places in which we work, with a particular focus on those that have become 'left-behind'.

The plan is outward facing, identifying at a high level what we will deliver under each objective and the outcomes we want to achieve.

The way in which we work is also important and we have three themes that underpin all activity:

— **Climate responsibility** – making sure all of us help reduce Riverside's carbon footprint and tackle climate change.
— **Safety** – improving building safety, the wellbeing of our people and the safety and security of the places in which they live and work.
— **Value** – managing our resources efficiently, so that we can build more homes and deliver better services.

Value for money is fully integrated into the way we run the organisation, with clear targets set in both our Corporate and Business Plans. This means driving down costs through better working practices and effective procurement, but only where we can do so without undermining service standards or quality. This also means maximising income by improving income collection rates and optimising our commercial activities to generate revenue to gift aid back to the charity.

'Our Riverside Plan' remains the starting point for the prioritisation of all activities across the Group and we continue to refine and consolidate our services within this framework. Although 2020-21 was a year marked by disruption to key services (particularly during periods of lockdown) as the Group responded to the COVID-19 pandemic, we have kept our plan under review and retained our overall strategic direction. In order to ensure that we are able to meet our objectives and achieve the outcomes we want, a detailed delivery plan is produced on an annual basis setting out tasks to be completed in the year.

95.6%
of our affordable (rent and shared ownership customers) were satisfied with their new home.

2020-2021 Our Riverside Plan review

As highlighted in the Group Chair's introduction, we faced many challenges this year that had a significant short-term impact on Riverside. Although performance was affected at various stages during the year as the Group responded to the COVID-19 pandemic and wider social, political and economic factors, we have made progress and successfully completed the majority of actions set out within the annual delivery plan. We have identified the areas in which we made less progress, with the majority linked to significant constraints on our ability to undertake repair and building work in customers' homes, particularly the delivery of major repairs. We also saw a slow-down in housebuilding, particularly in the early months of lockdown.

People at our heart

We worked very effectively throughout the most restrictive periods of the crisis to continue to deliver key support services and played a key role with Local Authorities to house rough sleepers as part of the 'Everyone In' initiative. We also proactively contacted our own customers who were isolated or facing particular economic and social challenges. This, together with a range of improvement activity around customer service, our digital offer and the delivery of repairs has helped us to achieve an increase in the overall level of satisfaction with our services from the previous year (see page 28).

The results of the recent colleague survey also suggest that despite numerous challenges in implementing new working arrangements, including the rapid mobilisation of IT solutions to facilitate home-working on a large-scale and the acquisition of PPE, the transition was managed well. This resulted in an Employee Net Promoter score of 20, a 'good' rating above our industry-based target of 14.

Homes for the future

A comprehensive review of our stock has been completed to inform the production of a zero-carbon roadmap and long-term investment priorities. Our development performance was strong, with a total of 766 new homes being delivered of which two thirds were affordable (see page 29). A new 'empty homes' standard also went live across Social Housing in the year to improve the quality of homes provided to all new tenants, with plans to extend this to Care and Support accommodation (see page 29).

Places to thrive in

Work has progressed on our large-scale neighbourhood regeneration programmes in Runcorn, Carlisle and London, with advanced plans in place to deliver positive outcomes over the long-term. Neighbourhood plans continue to be developed and reviewed on a cyclical basis to help inform investment priorities and target services in areas most in need. Significant, research-backed influencing work has also been carried out in the year, focussing on the regional impact of Government investment and planning policy in the context of the levelling-up agenda. This has included responses made to Planning White Paper and Spending Review consultations, with follow up influencing work undertaken directly with MPs and through media.

£19m
invested in works to existing stock

Our business environment

The following paragraphs explain the environment in which Riverside operates.

Risk management
Risk management is well established and 'live' within our business. Riverside conducts its business in a prudent manner and we take all necessary steps to protect social housing assets against undue risk.

Risk appetite
Group Board has agreed a set of risk appetite statements. In particular, Riverside calibrates its appetite for risks which might threaten its financial viability, by setting a series of business 'Golden Rules' covering gearing, interest cover, liquidity, operating margin and EBITDA – MRI. In addition, the Investment Policy sets out the maximum proportion of reserves which can be invested in commercial activities.

The risk register was overhauled in 2021 and is a standing item at every Board meeting. The risk register gives a clear line of sight between risk, mitigation and assurance. Group Audit Committee has deep dived into some of the most significant elements of the risk register including building safety and joint ventures.

A summary of the high level strategic risks is set out below and on the next page.

Strategic Risk and explanation	How Group Board gets assurance
Harm to customers and others Riverside provides diverse services to its customers, some of whom are vulnerable people, and attaches the highest responsibility to its compliance responsibilities. The Group has strengthened its resilience with learnings from its response to the COVID-19 pandemic.	A compliance dashboard is scrutinised by the governance community. Safety KPIs, for example asset compliance, are generally set at 100%. Group Board had full visibility of the response to the pandemic, which included COVID-19 secure working practices as well as actions to support the most vulnerable customers. Changes to the building safety operating model have been made in relation to the management of high risk and complex residential buildings in line with likely regulatory requirements for fire. A new system to track safeguarding concerns was implemented, backed up by training to ensure colleagues understand their responsibilities. External specialists are engaged to provide third line assurance in areas like gas safety. The central Health, Safety & Environment function provides assurance across the full range of safety risks.
Adverse customer experience Customer expectations are rightly increasing. We are improving our handling of customer complaints, but know that we do not always currently get it right. We need to keep customers better informed and learn from previous complaints. We want to develop a truly customer centric culture.	The Customer Experience Committee and Care & Support Committee scrutinise a comprehensive suite of customer metrics. Work has been done to identify the drivers of customer satisfaction. The Customer Experience Committee has challenged and sought assurance on actions to improve the handling of customer complaints. A self-assessment against the requirements of the White Paper has been carried out and an action plan developed. There is some customer dis-satisfaction with the way we manage service charges and a fundamental review is underway.

Strategic Risk and explanation	How Group Board gets assurance
Viability and quality of existing homes The quality of our homes, schemes and offices are variable in a context of requirements to improve standards, deliver EPPC by 2030 and zero carbon by 2050. This is likely to be increasingly important as customers spend more time in their homes post COVID-19.	Especially given the requirement for zero carbon, the Group will need to challenge the balance between investing in new homes and existing stock. To inform this, a third party review of stock condition is underway. A project to standardise the quality of supported housing accommodation has started.
Delivering the new homes programme The end of the stamp duty holiday and changes to Help to Buy could reduce confidence especially given post COVID-19 economic uncertainty. Social distancing might have an adverse impact on build costs and timescales.	All development schemes are scrutinised by the Investment Appraisal Committee in line with parameters set by Group Board. The Group's development ambitions are stress tested against a range of adverse scenarios. Market conditions are reviewed monthly by the Investment Appraisal Committee. A quarterly development report is presented to Group Board.
Operating margin It is acknowledged that Riverside's operating margin is lower than its peers. Work is under way to drive the necessary margin improvements to protect the delivery of the Group's Corporate Plan commitments.	A detailed Financial Report is scrutinised at every meeting of Group Board including progress on delivering the Group's savings plans. Stress tests have full visibility at Group Board and show that the Group has resilience to weather a range of contingencies A suite of income collection metrics is routinely reviewed by the governance community. Care & Support is inherently lower margin and scheme financial performance is closely scrutinised by the Care & Support Committee.
IT & Agile Riverside is making a significant investment in IT including self-service for customers where appropriate.	Business change projects increasingly follow an agile methodology. Governance arrangements include an overall steering committee comprising the Executive Directors who will prioritise projects, approve project business cases and monitor progress. The Group is actively learning from its response to the pandemic, including what went well and what should be retained including the rapid rollout of business change.
People and culture The widespread remote working brought about by the pandemic made embedding culture change harder. There are challenges to employee engagement as the business transitions to a more hybrid office and remote working environment. Recruitment to certain specialisms is tough, which means succession planning and growing our own talent is especially important.	Group Board has received regular updates on the delivery of the culture change programme 'Our Riverside Way.' A suite of KPIs is in place to measure organisational health. A full replacement of all our people services IT systems is taking place. This is subject to our usual programme and project management disciplines. A comprehensive wellbeing programme was in place throughout the pandemic focussing on both frontline and 'front room' workers. Periodic employee surveys have shown that morale has held up.

COVID-19 Impacts on Riverside

The COVID-19 pandemic has had a profound effect on the nation, which includes the housing sector and Riverside. This has affected all aspects of the business and the Board has responded by adopting a set of guiding principles in order to address the impacts of the pandemic.

- **Safety first:** The health, wellbeing and safety of our customers and colleagues comes first. Government guidance on social isolation, distancing and safe working practices has and continues to be followed. We pay particular attention to customers and colleagues in vulnerable groups because of their age or underlying health conditions, providing extra support wherever we can.
- **Protecting our income:** We continue to collect any income that is due to us. However, we take a measured and proportionate approach when it comes to enforcement, complying with the law at all times and trying to reach agreement with customers who are struggling. No customer has or will lose their home as a result of arrears specifically arising as a result of COVID-19.
- **Planning:** We planned and oversaw Riverside's short-term response to the crisis through our established incident management and business continuity processes. We are planning for medium-term business recovery, as well as adjusting 'Our Riverside Plan' to reflect any longer-term changes to our objectives and targets.
- **Maintaining excellent Governance:** The Executive Team has carefully monitored the impact of the crisis on the business, monitoring key performance indicators and risks and undertaking regular stress testing. The Executive Team has ensured that Group Board is sighted on key business risks and impacts, with appropriate arrangements put in place to take decisions (including in an emergency).
- **Timely communication:** We have and will continue to keep our colleagues, customers, Board and Committee Members abreast of the latest advice from the Government, Regulator and sector bodies (including specialist advice) and any changes to our services or ways of working.

- **Agile working:** We will follow all Government advice on social distancing with the default position being that staff will work from home until Government advice changes. Only specifically identified colleagues covering essential duties that can't be delivered in this way will be permitted to work from our offices, or visit customers in their homes.
- **Role flexibility:** We will seek to ensure that every member of staff can undertake their role throughout the crisis, although we will expect colleagues to be flexible within their skills sets and capabilities.
- **The right tools:** We will always endeavour to provide our colleagues with the right tools for the job: whether that is PPE for those having to have face-to-face contact with customers, or the technology to work from home.
- **Sector player:** We will keep in touch with how the rest of the sector is responding to the crisis (including the NHF, our regulators and other providers) and participate in shaping policy. We will identify and share good practice.
- **Supply chains:** Within our resources, we will endeavour to protect our supply chains and treat our contractors and consultants fairly to ensure they are around to work with us as our services recover.

Financial Impact – Throughout the early stages of the pandemic, Finance has maintained business as usual. Stress testing has been regularly undertaken and reported to the Board. The Group has good liquidity and daily liquidity modelling has continued. Treasury have been in open communication with lenders and there have been no impacts on loan covenant requirements.

Overall Impact of COVID-19 – The impact to the Group has been significant in terms of service and policy changes. This has not adversely affected the Group in terms of its viability or long term business planning however, this will continue to be monitored as the Group moves into its recovery plan.

The health, wellbeing and safety of our customers and colleagues comes first – we have adapted the way we work and deliver services according to Government guidelines and specialist advice

Being a responsible business

The Group's vision to transform lives and revitalise communities ensures that being a responsible business is at the heart of what we do. Our Riverside Way summarises our values and our strong sense of social responsibility and accountability to customers; we care, we are courageous and we are trusted. We pride ourselves in doing business in an ethical way whilst benefitting the environment. Environmental, Social and Governance (ESG) reporting is becoming more common across the sector as organisations respond to the increasing scrutiny from stakeholders. To ensure a transparent and consistent approach, the Sustainability Reporting Standard has been developed for the sector. Nearly 50 housing associations will produce their first reports against the Standard for 2020/21 later this year. Riverside will be among these housing associations in producing its first report against the Standard on its ESG performance.

We are committed to investing in added-value activities for individuals and broader communities, whilst delivering measurable positive outcomes. As a Charitable Registered Society, we are inherently committed to being an ethical and social business. We also provide funding and support to enable the Riverside Foundation to deliver a range of initiatives and outcomes, helping over 3,700 people or households through our projects.

This has resulted in the following outcomes:

- We have registered 614 people for employment and training advice and 221 customers have moved into employment
- We have also helped 117 people into formal training or volunteering and 6 into apprenticeships.
- Through our Ladders of Aspiration funding we've helped 74 customers to gain qualifications.
- Through our Money Advice service we have helped to increase income for customers by £3,179,737
- Our Helping hand hardship fund has assisted 101 customers to buy new clothes or pay for travel costs for job interviews. While a further 87 customers benefited by getting essential furniture like a bed, fridge or sofa. We have also helped 66 customers to get emergency energy top ups.
- Affordable warmth advisors have helped over 674 customers to save £385,048 on energy bills.
- We have helped support 171 vulnerable customers to live independently and receive support for their needs through our Intensive Intervention scheme.

We work with our supply chain to support social value and responsible business. Our Group Procurement policy commits to the creation of economic, social and environmental benefits for local communities through our procurement activities in line with the requirements of the Public Services (Social Value) Act 2012. This includes encouraging our supply chain to provide employment opportunities, work experience, training, volunteering and apprenticeship programmes and we encourage contributions to the Riverside Foundation.

We've helped **117** people into formal training or volunteering and **6** into apprenticeships

Our business performance

It is pleasing to report that 2020/21 saw a significant improvement in operating surplus as a result of an increase in rental income. During the previous financial year, TRGL acquired housing stock from two registered providers; however, as this occurred towards the end of the 31 March 2020 financial year, the incremental impact from the newly acquired stock came through in the 31 March 2021 financial statements. Additionally, in line with other providers, from 1 April 2020 Riverside was able to increase rents by CPI plus 1% per year for the next 5 years. Riverside continues to invest in housing supply and improvements to existing stock. The Group balance sheet remains strong and healthy; with gearing broadly at the same level as reported in the previous year and lower than benchmark comparisons.

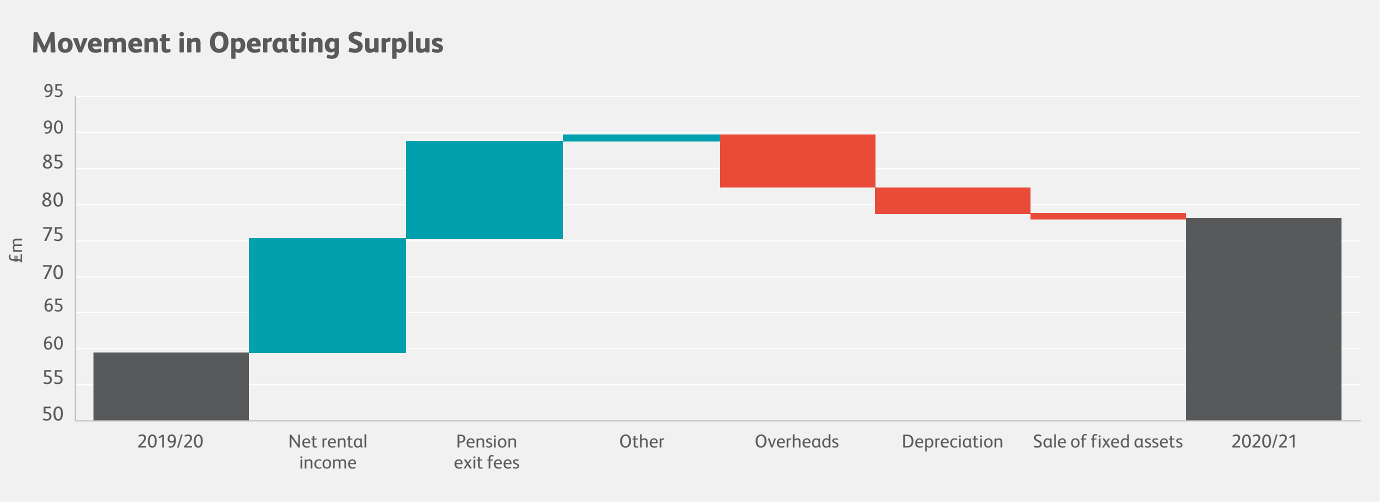
Statement of comprehensive income

The detailed results for the year are set out in the consolidated statement of comprehensive income on page 46 and the notes to the financial statements on pages 53 to 117. The following table provides a summary of the Group's results:

For the year ended 31 March	**2021**	2020
	£m	£m
Group turnover	**374**	356
Operating costs	**(300)**	(301)
Surplus on sale of property	**4**	5
Operating surplus	**78**	60
Net interest payable	**(33)**	(34)
Share of operating profit in joint ventures	**4**	3
Surplus for the year after tax	**49**	29
Other comprehensive income	**(16)**	24
Total comprehensive income	**33**	53
Operating margin %	**20.9%**	16.8%

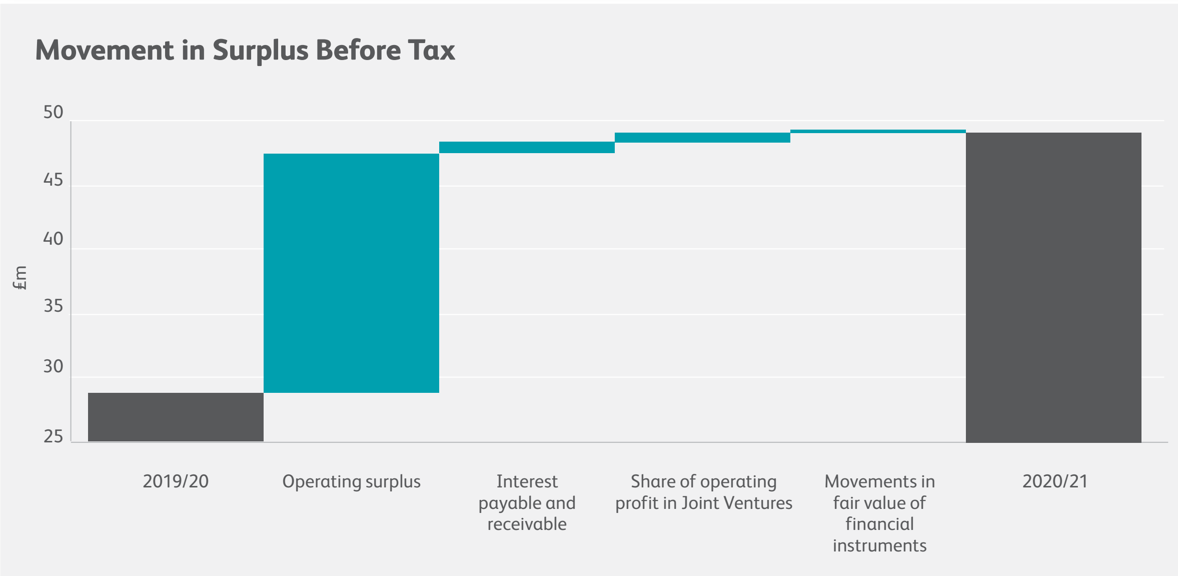
Turnover from social housing lettings continues to comprise the majority of the Group's turnover and increased by £15.4m. There has been an increase in Group turnover of £18.6m with revenue from development for sale shared ownership increasing by £1.8m to £11.1m. Turnover from social housing lettings accounted for 85% of turnover, development for outright sales on non-social housing lettings 6%, with income from the sale of shared ownership properties 3% of turnover and income from other social housing activities 6%.

The operating surplus increased by £18.6m from £59.6m to £78.2m. The key components in the increase of operating surplus are detailed below.



The increase in turnover from net rental income was the largest contributor to the increase in operating surplus. Operating costs were within £1m of the figure in the previous year, though there were some significant movements within the overall figure. During the year ended 31 March 2020, the Group recognised the cost of pension exit fees as a result of leaving three defined benefit Local Government Pensions Schemes and transferring its assets from the Social Housing Pension Scheme to a standalone defined benefit scheme within The Pensions Trust Retirement Solutions. This resulted in a significant saving on pension exit fees in the year ended 31 March 2021. The changes to the structure of the Group's pension provision have been made to reduce inherent risk from participating in defined benefit pension schemes, providing the Group with greater self-determination with regard to funding strategy and reduced future employer contributions. Overhead costs increased by £7m as a result of increases in salary cost, Information Technology and other overheads. There was a reduction in training and conference costs. There was an increase in the depreciation charge on housing properties of £3.6m, due to two stock acquisitions towards the end of the previous financial year and as referred to previously, the contribution from property disposals reduced by £0.7m.

Surplus on ordinary activities before tax increased by £20.3m to £49.1m. The main reason for this was the increase in operating surplus, though there was also a reduction of £0.8m in net interest payable and there was an increase in the share of operating profit earned from Joint Ventures of £0.7m.



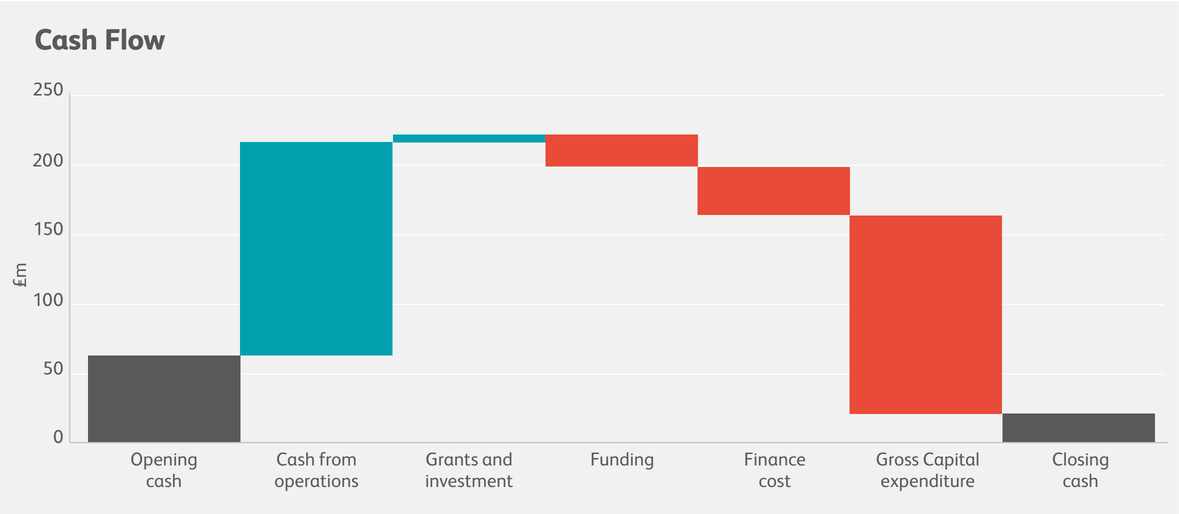
Accounting adjustments recognised in Other Comprehensive Income reduced the surplus in the year by £16.2m. The actuarial valuations performed on the Group's Defined Benefit pension schemes resulted in a £20.6m increase in the pension deficit liability as a result of using lower discount rates and higher inflation assumptions across the schemes. Further detail on the movements in pension deficits is available in Note 26 and a summary of the pension liability for each defined benefit scheme is available in Note 26a. There was a gain of £4.4m recognised on cashflow hedges.

Statement of cash flows

The consolidated statement of cash flows is provided on page 49 and supporting details can be found in the notes to the financial statements on pages 53 to 117. The following table provides a summary of the key elements.

For the year ended 31 March	**2021**	2020
	£m	£m
Operating activities	**154**	131
Returns on investment and servicing of finance	**(35)**	(34)
Capital expenditure	**(137)**	(271)
Change in short term deposits	**–**	(5)
Cash inflow/(outflow)	**(18)**	(179)
Financing	**(23)**	135
Increase / (Decrease) in cash	**(41)**	(44)

The cash generated from operating activities, property sales and grants has been invested in the supply of new housing, other fixed assets and improvements to existing properties. As there were no major stock acquisitions, and COVID-19 restrictions limited the value of improvement work on existing properties, the outlay in these areas was less than the previous year. In addition, the level of investment in joint ventures was less than 2020 when there was significant investment in the joint venture deal with Vistry Group. Net cash outflow from returns on investments and servicing of the Group's debt was at a similar level to 2020. There was a net cash outflow from financing as loan principal repayments exceeded new loans raised. The Group remains committed to investing in supply of new housing and improvements to existing properties and as a result the cash holding reduced by £41m and is currently at £21m.



Statement of financial position

The consolidated statement of financial position is provided on page 47 and supporting details can be found in the notes to the financial statements on pages 53 to 117. The following table provides a summary of the key elements.

For the year ended 31 March	**2021**	2020
	£m	£m
Fixed assets and investments	**2,299**	2,234
Debtors receivable after more than one year	**6**	8
Net current assets	**80**	117
Total assets less current liabilities	**2,385**	2,359
Creditors falling due after more than one year	**1,777**	1,784
Reserves	**608**	575
Debt per unit (£'000)	**16.7**	17.1

The balance sheet remains strong and has been enhanced by a much improved surplus generated from operating activity, which includes sale of assets. As a result of the surplus generated, reserves have increased though the full impact was diluted by actuarial losses on pension schemes.

Gearing remained relatively low in comparison to benchmark comparators at 43.5% and at the same level as the previous year (2020 – 43.6%). The value of loans remained similar to the previous year. However, there was a reduction in cash which was mitigated by an increase in the net book value of housing properties of £50m, linked to an increase in the housing stock held by the Group.

The value of intangible assets has increased by more than £5m, principally a result of capitalised IT development costs as the Group continues to invest in its infrastructure.

There has been an overall reduction of £69m in the value of current assets. The biggest movement was the reduction in cash of £41m which is discussed in more detail in the statement of cash flows. Trade and other debtors have reduced by £17m and there has been a decrease in properties for sale of £11m due to a reduction in the value of properties under construction and completed for outright sale. The value of Investments remained the same as the previous year.

The net book value of housing properties has **increased** by **£50m**

Our borrowing structure and interest costs

As at 31 March 2021, the Group has committed funding of £1,409m of which £973m is drawn. Available facilities of £301m are fully secured and ready to draw. In addition to these immediately available facilities is an additional £100m relating to the second tranche of the Pricoa Private Placement (see below for further information); whilst this funding is fully secured, under the terms of the funding arrangement the remaining cash is not due to be received by Riverside until September 2021. There are also £35m of facilities awaiting security at the year-end before they become available to be drawn (2020: £nil). In addition to loan facilities, as at 31 March 2021 the Group also had available £20.8m of cash and cash equivalents, making total availability as at 31 March 2021 £321.8m.

During the course of the year, following the success of the Lloyds SONIA RCF being completed in March 2020, Riverside have been able to put to use the excess security that was released as a result of that refinancing exercise. Riverside entered into a Private Placement with US based investors Pricoa Private Capital in December 2020. This deal provides long-term, fixed rate debt for Riverside at highly competitive interest rates, which is fully secured. The first tranche of proceeds (£50m) was received in March 2021, with the second tranche (£100m) due to be received in September 2021.

Also during the year, Riverside continued with its plans to transition the existing borrowing portfolio to SONIA ahead of the deadline set by the Bank of England in December 2021. To this end, the existing variable rate debt held with NatWest was transitioned to SONIA in February 2021. As part of this refinancing to SONIA, NatWest also extended additional facilities to Riverside. Whilst there was some headroom in existing security pledged to NatWest to cover these additional lines of credit, a top-up exercise will be needed later in the financial year 2021-22 to make the full £100m SONIA RCF with NatWest fully available to draw. This represents the majority of the facilities requiring security noted above. The second facility that requires a small top-up of security is our existing RCF with Handelsbanken; this is due to a large property with a high security value being released for disposal just prior to the year end. Drawings on both facilities are within permitted limits and will remain as such until the top-up exercises are completed. Amounts waiting to be secured on these facilities are not included as being available for the purposes of liquidity calculations.

The Group's treasury policy aims to minimise refinancing risk and the Group has to repay £235m of loans over the next five years. This represents 24.2% of drawn debt.

Net interest costs are £33m. There were no break costs incurred during the year. The weighted average cost of drawn debt, inclusive of margins and hedging activities was 3.3% (2020: 3.9%).

The Group manages its exposures to fluctuations in interest rates by ensuring that the proportion of its debt on fixed interest rates provides a high level of certainty over its net interest costs. Fixed rates are provided via a combination of fixed rate debt, embedded and standalone swaps. As at 31 March 2021, 79% of the Group's drawn debt was fixed (2020: 73%). This would have fallen to 62% (2020: 61%) if all available facilities were drawn.

As at 31 March 2021, the Group had a standalone interest rate swap exposure of £13m (2020: £18m) based on fixed rate interest swaps with a notional value of £123m (2020: £138m). The weighted duration of the swaps is 4.4 years (2020: 4.8 years). For the year ended 31 March 2021, the application of hedge accounting has resulted in limiting the impact of movement in the fair value of derivatives to £0.12m credit to the statement of comprehensive income (2020: £0.04m credit).

Loan covenants are monitored and reported to the Executive Team on a monthly basis and to Board on a quarterly basis. The key covenants are interest cover, gearing ratios and asset cover.

Supply Volume Summary	**1 April 2020** Opening Unsold Units	Affordable Homes	Shared Ownership Homes	Market Sale Homes	**31 March 2021** Closing Unsold Units	**Total Delivered**
Riverside	–	325	146	–	–	**471**
Prospect	(5)	21	–	86	0	**102**
Compendium	(15)	11	–	102	10	**108**
Vistry	(4)	–	–	82	7	**85**
Total	**(24)**	**357**	**146**	**270**	**17**	**766**

New supply delivered – social housing units (VFM mandatory metric 2a)	**471**
New supply delivered – non-social housing units (VFM mandatory metric 2b)	**263**
Built for other registered providers	**32**
Total	**766**

Our development

'Homes for the future' is a key theme within the Riverside Corporate Plan for 202-23. This will be achieved through building homes with different tenures to help balance the risks and ensure the development programme remains financially sustainable. The Corporate Plan set out an ambition to deliver between 3,000 and 4,000 homes over the three year duration of the plan.

During 2020/21, there were 471 homes developed by Riverside for affordable rent and shared ownership. This was less than anticipated in the plan and was mainly due to delays on site due to the ongoing COVID-19 pandemic. Development of 77 homes in Scotland for Riverside subsidiary Irvine has been deferred until 2021/22.

During 2020/21, Compendium Living (one of our joint venture companies) focused sales activity on three key sites at Ings in Hull, Castleward in Derby and Joseph Williams Place in Liverpool. In Liverpool, the final 42 sales on the site were completed in the year.

In Hull, 27 sales were achieved in the year and at Castleward, 33 were sold. A further 10 homes were completed but remained unsold across the Ings and Castleward sites. In 2021/22, Compendium is forecasting 45 sales from these two sites.

Prospect, a Riverside subsidiary, sold 107 homes of which 21 were sold to other registered providers.

Riverside entered into a joint venture agreement with Vistry Group in 2019/20 for a large mixed tenure development at Stanton Cross, Wellingborough. Sales in 2020/21, the second year of the development, have progressed well with a further 82 sales added to the 66 sales achieved in the previous year.

The London Regeneration Team continues to work on the six sites identified at the start of the regeneration programme. Although there has been some marked progress this has been hampered by aspects of COVID-19, where face to face interaction is a key element as we interact with our residents. So far the current overall indicative numbers are, improved rented homes 500, potential additional affordable homes 107 and homes for private sale 624.

The development at Geoffrey Close, Lambeth will develop 441 homes. In conjunction with our Joint Venture partner Bellway we have submitted a planning application for consideration by a Planning Committee in June or July 2021. The development provides up to 50% affordable housing, contributing an extra 62 homes for rent. The development at Pike Close Bromley will deliver 179 homes. We are working with our Joint Venture partner Countryside to submit a planning application in June or July 2021, with a view to starting on site in February 2022.

The site at Gillan Court, Lewisham has received full planning permission and the properties developed will be advanced as shared ownership. Funding will now be sought from the GLA. As well as providing new homes, an element of improvement works will be undertaken on a neighbouring estate.

The remaining three London estates are now progressing from feasibility stage and we have been in pre-application discussions with local planning teams.

In September 2020, Government announced a new programme of grant, the Affordable Homes Programme 2021/2026, which included the opportunity to become a strategic partner of Homes England. In March 2021, the Riverside Board approved a bid to become a strategic partner of Homes England. The bid complements the objectives of the corporate plan and deliver outcomes required by Homes England, including developing 1,530 new affordable rent and shared ownership homes funded by Affordable Homes Grant which will be delivered across the seven years of the programme. Additionally the bid will deliver key Homes England outcomes, for example 15% of the new homes will be Care and Support homes and 54% will be routes to Home Ownership, either Shared Ownership or Rent to Buy. The plan is to deliver 25% of new homes through modern methods of construction.

Business Effectiveness: Value for Money (VfM)

Our approach

At Riverside we take an approach to improving value for money that is fully integrated into the way we run the organisation. Our corporate and business planning and performance management framework clearly set out and measure what we want to achieve for our customers, prospective customers and communities. We have adopted a blend of metrics that combine physical outputs, customer and colleague sentiment and financial performance, and manage and optimise our people, financial resources and processes required to achieve these goals. This is the Riverside definition of achieving true value for money.

As part of our strategy to drive better value for money, Riverside has been active in continuing to explore the role that mergers, acquisitions and partnerships can play in improving services for customers and increasing our capacity to invest more in building and improving homes. We have deliberately taken a strategic approach, identifying the circumstances in which bringing other partners into the Group could have tangible benefits and defining more clearly what Riverside has to offer. This enables us to take both a proactive approach, and make better-informed decisions when opportunities arise.

Additionally, we have invested heavily in the supply of new housing and improvements to our existing stock.

The metrics

To demonstrate the progress we are making, here we report performance against the seven VfM metrics defined by The Regulator of Social Housing. This transparent approach enables:

- Measurement against the targets we have set ourselves, and our previous year's (2019/20) performance to show direction of travel.
- Comparison against sector norms. We use this type of measurement to drive activity we set out through our action plans.

The Regulator's mandatory metrics are finance and supply based and do not cover the breadth of our objectives, in particular those focusing on outcomes for customers and communities.

To address this we have supplemented them with five additional measures, drawn from the bi-annual 'Our Riverside Plan' Strategic Performance Report we use to monitor and review progress against our objectives for the period to 2023. Three of these metrics represent a change from those included in the previous year, updated to reflect key priorities under the current Corporate Plan.

For further detail of our objectives see:
https://www.riverside.org.uk/about-us/our-vision

Commentary on metrics

The following table summarises the results for both the mandatory and additional metrics discussed below.

Value for money mandatory metrics	Group			
	2020/21 Result	2020/21 Target	2019/20 Result	2019/20 Benchmark
Efficiency				
Reinvestment %	**4.7%**	9.9%	5.6%	6.9%
New supply delivered (social housing units) %	**0.9%**	1.2%	1.2%	1.4%
New supply delivered (non-social housing units) %	**0.5%**	0.5%	0.5%	0.0%
Gearing %	**43.5%**	49.3%	43.6%	46.0%
Headline social housing cost per unit (CPU)	**£4,344**	£5,509	£4,959	£3,586
EBITDA MRI Interest cover %	**241%**	89%	140%	158%
Operating margin (social housing lettings) %	**17.5%**	14.9%	12.6%	24.3%
Operating margin (overall) %	**19.8%**	19.1%	15.4%	22.6%
Return on capital employed %	**3.4%**	3.1%	2.6%	3.6%

Value for money additional metrics	2020/21 Result	2020/21 Target	2019/20 Result
People at our heart			
Overall customer satisfaction	**75.1%**	72.0%	72.2%
Digital participation	**16.8%**	20.0%	11.2%
Homes for the future			
Satisfaction with quality of home	**74.4%**	77.0%	76.8%
Affordable homes started (% of programme)	**94.2%**	66.0%	80.5%
Places to thrive in			
Customer satisfaction with area as place to live	**81.6%**	81.0%	80.9%

Figures reported in this section are based on the Regulator's VfM metric definitions.

1) Gearing % – In addition to Group Gearing reported on page 1, there is also a figure for the Association based on the covenant definition (loans as a % of historic cost of properties).
2) EBITDA MRI Interest Cover % – Excluding £19m capitalised major repairs from the calculation of the 2020/21 outcome would increase interest cover to 289%.
3) Operating margin % – The operating margin reported in this section excludes profit from sale of fixed assets. Group operating margin reported in other areas of the financial statements includes profit from sale of fixed assets.

The Mandatory Metrics

We have benchmarked our performance against the 2019/20 sector score card results for associations owning more than 10,000 homes. The benchmark applied is the median for this group.

Reinvestment %

Riverside is generating substantial surpluses which strengthen our balance sheet and enable us to re-invest in new and improve existing homes. In 2020/21 Riverside reinvested 4.7% of the total value of our housing assets in this way. This compares adversely with a figure of 5.6% in the previous year and also our target. During 2020/21 we spent £83m on development of new properties which represented a minimal reduction of £1m on the previous year, whilst there was a more significant reduction on the level of reinvestment in our existing housing stock. The figure reduced from £36m in 2019/20 to £19m in 2020/21. The disruption to our capital investment programmes can be linked to the exceptional circumstances created by COVID-19 which affected most landlords.

Performance Improvement:
There is an increase in investment spend planned for 2021/22, through a programme to maintain our stock, to ensure we meet all regulatory compliance requirements and complete our Retirement Living Investment programme.

Increased spend is also planned for responsive repairs, void works (which will be completed to a higher standard) and cyclical repairs. We will also continue with a five year £25m programme of major improvements to our larger Supported housing schemes and complete a longstanding programme of improvements to our retirement living housing.

In the long-term we remain committed to stepping up our development programme as set out in our 2020-23 Corporate Plan, with work underway to ensure that our full capacity to increase supply is harnessed.

Target for 2021/22: 10.3%

£25m
major improvement programme planned for supported housing schemes

New supply delivered

Overall supply of new homes reduced by 141 homes in 2020/21. The supply of new homes was adversely affected by the impact of COVID-19. The overall supply figure of 734 which excludes 32 properties built for other Registered Providers demonstrates our commitment to assisting the sector in growing the supply of housing across a range of tenures.

During the course of the year we delivered 471 social housing homes under the Affordable Housing programme including 146 properties developed for shared ownership. We continued to focus our investment in core areas, where we already have a significant presence.

During the course of the Corporate Plan we have developed homes for outright sale in order to enable cross subsidy, which balances the risks and ensures the development programme remained financially sustainable. During the year there were 263 'Non-Social' home completions, which was a small increase from the previous year. Of the total, 81 homes were developed for market sale by our commercial house building subsidiary Prospect with the remainder delivered through our two joint ventures.

Performance Improvement:
Work will continue to secure sites and starts for affordable housing and sale programmes and we are expecting to see a significant increase in the level of supply delivered through:

- The joint venture with Vistry that will deliver c3,500 homes over a ten-year period as part of a mixed tenure development.
- Our London estate regeneration programme which has identified six sites that will deliver c1,200 new homes, of which approximately 50% are for market sale. We have submitted a planning application for a development site at Lambeth and intend to submit a planning application for a development site in Bromley during 2021. We have received planning permission for a scheme in Lewisham.
- We remain committed to future development under Home England's Affordable Homes Programme.
- In Scotland we have approval to develop affordable homes and plan to develop 67 homes for affordable rent in 2021/22.

Target for 2021/22:
Social housing 1.8%/ 978 homes
Non-social housing 0.5% / 280 homes

Gearing %

Riverside's gearing has remained constant over the past year. Riverside's gearing remains comparatively low within its peer group. Whilst the level of gearing remained at the same level as the previous year there were some movements in the component parts. Whilst the value of long and short term loans remained roughly the same, a reduction in cash held of £41m (which is deducted from the value of loans) was offset by an increase in the value of housing properties at cost. It is anticipated that gearing will increase as the momentum behind the development programme embedded in the 2020-23 Corporate Plan serves to generate additional funding requirements, though the target for 2021/22 remains below our benchmark population.

The strength of our balance sheet puts Riverside in a very strong position to fund the significant long-term growth ambitions as we play our part in helping tackle the housing crisis. We remain a very attractive prospect to lenders and investors, having maintained a Moody's A1 credit rating.

Around a quarter of our rented homes are available to secure further funding.

Performance Improvement: None required.
Target for 2021/22: 45.8%

Headline Social Housing CPU

Riverside's headline social housing cost per home has reduced from £4,959 to £4,344 in 2020/21. The main reasons for the reduction in CPU are reduced spend on capitalised major repairs, management cost and planned maintenance of £16m, £6m and £3m respectively. Whilst the reduction in capitalised major repairs and planned maintenance can be attributed to the restrictions resulting from impact of COVID-19, the decrease in management costs is the result of a significant saving on pension exit fees.

Whilst there has been a significant reduction in CPU in 2020/21 compared to the previous year, we remain committed to investing money in our housing stock for the benefit of current and future customers. Also our relatively high baseline is largely driven by high service costs associated with our supported housing and housing for older people. When these costs are removed, Riverside's adjusted CPU for management, repair, maintenance and other costs is closer to the adjusted median for our comparator group. This point is also covered in the 'driving the margin' section of the strategic report. The increase in the 2021/22 target reflects the planned increase in capitalised major repairs.

Performance Improvement:

— Performance improvement measures the same as those set out for interest cover

Target for 2021/22: £5,210

Interest cover (EBITDA MRI) %

Our interest cover has increased from 140% to 241%. A number of factors have combined to cause this significant improvement in the metric. The Group operating surplus has increased by £19.4m partly because of the Group incurring pension scheme exit fees in 2019/20 and also the lower CPU explained above. Additionally, capitalised major repairs expenditure for the period reduced by £16.4m due to the impact of COVID-19.

Our interest cover is influenced by higher costs and the lower operating margins associated with our labour intensive care and support business, though this year's outturn is untypically high for the reasons described in the previous paragraph. Our typical level of interest cover is also the product of a relatively low rent base, especially in the north west of England.

The explanation of the reduction in the 2021/22 target is the same as for the increase in CPU.

Performance Improvement:

— Reduced management and overhead costs delivered through an ongoing focus on optimising our organisational structure and reducing operational costs.

— Reduced cost of investment in transformation as the programme is now in a business as usual continuous improvement phase.

— Delivery of asset management programme which will see a gradual shift in asset values through our development and acquisitions programme, and the disposal of lower value assets.

Target for 2021/22: 126%

Operating Margin

Riverside reported a healthy overall group-level surplus (excluding contribution from disposal of fixed assets) of £74.1m. This represented an increase in the margin of 4.4%to 19.8%. Revenue from social housing lettings increased by £15.4m as a result of additional revenue from stock purchased at the end of 2019/20, and also the impact of the 1% rent increase. It was the increase in revenue that was the reason for the increase in both social housing lettings and overall operating margins.

Surplus from outright sales and shared ownership was £0.4m less than the previous year.

The surplus delivered from non-social housing lettings was £0.6m more than prior year, and the surplus generated from management services and other social housing activities increased by £1.5m in comparison to the previous year.

As referred to previously within our social housing business, neighbourhood services (general needs rent and shared ownership) has an operating margin which is much higher than the level generated by our care and support business stream, which significantly suppresses our operating margin on social housing lettings. Care and support has a very different business model being resource intensive and where contracted income and service charge income account for a large proportion of turnover.

Performance improvement:

— Improved commercial sales performance and profit margins, incorporated in Prospect's business plan going forward.

— Other cost reduction measures as per commentary on interest cover.

We plan to retain and grow our care and support arm as a lower margin business, as this is central to our mission as a charitable housing association. However we will continue to drive improvements to its margin.

Overall target 2021/22: 19.2%
Social Housing target for 2021/22: 17.0%

Return on Capital Employed %

Our Return on Capital Employed increased from 2.6%to 3.4%. A number of factors contributed to this. The main reason for the increase was the significant improvement in operating surplus which was achieved despite a reduction in surplus from sale of fixed assets of £0.7m. There was an increase in share of operating surplus in joint ventures of £0.7m.

Performance Improvement:

— Performance improvement measures the same as those set for overall operating margin.

Target for 2021/22: 3.4%

There has been an increase in Group turnover of

£18.6m

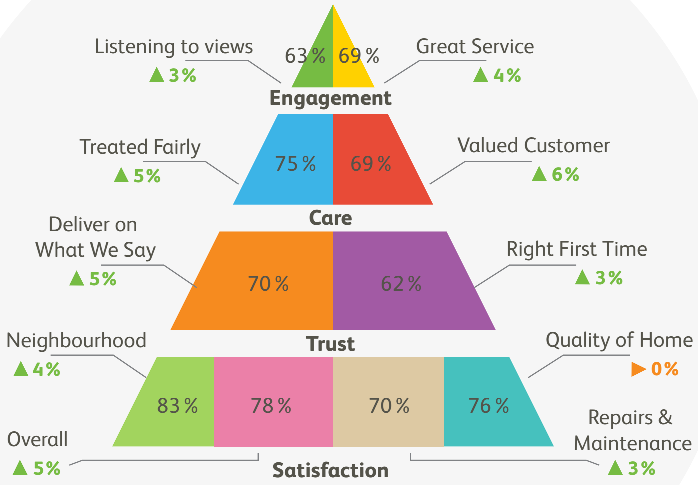
Our Additional Value for Money Metrics

People at our heart

Overall customer satisfaction

After three years in which our customer satisfaction levels remained broadly flat, we are starting to see some positive signs of improvement despite the disruption to many key services during periods of Covid-19 lockdown. Following a temporary pause on all customer surveys in the early part of the year, overall satisfaction has increased from the previous year. Performance in the final three months of the year in particular, suggests that even greater improvement has been achieved, with an outturn of 78% (up from 73%).

What is particularly pleasing to see is that every one of the measures on our **Customer Confidence Pyramid**[1] (below) has improved:



We created this pyramid eighteen months ago to provide a more complete picture of our customers' feelings towards us, so in addition to traditional measures of satisfaction, it also shows whether customers are seeing a demonstration of our 'Trust' and 'Care' values.

Improvement in the year has been achieved through a combination of initiatives included in our Customer Plan that has seen:

- Increased Customer Engagement through a range of measures including proactive calls, texts and emails to every customer during the pandemic and our 'Let's Talk Rent' campaign (through which we had almost 55,000 conversations with customers). We have grown our iCommunity and ran a series of Facebook Live events which involved over 1,000 customers. We also worked closely with the Customer Voice Executive to improve our complaints handling and planned maintenance processes.
- Enhanced Customer Experience through changes to our Customer Service Centre shift patterns so that we are available when customers call us, by implementing a new complaints process that our customers helped us design and by implementing a new CRM system and launching web-chat which will both help reduce customer effort. In response to customer feedback we've also introduced a new repairs category to drive down the time it takes to complete urgent repairs and extended the repair booking window so customers can book appointments further in advance. A new 'operative on the way' service has also been launched nationwide to enable customers to track repairs online.

Performance Improvement:
We will continue to drive improvement through dedicated 'Customer Experience' action plan that includes:

- working with our customers to map all our customer journeys and redesign our processes around our customer needs
- continuing to improve our complaints handling process to ensure that complaints are resolved quickly and with minimal customer effort
- the rollout of additional customer service training to all Riverside colleagues.

Target for 2021/22: 78%

Digital Participation (%)

This is a measure of how far we are progressing in our journey to improve our digital offer and ensure that customers can access a range of services quickly and easily online. It tracks the proportion of current tenants that interact with us online rather than through alternative communication channels, and our objective is to increase this level over the course of the current Corporate Plan period. The year-end position, though below target, represents positive performance in a challenging year that was affected by service disruption as a result of Covid-19 restrictions that prevented customers from booking repairs online for large periods, a key driver of performance against this metric. Functionality within the primary digital channel for customers (My Riverside) has also been upgraded to facilitate system enhancement on an ongoing basis.

Performance Improvement:

- establish a 'Digital Adoption' working group to drive forward plans to promote the online repairs service
- involve customers in the design of a new Riverside app and in designing a fully digital sign up process for new customers to make joining Riverside a much quicker, easier process.

Target for 2021/22: 35%

1 Overall satisfaction figure reflects the three month rolling average position referenced above.

Homes for the future

Satisfaction with quality of home

Although overall satisfaction increased in the year, we have seen customers' perception with the quality of their home reduce in the same period. Work is ongoing to develop our understanding of the decline in performance seen in the year, however it seems possible that the fact that customers spent more time in their homes due to COVID-19 restrictions may have had a bearing on the response to this question, particularly as there were periods during which routine repairs and investment works were necessarily put on hold. Regardless of the potential impact of these factors, it is clear that there is room for improvement and we remain committed to increasing satisfaction throughout the period of 'Our Riverside Plan' and beyond.

The introduction of an enhanced 'empty homes' standard for all social housing is increasing quality of homes for new tenants that secure a property with Riverside, with plans to extend this approach within Care and Support schemes. A large-scale stock condition survey has also been completed to further develop our understanding of our current properties, including their energy performance, which will inform strategic investment priorities to ensure that homes remain fit for purpose.

Performance Improvement:

- continue to embed 'empty homes' standard, with pilot launched within Care and Support
- ongoing investment programme, including outstanding component replacement
- development of retrofit pathway and building safety works
- addition of a quality of home related open text question to provide valuable insight in to the key drivers behind the level of performance achieved, from which improvement action can be taken.

Target for 2021/22: 79%

17,000
users signed up to online repairs

94.8%
customer satisfaction with newly built rented and shared ownership homes

81%
of our customers are satisfied with area as a place to live

Affordable homes started (% of programme)

This is a measure in place to ensure that at least two-thirds of our development programme delivers affordable homes, comprising a mixture of Affordable Rented, Shared Ownership and Care and Support accommodation. This is a long-standing commitment of the Group, and it is clear that of all homes started this year, the vast majority were affordable, split between the categories above. Although an increase from the previous year, driven by a reduced number of open market sale homes started by our commercial partners Prospect and Compendium, this largely reflects original assumptions in terms of delivery schedules for both. Indeed, the majority of schemes were underway prior to this year, with temporary site closures having no material impact on this outcome.

It is anticipated that the number of homes developed for sale will increase over the next two years, which will at times see a reduction in the proportion of affordable homes started within the overall programme, though it is unlikely that this will have a significant impact on our ability to meet this target.

Performance improvement: N/A
Target for 2021/22: 66%

Places to thrive in

Satisfaction with area as a place to live

The level of satisfaction with area as a place to live increased in the year and has exceeded target. Efforts to improve our neighbourhoods have continued in the year, through targeted investment as part of localised neighbourhood initiatives and larger-scale regeneration plans that are now at an advanced stage, the benefits of which will likely be seen over the longer-term.

We have continued to develop and launch targeted 'Neighbourhood Plans' that cover a third of our stock across our geography, setting out key priorities in areas in need of improvement.

Performance Improvement:

- continued delivery of activity identified in Neighbourhood Plans supported to deliver improvement initiatives in line with wider strategic objectives
- Group-wide approach to improving satisfaction under 'Our Riverside Plan'.

Target for 2021/22: 83%

How are we doing?

In summary, these metrics tell an authentic story of an organisation which is focused on delivering the next stage of its strategic plan. Riverside is an organisation that:

- Is focused on improving outcomes for customers through front-line services supported by online options and ensuring that customers receive high quality products and services.
- Has delivered more than 750 new homes in 2021. Riverside is committed to continuing to supply a significant number of new homes to the sector and has the funds in place to enable us to deliver on this commitment.
- Remains totally committed to its values and charitable purpose, supporting some of those in the greatest need living in many of the country's most deprived neighbourhoods, and fully understands the financial consequences of doing so.
- Has retained and grown a large supported housing business which has an adverse impact on costs and margin, albeit one we fully understand.
- Has significant financial capacity, and is working hard to optimise it by improving its margin through a culture of continuous improvement that will deliver substantial and sustainable annual savings.
- Looks to deliver further efficiency by driving down costs through better working practices and effective procurement without compromising on service standards or quality and by maximising income.
- Manages its financial capacity to ensure long term viability, but seeks to leverage its capacity as it pursues ambitious and substantial investment in new and improved homes across a range of tenures.

We hope this is an organisation you recognise and value.

Driving the margin

The Group's operating margin including gain on sale of fixed assets was 20.9% in 2020/21. Excluding gain on sale of fixed assets Riverside's overall operating margin was 19.8% in 2020/21, compared to comparator group median of 22.2%(2019/20 figure).

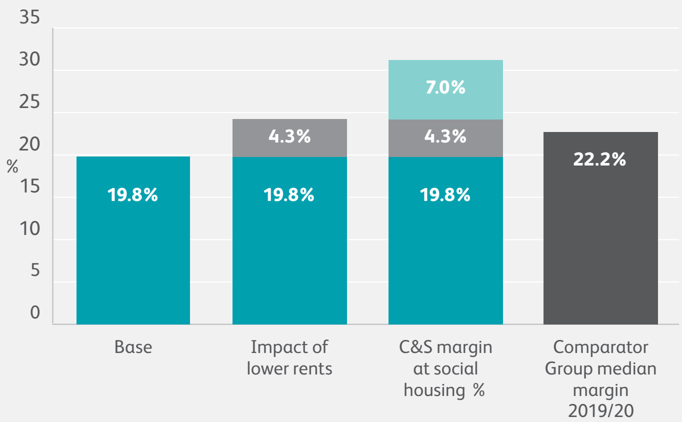
Whilst we recognise there are definitely further business savings to be achieved, it also important to note the combination of specific factors which have an impact on Operating Margin including lower average rents than our peers and the proportion of Care and Support property in our portfolio.

All of these factors have an impact on Riverside's achievable margin. On average Riverside has lower rents than its peers on general needs stock, due to a combination of geography and historical rent policy. Our average rent is £10 per week lower than peers of general needs homes.

This equated to an approximate additional £21m income being achieved by our peers. The theorectical impact of this would be to improve our margin by 4.3%. Alongside this, some 17.3% of our properties are Care and Support.

In broad terms, if the Care and Support turnover delivered the same margin as the social housing stock this would increase the margin by a further 7.0%. The intention of this analysis is to highlight the challenges Riverside faces when comparing our operating margin to sector quartiles. Taking these elements into account, the effective operating margin for 2020/21 would be the equivalent of 31.1%.

Our Margin Analysis



Data Sourced from Sector Scorecard 2020 results

17.3%
of our properties are Care and Support

Our future

Riverside continues to deliver on its ambitious plans for growth and with our strong balance sheet, coupled with our improving operating margin is set to deliver the aspirations of Our Riverside Plan 2020-2023.

Alongside significant investment in our own homes, we will deliver around a further 2,500 new homes over the remaining two years of Our Riverside Plan. Two thirds of these homes will be affordable tenures.

This past year has seen a 12% reduction in our social housing cost per home, alongside an improvement in our Group Operating Margin of 4.1% from 16.8% to 20.9%. This past year has seen us raise new finance via a private placement and we are set for a strong future.

Riverside continues to maintain both the top Moody's rating in the sector alongside the top regulatory rating and this alongside our strong balance sheet means we are well placed to weather the challenges the future will bring.

On that basis the board has a reasonable expectation that, based on forecasts and current expectations of future sector conditions, the Group and the Association have adequate resources to continue in operational existence for the foreseeable future.

As a result Riverside continues to adopt a going concern basis in preparing these financial statements.

Statement of compliance

The form and content of the strategic report review has been prepared in line with the Statement of Recommended Practice for registered Social Housing Providers 2018. The statement has also been prepared in accordance with The Accounting Direction for Private Registered Providers of Social Housing 2019.

Cris McGuinness
Chief Financial Officer

06.

Report of the Board

The Board is pleased to present its report and the audited consolidated financial statements for the year ended 31 March 2021.

Principal activity

The principal activity of the Riverside Group is the provision of affordable homes for rent and shared ownership, together with housing support and associated services for vulnerable and elderly residents.

The Riverside Group comprises several companies with a common, shared purpose. The Riverside Group Limited is the ultimate parent within this Group and is led by a Board of Directors. The Riverside Group Limited has a number of Shareholders drawn primarily from members of its Board and Committees and details of whom are given on page 34 to 35 of these financial statements.

The Group's objectives are carried out for the public benefit as set out in the financial statements. The Board considers legal advice and regulatory guidance when determining the activities that the Group undertakes to deliver these objectives.

Events after the end of the reporting period

The Board can confirm that there have been no events since the financial year end that have had a material effect on the financial position of the Group.

In June 2021, The Riverside Group and One Housing Group announced that they are undertaking detailed business planning and due diligence work with a view to presenting a proposal to their shareholders later in the year to form a partnership. Under these proposals, One Housing would become a subsidiary of The Riverside Group, with a view to further integration as systems and processes are aligned. A change of this nature will be subject to consultation with customers, and will require the consent of lenders of both associations and the Financial Conduct Authority.

The Board of The Riverside Group Limited

The Board members of TRGL holding office during the period 1 April 2020 to 31 March 2021 are detailed below:

- Terrie Alafat CBE (appointed 1 April 2020)
- Carlos Gregorio Ashmore (appointed 19 June 2020)
- Tim Croston (resigned 7 July 2020)
- Pauline Davis
- Erfana Mahmood* (appointed 19 June 2020 as co-optee and as Board Member from 2 June 2021)
- Ingrid Fife
- Carol Matthews* CBE
- Sandy Murray (appointed Board Member from Co Optee 22 October 2020)
- Clarine Stenfert* (appointed 19 June 2020, resigned 19 June 2021)
- Lisa Tennant (appointed 19 June 2020)
- Sally Trueman
- Peter White

(*co-optee)

The Board is comprised of 10 non-executives, one of whom is a tenant member, and the Group Chief Executive, who is also a co-optee. A customer is also invited to attend Board meetings as an observer. This role was filled by Richard Nichols until October 2020 when he was succeeded by Cameron Dougherty, who will undertake this role for a twelve month term. Also in attendance at Board meetings are the Executive Directors and the Company Secretary.

Membership of the Board comprises 82% women, (2020: 75%), which compares to a 51% female population in the areas where Riverside works. (Board membership of those declaring themselves to have a disability is equivalent to the relevant

population and those declaring themselves as BAME is lower than the percentage of the relevant population).

During the year payments made to Board members were £366k (2020: £340k), which represented 0.10% (2020: 0.10%) of annual turnover. Payment of the Group Chair and Group Board members is calculated by taking into account the size of the Group and industry norms. A review of Board member remuneration was carried out in 2020 year by an external, independent remuneration specialist.

The Board (and its committees) carry out an annual appraisal of performance and effectiveness in accordance with the adopted Code of Governance. Every three years an independent, external provider is engaged to support the appraisal and bring an objective perspective. At the time of writing, an independent provider is engaged to support the appraisal of Group Board. The same independent provider has also reviewed Riverside's individual appraisal process with a view to improving criticality. The results of that review were approved by the Governance and Remuneration Committee in May 2021.

Each Board member (excluding the co-optees) is appointed for a fixed term of office, of up to three years. Having adopted the NHF Code of Governance 2020, reappointment is now possible for up to a maximum of one additional term.

Role of the Board and Committees

The Board leads the organisation and guards its mission through establishing a culture, values, policy and strategy to deliver TRGL's objectives. It monitors performance against agreed targets within a clearly defined framework of delegation and system of control. It has ultimate responsibility for ensuring that the Group operates in compliance with all relevant law and regulation.

The Board determines what matters should be delegated to the Executive Team or a Committee of the Board and what matters it will reserve for its own consideration and decision. Board members act in the interest of the Riverside Group and not on behalf of any other interest group.

The Board is drawn from a wide background and its members are selected to ensure that they bring relevant experience, skills and understanding to the discussions and decision making process of the Board. The Group aims to have Boards and Committees which are representative of the wider population in the areas where it works and it is committed to fairness and equality of opportunity.

The majority of Group subsidiaries have their own Board of Directors appointed for their skills, knowledge and experience. These can be both Executive and Non-Executive Directors. The Board has a schedule of six meetings each year for regular business and meets annually to discuss strategy. It also convenes if decisions are required for urgent matters between meetings. The Board met monthly during the first part of the COVID-19 pandemic to ensure strong oversight and leadership of Riverside's response.

TRGL rules allow attendance by telephone and video conference which facilitates effective governance. The Chair also has authority to take decisions on behalf of the Board where a meeting cannot be organised and a timely decision is required.

The Board has established Committees to oversee specific areas of the Group's work. The Board sets the responsibilities and scope of authority of each Committee. Board delegation may allow decision making for certain matters, or require that the Committee consider issues and provide advice and assurance to support Board decision-making.

The Committees of the Board are the Governance and Remuneration Committee, the Group Audit Committee, the Group Treasury Committee, the Customer Experience Committee, the Care and Support Committee, London Development Committee and the Impact Committee, all of which, are primarily composed of non-executive members, and with the exception of Impact, chaired by a member of Group Board. Where it is considered that a direct link is required between Committees, an individual may be appointed to more than one Group. Each Committee obtains independent external advice to support its work where it is appropriate to do so. There are over 15 customers actively involved in Riverside's governance through their roles on Board and Committees and Riverside Customer Voice Executive members. Further information on the Committees and their membership is provided below.

Committee	Role	Members	Meetings
Customer Experience	To scrutinise delivery of social housing and home ownership customer services to ensure that Riverside delivers safe, decent homes in a good state of repair, lets homes in a fair and transparent way and keeps wider areas clean and safe, promoting wellbeing and tackling antisocial behaviour. The Committee also oversees how customers are involved and empowered through engagement with Riverside.	Peter White (Chair) Jackie Grannell Mary McAndrew Duncan McEachran Maria Milford Sara Naylor Sue Powell Sam Scott Gillian Singh Margi Kelly David Green (Resigned 30 September 2020)	Met seven times in the year
Care and Support	The Committee carries out the same role as the Customer Experience Committee but with a focus on those customers within our Care & Support business area; Supported Housing, Retirement Living, and Extra Care Schemes.	Ingrid Fife (Chair) Sara Beamand Chris Billinge Ian Campbell Judith Crowther Andy Deutsch Karen Lund Hetal Parmar Michele Scattergood Victor Andrews (Appointed 1 April 2021) Pauline Ford (Appointed 25 March 2021) Neill Skinner (Resigned 26 March 2021) Harry Soar (Resigned 10 October 2020)	Met seven times in the year
Governance & Remuneration	To monitor Group Governance to ensure that it remains effective and efficient. This includes monitoring compliance against Riverside's adopted Code of Governance (NHF Code of Governance 2020) and its principal constitutional and governance policy documents. It also oversees succession planning and recruitment activity for members of the Governance Community as well as acting on behalf of the Board in matters of Executive recruitment. While the Board appoints its own Members, the CEO and Committee Chairs, it does so with the advice of the Committee which has delegated authority to appoint all other non-executives and Executive Directors (with the CEO). It ensures that Board and Committees are regularly appraised to ensure that they remain effective. The Committee also oversees matters of remuneration ensuring that there is review at an appropriate frequency of the remuneration of Non Executive Directors, the CEO and Senior Leaders. The Committee sets the parameters in which the wider staff pay award can be given.	Pauline Davis (Chair) Terrie Alafat CBE (Appointed 1 April 2020)	Met eight times in the year

Committee	Role	Members	Meetings
Group Audit	To assist the Board in its oversight of risk management, financial reporting and internal controls and be responsible for reviewing: — Integrity of the financial statements. — Effectiveness of the Group Internal Audit function. — Effectiveness and objectivity of the External Auditors.	Sandy Murray (Chair) Maria Hallows Sara Naylor Erfana Mahmood (Appointed 19 June 2020) Pauline Ford (Appointed 25 March 2021) Suki Jandu (Appointed 1 April 2021) Tim Croston (Resigned 9 July 2020) Adrian Crookes (Resigned 25 May 2021) Neill Skinner (Resigned 26 March 2021)	Met four times in the year
Group Treasury	To advise the Board on significant technical or complex treasury issues, monitor treasury risk and oversee the raising of finance by the Group.	Carlos Gregorio Ashmore (Appointed 9 July 2020 and appointed Chair from 4 Aug 2020) Devan Bala Nigel Perryman	Met three times in the year
London Development	To be responsible for overseeing the shaping, design, costing and delivery of estate renewal in London on Group Board's behalf, giving advice and making appropriate recommendations in line with financial parameters and corporate ambitions. The Committee also monitors the customer experience of the renewal programme, ensuring that customer views, needs and aspirations are at the heart of renewal activity.	Pauline Davis (Chair) Jenny Coombs Dale Meredith Paul Newbold Victor Andrews (Resigned 14 January 2021)	Met six times in the year
Impact*	To be responsible for operational business oversight and assurance for the business area formerly known as Impact Housing Association Limited. The responsibilities relate solely to this defined area of operation. Their core focus is around strategy, planning, performance, governance and risk. This includes the effective delivery of the stock investment programme; to oversee effective operational integration into The Riverside Group; to ensure the delivery of the Riverside pledges and to provide assurance to group on governance, risk and performance.	Mark Cullinan (Chair) Chris Billinge Wayne Booth Olwen Lintott Joanne Lucy Sue Powell Sam Scott John Williams Sandy Murray (Resigned 22 October 2020) Christopher Donohue (Resigned 25 February 2021)	Met seven times in the year

*The Impact Committee will be dissolved in October 2021 when full integration of Impact into the Riverside Group will be complete.

Executive Directors

Whilst the Board is responsible for the Group's overall policy and strategy, overall management of the business is delegated to the Group Chief Executive.

A team of Executive Directors assist the Chief Executive in delivering the Board's vision and aims.

The Chief Executive is responsible to the Board and only acts within the authority delegated by it. The Executive Team meets on a monthly basis to consider all major management issues including performance across the Group.

The Executive Directors also form the membership of the Investment Appraisal Committee which meets monthly. Its purpose is to assess the viability of investment proposals such as new projects and initiatives to ensure that they generate value for the Group and its stakeholders and contribute to delivering Riverside's goals. The Committee oversees projects at key stages of development to ensure that they are effectively delivered and remain financially viable.

The Executive Directors hold no beneficial interest in the share capital of any member of the Group. However, a £1 share in two subsidiary companies is held in trust for TRGL by an Executive Director.

Corporate governance

The Board is committed to integrity and accountability in the stewardship of the Group's affairs. The annual assessment of compliance against Riverside's adopted Code of Governance (which for the financial year 2020/21 was the NHF Code of Governance 2020) has been completed. The Group complies with its Code of Governance, with the following exceptions:

The Tenant Board Member has served with Riverside in excess of nine years and will step down in December 2021. The extension to their tenure was agreed to be in the best interests of Riverside, providing important continuity at a time of significant change in Board Membership.

In the year, overseen by Riverside's Governance and Remuneration Committee the following work has been carried out to enhance Corporate Governance:

- A review of approaches to appraisals;
- Adoption of a new Code of Governance and work to deliver compliance.
- A refresh of Governance around the customer experience.
- Delivery of a number of improvements to the Governance structure arising from a review carried out in 2019/20.
- Strengthening of links between the formal Governance structure and Riverside Customer Voice Executive.
- A review of the Group Chief Executive's pay and contract and the pay of Executive Directors and Directors was completed in May 2020 by PWC, an external, independent remuneration specialist.

Internal controls assurance

The Board is the ultimate governing body and is responsible for the Group's system of internal control. The Board, advised by the Group Audit Committee, has reviewed the effectiveness of the system of internal control for the year ended 31 March 2021 and to the date of approval of these financial statements. For the year ended 31 March 2021, the Board makes the following statements:

- The system of internal control is designed to provide the Board with reasonable but not absolute assurance that risks are identified on a timely basis and dealt with appropriately; that assets are safeguarded; that proper accounting records are maintained; and that the financial information used within the business or for publication is reliable.
- Control is exercised through an organisational structure with clearly defined levels of authority, responsibility and accountability. Any business development involving significant risk is subject to Board approval.
- The Group maintains a culture of risk awareness, based on a sound control environment with high regard for integrity and ethical values. Regular reviews of the risk universe and risk mitigation actions are carried out.
- The framework of internal control is subject to a regular programme of review. In particular, the Group maintains a fully resourced Internal Audit team led by an appropriately qualified Director reporting directly to the Group Audit Committee.
- Service delivery risk is monitored through the service improvement framework, quality self-assessment and tenant scrutiny processes.
- The Board and its sub-Committees scrutinise a comprehensive suite of performance metrics.
- The Group is committed to sound financial management in all aspects of its business. It has a robust business planning process and all parts of the Group have detailed annual budgets and longer term business plans.
- The Group maintains a suite of policies covering the main elements of its business. The policies are subject to a rolling programme of review to confirm their continued appropriateness with all Group policies approved by the Board.
- The anti-fraud policy sets out the commitment to preventing fraud. Confidential reporting arrangements are in place to allow staff to voice their concerns and know that they will be properly investigated. The anti-bribery and corruption policy sets out guidelines for all staff to ensure the highest standards of conduct in business dealings and this has been adopted throughout the Group in addition to the NHF's publication "Code of conduct with good practice for members" (2012).
- In reviewing the effectiveness of the Group's system of internal control, the Board has considered a range of sources of assurance including:
  - management reports;
  - key performance indicators;
  - audit reports;
  - quality management systems and;
  - external regulator reports.
- During the year there were no weaknesses in internal controls which resulted in material losses, contingencies or uncertainties that require disclosure in these financial statements.

Whilst the wider staff base is diverse, the composition of the Leadership Team and Board and Committees is less so, particularly in relation to ethnicity and disability.

Equality and Diversity: Board, Committee and workforce composition

Riverside has adopted an equality, diversity and inclusion (EDI) policy which aims to:

- Prevent discrimination, eliminate prejudice, promote inclusion and celebrate diversity within the organisation.
- Be fair in its dealings with all people – Board members, colleagues, customers, volunteers and partners – with whom Riverside has relationships, taking into account the diverse nature of their culture and backgrounds.
- Ensure that EDI is embedded in everything it does.

To achieve these aims, it is important that Riverside understands the composition of its Board and Committees, Leadership Team and wider workforce by the key protected characteristics, and compares this data with the profile of the population living in the communities it serves.

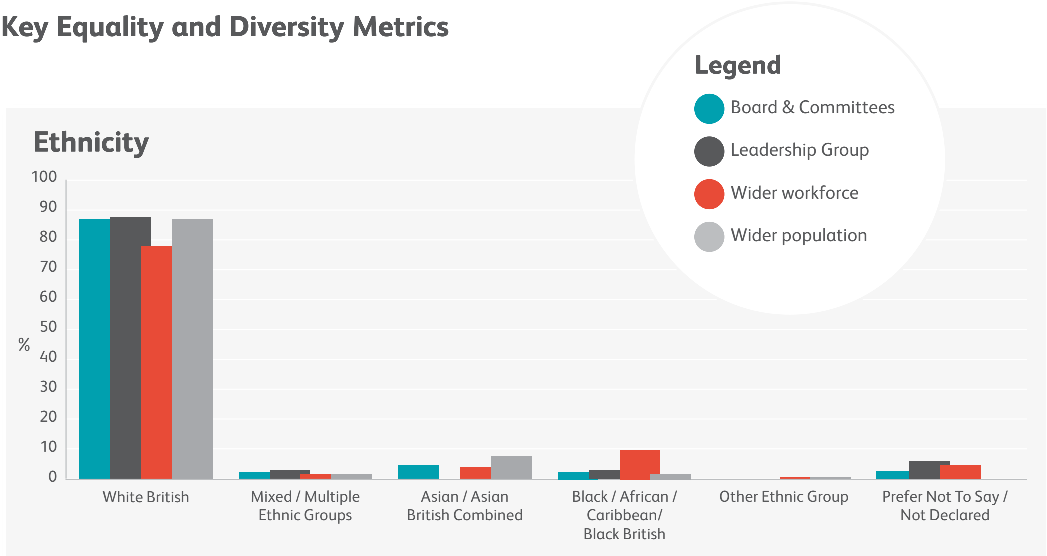
We also remain committed to being open and transparent by publishing this data and the charts show this comparison by sex, ethnicity, disability, sexual orientation and religion or belief. Current data demonstrates that whilst the wider colleague base is diverse, the composition of the Leadership Team is less so in relation to ethnicity and females, although it is adequately represented in terms of LGB colleagues, compared to the other data comparators. Board and Committee members are over-represented for disability, when compared with Leadership members and colleagues.

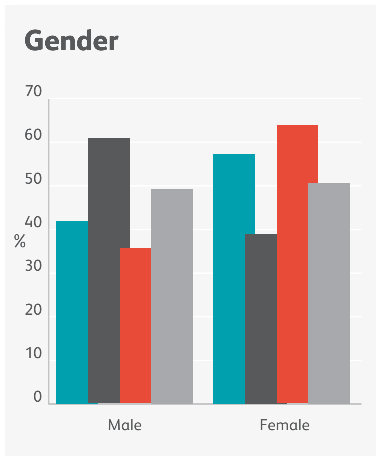
Over time, the Board wants to continue to use progressive policies and practices to develop a more diverse workforce, led by a diverse Leadership Team and governance community. It has developed its own Diversity Protocol, which has introduced practical measures to continue to encourage a wider pool of applicants for Board and Committee positions and we are actively taking steps to attract more diverse candidates, who will receive appropriate support and training to fulfil their role.

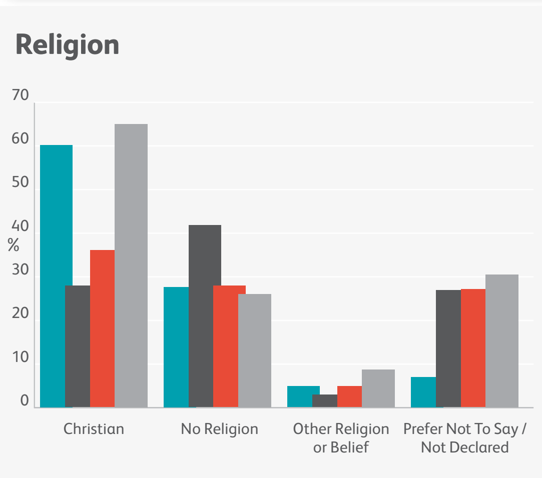
Each year, the Board agrees an EDI Action Plan to provide a framework to drive improvement and the plan for 2021/22 reaffirms its commitment to improving the diversity of Riverside's leadership and governance. The Governance and Remuneration Committee are currently overseeing the development of a new succession strategy and plan for the governance community which will take diversity as one of its key objectives.

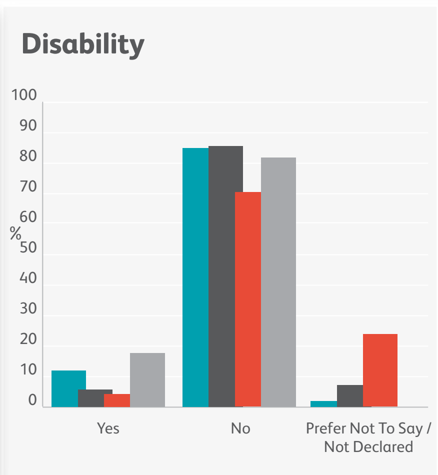
Our three staff groups – for colleagues who are BAME, LGBTQI+ or have a disability – ensure we keep equality, diversity and inclusion at the heart of everything we do, supporting both workplace initiatives and national campaigns.

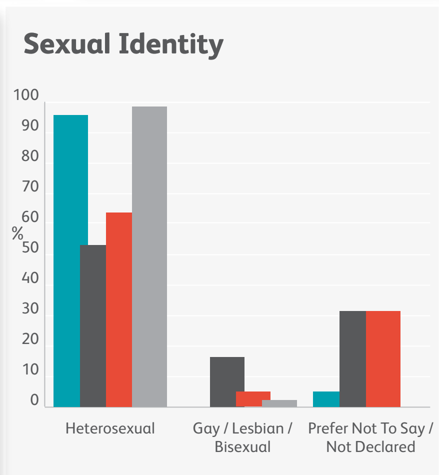
Key Equality and Diversity Metrics











The wider population grouping does not include ‘do not wish to state / not declared’ responses for ethnicity, disability and sexual identity.

Statement of Board's responsibilities in respect of the Board's report and the Financial Statements

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

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

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

The Group has considered the impact of COVID-19 and does not believe this has a detrimental impact on financial performance.

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

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

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

Equality and diversity

The Group's policies reflect its strong commitment to equality and the value it places on diversity in all aspects of its work.

Political donations

No donations for political purposes were made during the year.

Policy on payment of creditors

In the absence of any dispute, the Group's policy is to pay non-development invoices within 30 days of the date of the invoice. Development creditors, paid under certificate, are settled within 21 days of the valuation date.

Changes in fixed assets

The movements in fixed assets during the year are set out in note 11 to the financial statements.

Investment power

The Group's Rules permit investment of monies not immediately required to carry out its objectives as it determines and is permitted by law.

Annual General Meeting

The Annual General Meeting will be held on 8 September 2021.

Auditors

In line with best practice requirements to periodically change auditors, the Group will be undertaking a tender exercise to appoint a new audit firm for 2021/22 financial year.

Statement of compliance

The Board confirms that the strategic report and Board report have been prepared in accordance with principles set out in the 2018 SORP for Registered Social Housing Providers. The Board certifies that as a registered provider, TRGL complies with the Regulator of Social Housing's Governance and Financial Viability Standard 2019.

Sara Shanab
Secretary

07.

Independent auditor's report

to The Riverside Group Limited

We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Opinion

We have audited the financial statements of The Riverside Group Limited ("the association") for the year ended 31 March 2021 which comprise the Group and Association statement of comprehensive income, the Group and Association statement of financial position, the Group and Association statement of changes in reserves, the Group statement of cash flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

— give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of affairs of the group and the association as at 31 March 2021 and of the income and expenditure of the group and the association for the year then ended;

— comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and

— have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the association will continue in operation.

Fraud and breaches of laws and regulations – albility to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of the Board, the Group audit committee, internal audit, Legal Director and Head of Legal as to the Charity's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Group audit committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that income from property sales and non-social housing income is recorded in the wrong period and the risk that Group management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

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

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those posted by irregular posters and those posted to unusual accounts.
- Assessing whether revenue transactions either side of the year end were recognised in the correct period.

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

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

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

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Board's responsibilities

As explained more fully in their statement set out on page 40, the association's Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at **www.frc.org.uk/auditorsresponsibilities**

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

This report is made solely to the association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association for our audit work, for this report, or for the opinions we have formed.

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

16 July 2021

Group and Association statements

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Consolidated statement of comprehensive income

for the year ended 31 March 2021

	Notes	**2021 £'000**	**2020 £'000**
Group turnover	2	374,258	355,654
Operating costs	2	(300,160)	(300,878)
Gain on the sale of fixed assets	6	4,105	4,817
Group operating surplus		**78,203**	**59,593**
Share of operating profit in joint ventures		3,548	2,803
Interest receivable and other income	7	7,365	7,764
Interest payable and similar charges	8	(40,125)	(41,347)
Movement in fair value of financial instruments		121	37
Surplus on ordinary activities before tax	9	**49,112**	**28,850**
Taxation	10	(134)	4
Transfer (to)/from reserves		44	—
Surplus for the year after tax		**49,022**	**28,854**
Other comprehensive income			
Gain/(Loss) recognised on cashflow hedges		4,401	(1,110)
Actuarial gain/(loss) on pension schemes	26	(20,605)	25,623
Total comprehensive income for the year		**32,818**	**53,367**

All of the above results derive from continuing operations.

There is no material difference between the surplus on ordinary activities before tax and the surplus for the year as reported and their historical cost equivalent.

The notes on pages 53 to 117 form an integral part of the financial statements.

There are no historical cost surpluses or deficits other than those recognised within the statement of comprehensive income.

Consolidated statement of financial position

as at 31 March 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Tangible assets:			
Housing properties	11	2,195,741	2,145,824
Other tangible fixed assets	11	32,058	25,091
Intangible assets	11	19,887	14,625
		2,247,686	**2,185,540**
Investments			
Investment in joint ventures	12	46,628	43,819
Investment properties	12	1,364	1,186
Other investments	12	2,321	2,314
Homebuy equity loans	12	1,160	1,061
		2,299,159	**2,233,920**
Debtors: amounts receivable after more than one year	13	6,206	7,920
Current assets			
Investments	12	41,602	41,515
Trade and other debtors	13	132,923	149,948
Properties for sale	14	31,445	42,495
Cash and cash equivalents		20,804	62,096
		226,774	296,054
Creditors: amounts falling due within one year	15	(147,172)	(178,754)
Net current assets		**79,602**	**117,300**
Total assets less current liabilities		**2,384,967**	**2,359,140**
Creditors: amounts falling due after more than one year	16	1,729,658	1,749,521
Deferred income	19	7,259	7,592
Provisions for liabilities			
Pension provision – deficit funding liability	28	35,763	21,644
Other provisions	28	3,835	4,896
		1,776,515	**1,783,653**
Total net assets		**608,452**	**575,487**
Capital and reserves			
Non-equity share capital	20	—	—
Cashflow hedge reserve		(12,706)	(17,107)
Income and expenditure reserve		621,158	592,594
		608,452	**575,487**

The financial statements on pages 46 to 117 were approved by the Board on 15 July 2021 and were signed on its behalf by:

Terrie Alafat CBE, Group Chair   Ingrid Fife, Board Member   Sara Shanab, Secretary

The notes on pages 53 to 117 form an integral part of the financial statements.

Consolidated statement of changes in reserves

	Cash flow hedge reserve	Income expenditure reserve	2021 Total reserves
	£'000	£'000	£'000
Balance as at 1 April 2020	**(17,107)**	**592,594**	**575,487**
Surplus for the year	—	49,022	49,022
Surplus for the year - subsidiaries	—	147	147
Effective position of changes in fair value of cash flow hedges	4,401	—	4,401
Actuarial gain on pension schemes	—	(20,605)	(20,605)
At 31 March 2021	**(12,706)**	**621,158**	**608,452**

	Cash flow hedge reserve	Income expenditure reserve	2020 Total reserves
	£'000	£'000	£'000
Balance as at 1 April 2019	**(15,997)**	**538,853**	**522,856**
Surplus for the year	—	28,854	28,854
Designated reserves	—	(736)	(736)
Effective position of changes in fair value of cash flow hedges	(1,110)	—	(1,110)
Actuarial gain on pension schemes	—	25,623	25,623
At 31 March 2020	**(17,107)**	**592,594**	**575,487**

Consolidated statement of cash flows

for the year ended 31 March 2021	2021 £'000	2020 £'000
Net cash inflow from operating activities (note 21)	**153,892**	**131,034**
Returns on investments and servicing of finance		
Interest received	2,682	6,161
Interest paid	(38,059)	(40,270)
Net cash outflow from returns on investments and servicing of finance	**(35,377)**	**(34,109)**
Taxation		
Tax paid	—	—
Capital expenditure and financial investment		
Cash paid for housing construction	(94,815)	(209,787)
Cash paid for other fixed assets	(20,344)	(7,016)
Cash flow for fixed asset investments	—	14,829
Expenditure on capitalised improvements	(26,810)	(36,067)
Social Housing Grant received	7,880	6,254
Investment in joint ventures	(2,808)	(39,363)
Net cash outflow from capital expenditure and financial investment	**(136,897)**	**(271,150)**
Management of liquid resources		
Decrease/(Increase) in short term deposits	(87)	(4,667)
Net cash inflow from management of liquid resources	**(87)**	**(4,667)**
Net cash outflow before financing	**(18,469)**	**(178,892)**
Financing		
Loans raised	50,000	158,000
Loan principal repayments	(72,823)	(23,006)
Net cash inflow/(outflow) from financing	**(22,823)**	**134,994**
(Decrease)/Increase in cash (note 22)	**(41,292)**	**(43,898)**

The notes on pages 53 to 117 form an integral part of the financial statements.

Association statement of comprehensive income

for the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Turnover	2	337,643	303,190
Operating costs	2	(269,940)	(259,128)
Gain on the sale of fixed assets	6	4,105	4,464
Operating surplus		**71,808**	**48,526**
Interest receivable and other income	7	4,747	6,004
Interest payable and similar charges	8	(36,511)	(35,794)
Movement in fair value of financial instruments		121	37
Gift Aid		4,832	226
Surplus on ordinary activities before tax	9	**44,997**	**18,999**
Taxation	10	—	—
Transfer (to)/from reserves		44	—
Surplus for the year after tax		**45,041**	**18,999**
Other comprehensive income			
Gain/(loss) recognised on cash flow hedges		4,401	(1,110)
Actuarial gain/(loss) on pension schemes	26	(20,605)	23,189
Total comprehensive income for the year		**28,837**	**41,078**

All of the above results derive from continuing operations.

There is no material difference between the surplus on ordinary activities before tax and the surplus for the year as reported and their historical cost equivalent.

The notes on pages 53 to 117 form an integral part of the financial statements.

There are no historical cost surpluses or deficits other than those recognised within the statement of comprehensive income.

Association statement of financial position

for the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Tangible assets:			
Housing properties	11	2,095,328	2,046,808
Other tangible fixed assets	11	31,359	24,339
Intangible assets	11	19,887	14,625
		2,146,574	**2,085,772**
Investments			
Investment properties	12	1,364	1,186
Other investments	12	82,354	78,312
Homebuy equity loans	12	203	220
		2,230,495	**2,165,490**
Debtors: amounts receivable after more than one year	13	16,474	31,810
Current assets			
Investments	12	39,950	38,344
Trade and other debtors	13	61,402	72,840
Properties for sale	14	16,370	17,468
Cash and cash equivalents		17,295	61,558
		135,017	**190,210**
Creditors: amounts falling due within one year	15	(141,817)	(172,524)
Net current assets		**(6,800)**	**17,686**
Total assets less current liabilities		**2,240,169**	**2,214,986**
Creditors: amounts falling due after more than one year	16	1,611,849	1,628,184
Deferred income	19	7,259	7,592
Provisions for liabilities:			
Pension provision – deficit funding liability	28	35,763	21,644
Other provisions	28	3,835	4,896
		1,658,706	**1,662,316**
Total net assets		**581,463**	**552,670**
Capital and reserves			
Non-equity share capital	20	—	—
Cashflow hedge reserve		(12,706)	(17,107)
Income and expenditure reserve		594,169	569,777
		581,463	**552,670**

The financial statements on pages 46 to 117 were approved by the Board on 15 July 2021 and were signed on its behalf by:

Terrie Alafat CBE, Group Chair

Ingrid Fife, Board Member

Sara Shanab, Secretary

The notes on pages 53 to 117 form an integral part of the financial statements.

Association statement of changes in reserves

	Cash flow hedge reserve £'000	Income expenditure reserve £'000	Total reserves £'000
Balance as at 1 April 2020	**(17,107)**	**569,777**	**552,670**
Surplus for the year	—	45,041	45,041
Effective position of changes in fair value of cash flow hedges	4,401	—	4,401
Actuarial gain on pension schemes	—	(20,605)	(20,605)
Transfer to/from reserves	—	(44)	(44)
At 31 March 2021	**(12,706)**	**594,169**	**581,463**

	Cash flow hedge reserve £'000	Income expenditure reserve £'000	Total reserves £'000
Balance as at 1 April 2019	**(15,997)**	**541,257**	**525,260**
Surplus for the year	—	18,999	18,999
Initial recognition of multi employer scheme	—	(736)	(736)
Effective position of changes in fair value of cash flow hedges	(1,110)	—	(1,110)
Actuarial gain on pension schemes	—	23,189	23,189
Group reconstruction	—	(12,932)	(12,932)
At 31 March 2020	**(17,107)**	**569,777**	**552,670**

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Notes to the financial statements

Year ended 31 March 2021

The Riverside Group Limited

1 Principal accounting policies

The financial statements are Group statements which consolidate the financial statements of The Riverside Group Limited and its subsidiary undertakings.

Legal status

The parent association, The Riverside Group Limited, is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator for Social Housing as a Private Registered Provider of Social Housing.

Basis of accounting

These financial statements are prepared in accordance with Financial Reporting Standard 102 – the applicable financial reporting standard in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice: Accounting 2018 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed on page 55.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and investment property.

Parent association disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent association;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures and have been provided in respect of the Group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent association as their remuneration is the same as the totals for the Group as a whole.

Basis of consolidation

The financial statements are Group statements and consolidate the financial statements of The Riverside Group Limited and its subsidiary undertakings.

The Riverside Group Limited's interest in joint ventures is accounted for using the equity method.

Details of subsidiaries and joint ventures are shown in note 12 to the financial statements.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Group prepares a 30 year business plan which is updated and approved on an annual basis. The most recent business plan was approved in March 2021 by the Board. As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure. Three multi variant stress tests, focused specifically on the impact of COVID-19 on the business plan.

The Board, after reviewing the Group budgets for 2021/22 and the Group's medium term financial position as detailed in the 30-year business plan including changes arising from the continued COVID-19 pandemic, 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 believe the Group and company has sufficient funding in place and expect the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Directors are confident that the Group and Association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Judgements and key sources of estimation uncertainty

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

— **The categorisation of housing properties**
In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals. The Group has determined that market rented properties are investment properties.

— **Tangible fixed assets**
Other than investment properties, 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 on page 57.

— **Impairment of non-financial assets**
An impairment review of the Group's land and properties is undertaken when an impairment indicator is believed to have been triggered. The 2020/21 review did not result in the requirement for any material impairments.

— **Pension and other post-employment benefits**
The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and long term nature of these plans, such estimates are subject to considerable uncertainty and the Group relies on the expert input of actuaries. Further details of the assumptions made are provided in Note 26.

Supported housing

In addition to its own directly managed supported housing schemes, The Riverside Group owns a number of schemes that are run by outside agencies. Where The Riverside Group carries the financial risk all the scheme's income and expenditure is included in the statement of comprehensive income. Where the agency carries the financial risk only the income and expenditure which relates solely to The Riverside Group is included. Other income and expenditure of schemes in this category is excluded from the statement of comprehensive income.

Supporting People contract income

Supporting People (SP) contract income received from Administering Authorities is accounted for as income for support services in turnover in note 3 to the financial statements. The related support costs are matched against this income.

Service charges

Service charge income and costs are recognised on an accruals basis. The Group operates both fixed and variable service charges on a scheme by scheme basis in full consultation with residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered they are held as creditors or debtors in the statement of financial position.

Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the statement of financial position within creditors.

Turnover

Turnover comprises rental and service charge income receivable (net of void losses), certain revenue grants from local authorities and the Homes and Communities Agency, together with other income and income from the sale of shared ownership and other properties developed for outright sale. Income from property sales is recognised as receivable on the delivery of services provided.

Joint ventures

An entity is treated as a joint venture where the Group holds an interest and shares control under a contractual arrangement with one or more parties external to the Group.

In the Group accounts, joint ventures are accounted for using the equity method. The consolidated statement of comprehensive income includes the Group's share of the operating results, pre-tax results and attributable taxation of such undertakings based on audited financial statements. In the consolidated statement of financial position, the Group's share of the identifiable net assets attributable to its joint ventures are shown separately.

Principal pension accounting policies

During the course of the year The Group exited three defined benefit schemes. Effective from 1 April 2021 the Group now participates in two defined benefit schemes. The assets of the schemes are held separately from those of the Group.

The assets of the defined benefit pension schemes are measured using market values. The liabilities are measured using the projected unit method discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities.

The surpluses of the defined benefit pension schemes (to the extent that they are recoverable) or deficits are recognised in full. The movements in the schemes' surpluses/deficits are included in the statement of comprehensive income and shown in the statement of movement in reserves, under the heading actuarial gains and losses.

From 1 April 2021 The Group also contributes to a single defined contribution pension scheme. Under the defined contribution plan the Group pays fixed contributions into a separate entity (currently Legal & General) and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to the defined contribution pension scheme are recognised as an expense in the statement of comprehensive income periods during which services are rendered by employees.

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.

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.

Properties acquired in stock transfers are recognised at fair value.

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 the statement of comprehensive income 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 the statement of comprehensive income over the term of the lease.

Investment property

Investment property includes commercial and other properties not held for the social benefit of the Group. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the statement of comprehensive income.

Depreciation and impairment

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

Component	Useful Economic Life (years)
Structure – new build	100
Structure – rehabilitated	up to 50
Kitchens	20
Bathrooms	30
Roofs	60
Boilers	15
Full heating system	30
Windows and doors	25

Depreciation on non-housing property stock is charged on a straight-line basis over the expected useful economic lives of the assets at the following rates:

Asset	Useful Economic Life (years)
Freehold and long leasehold offices	15 to residual value
Office fixtures and fittings	10
Care and support scheme fixtures and fittings	3 – 25
IT equipment	3 – 5
Leasehold improvements	over the term of the lease

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

Improvement 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.

Impairment of non-financial assets

We do not perform an annual impairment review, we perform an impairment review as and when it is deemed required based on underlying triggers.

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

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

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

First tranche shared ownership sales

Shared ownership properties are split proportionally between current and fixed assets based on the first tranche proportion. First tranche proportions are accounted for as current assets and the related sales proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset so that any subsequent sale is treated as a part disposal of a fixed asset.

Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the fair value of the identifiable net assets acquired over the fair value of the consideration paid.

Goodwill is carried at cost less accumulated amortisation and impairment losses.

Amortisation is calculated on the straight line basis over estimated useful life, which is estimated at five years. The amortisation period and method is reviewed when events and circumstances indicate that the useful life may have changed since the last reporting date.

HomeBuy

The Group operates this scheme by lending a percentage of the cost to home purchasers, secured on the property. The loans are interest free and repayable only on the sale of the property. On a sale, the fixed percentage of the proceeds is repaid. The loans are financed by an equal amount of Social Housing Grant (SHG). On redemption:

- the SHG is recycled
- the SHG is written off if a loss occurs or
- the Group keeps any surplus.

Homebuy loans are treated as concessionary loans and are initially recognised as fixed asset investments in the statement of financial position at the amount paid to the purchaser and reviewed annually for impairment. The associated Homebuy grant from the HCA is recognised as deferred income within creditors until the loan is redeemed.

Properties for sale

Completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads.

Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Arrears

Debtors include the total rent and service charge arrears which is comprised of both current and former tenant arrears. Former tenant arrears are fully provided for in the financial statements at the point the tenant leaves the property. Current tenant arrears are provided for at specific rates according to the age of the debt.

Social Housing and other government grants

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and is recognised in Turnover over the estimated useful life of the associated asset, under the accruals model. Social Housing Grant (SHG) received for items of cost written off in the statement of comprehensive income is included as part of Turnover.

When SHG in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Group under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by the Homes and Communities Agency and Greater London Authority. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Non-monetary government grant

On disposal of assets for which non-monetary government grants are held as deferred income in the statement of financial position, the unamortised amount in creditors is derecognised and recognised as income in the statement of comprehensive income.

Recycling of Capital Grant

Where SHG is recycled, as described above, it is credited to a fund which appears as a creditor until used to fund the acquisition of new properties. Where recycled grant is known to be repayable it is shown as a creditor within one year.

Non government grants

Grants received from non-government 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 shown as deferred income until the conditions are met and then it is recognised as Turnover.

Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Capitalisation of costs

Costs relating to development of properties and IT systems are capitalised only to the extent that they are directly attributable to the development process and in bringing the properties or system to their intended use. Capitalised costs are written off over the useful economic life of the asset.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the normal value of the shares issued together with the fair value of any additional consideration.

Investments in unlisted company shares, which have been classified as fixed asset investments as the Group intends to hold them on a continuing basis, are re-measured to fair value at each statement of financial position date. Gains and losses on re-measurement are recognised in the statement of consolidated income for the period.

Investments in listed company shares, which have been classified as current asset investments, are re-measured to fair value at each statement of financial position date. Gain and losses on re-measurement are recognised in the statement of consolidated income for the period.

Current asset investments

Current asset investments include cash and cash equivalents invested for periods of more than 24 hours. They are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the statement of comprehensive income.

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.

Taxation

The charge for taxation is based on the surplus or deficit for the year. It takes into account deferred taxation arising from timing differences between the treatment of certain items for taxation and accounting purposes to the extent that a liability or asset is expected to be payable or receivable in the foreseeable future.

Loan issue costs and interest payable

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.

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

Financial Instruments

Financial assets and financial liabilities are measured at transaction price initially, less transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured without any deduction for transaction costs the entity may incur on sale or other disposal as follows:

- Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.
- Commitments to receive or make a loan to another entity which meet the conditions in para 11.8(c) of FRS 102 are measured at cost less impairment.

Financial instruments held by the Group are classified as follows:

- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method unless a quoted price is available, in which case they are held at fair value.
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method.
- Loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest method.
- Commitments to receive or make a loan to another entity which meet the conditions above are held at cost less impairment.
- An investment in another entity's equity instruments other than non-convertible preference shares and non-puttable ordinary and preference shares are held at fair value.
- Derivatives such as interest rate swaps are classified as financial assets or financial liabilities at fair value.

Financial assets and financial liabilities at fair value are classified using the following fair value hierarchy:

- The best evidence of fair value is a quoted price in an active market.
- When quoted prices are unavailable, the price of a recent transaction for an identical asset, adjusted to reflect any circumstances specific to the sale, such as a distress sale, if appropriate.
- Where there is no active market or recent transactions then a valuation technique is used to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

Hedging

Interest rate swaps relate to fixing variable rate interest and are therefore designated as cash flow hedges. A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable transaction, which could affect profit or loss. They are measured at fair value at each reporting date.

Gains and losses on cash flow hedges which are highly effective are recognised in other comprehensive income. Any ineffective portion of a gain or loss on cash flow hedges is recognised in profit or loss.

In order to apply hedge accounting, an economic relationship must exist between the hedged item and the hedging instrument. The Group must formally designate and document the hedging relationship at inception so that the risk being hedged, the hedged item and the hedging instrument are clearly identified, and the risk management objective for undertaking the hedge. It is also required to determine and document the causes of hedge ineffectiveness.

In a cash flow hedge, if the hedged future cash flows are no longer expected to occur, the amount that has been accumulated in the cash flow hedge reserve is reclassified from the cash flow hedge reserve to profit or loss immediately.

Service concession arrangements

The Group's Private Finance Initiatives (PFI) contracts with Sandwell Metropolitan Borough Council and Hull City Council meet the conditions of a service concession arrangement.

For service concession arrangements entered into after the date of transition to FRS 102 the service concession arrangements will be accounted for using the financial asset model whereby costs incurred in constructing the PFI assets are initially recognised as a financial asset at the fair value of the construction costs. Thereafter accounting is in accordance with FRS 102 section 11 "Basic Financial Instruments".

Service concession arrangements entered into before the date of transition to FRS 102 continue to be accounted for using the same accounting policies being applied at the date of transition to FRS 102.

Impairment of financial assets

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 consolidated 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 Turnover, operating costs and operating surplus

	Group 2021			
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus/(deficit) £'000
Social housing activities				
Lettings (note 3)	318,900	—	(263,022)	55,878
Other social housing activities				
Development for sale shared ownership	11,097	(10,720)	—	377
Management services	755	—	(130)	625
Community regeneration	27	—	(446)	(419)
Other	17,879	—	(2,158)	15,721
	348,658	**(10,720)**	**(265,756)**	**72,182**
Non-social housing activities				
Lettings (note 3)	2,932	—	(970)	1,962
Developments for outright sale	22,668	(22,714)	—	(46)
	25,600	(22,714)	(970)	1,916
Total	**374,258**	**(33,434)**	**(266,726)**	**74,098**

	2020			
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus/(deficit) £'000
Social housing activities				
Lettings (note 3)	303,531	—	(265,194)	38,337
Other social housing activities				
Development for sale shared ownership	9,322	(8,914)	—	408
Management services	668	—	(177)	491
Community regeneration	—	—	(296)	(296)
Other	16,551	—	(2,329)	14,222
	330,072	**(8,914)**	**(267,996)**	**53,162**
Non-social housing activities				
Lettings (note 3)	2,759	—	(1,440)	1,319
Developments for outright sale	22,823	(22,528)	—	295
Other	—	—	—	—
	25,582	(22,528)	(1,440)	1,614
Total	**355,654**	**(31,442)**	**(269,436)**	**54,776**

2 Turnover, operating costs and operating surplus – continued

	Association 2021			
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus/(deficit) £'000
Social housing activities				
Lettings (note 3)	308,181	—	(257,492)	50,689
Other social housing activities				
Development for sale shared ownership	11,097	(10,416)	—	681
Management services	755	—	(149)	606
Community regeneration	27	—	(672)	(645)
Other	15,617	—	(321)	15,296
	335,677	**(10,416)**	**(258,634)**	**66,627**
Non-social housing activities				
Lettings (note 3)	1,966	—	(890)	1,076
	1,966	—	(890)	1,076
Total	**337,643**	**(10,416)**	**(259,524)**	**67,703**

	2020			
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus/(deficit) £'000
Social housing activities				
Lettings (note 3)	276,228	—	(249,303)	26,925
Other social housing activities				
Development for sale shared ownership	9,322	(8,611)	—	711
Management services	668	—	(174)	494
Community regeneration	—	—	(283)	(283)
Other	14,219	—	518	14,737
	300,437	**(8,611)**	**(249,242)**	**42,584**
Non-social housing activities				
Lettings (note 3)	2,753	—	(1,275)	1,478
Development for outright sale	—	—	—	—
Other	—	—	—	—
	2,753	—	(1,275)	1,478
Total	**303,190**	**(8,611)**	**(250,517)**	**44,062**

3 Income and expenditure from social housing lettings

	Group					
	General housing £'000	Supported housing £'000	Shared ownership £'000	Key worker housing £'000	2021 Total £'000	2020 Total £'000
Income from lettings						
Rent receivable net of service charge income	187,023	40,296	6,751	146	234,216	225,585
Income for support services	1,049	29,148	—	—	30,197	26,657
Service charge receivable	8,086	34,377	—	193	42,656	39,078
Net rental income	**196,158**	**103,821**	**6,751**	**339**	**307,069**	**291,320**
Other revenue grants	243	165	—	—	408	130
Amortisation of government grants	7,516	3,530	377	—	11,423	12,081
Government grants taken to income	—	—	—	—	—	—
Turnover from lettings	**203,917**	**107,516**	**7,128**	**339**	**318,900**	**303,531**
Expenditure on lettings						
Management	(18,764)	(8,349)	—	251	(26,862)	(32,369)
Service charge costs and support services	(29,412)	(82,591)	(254)	205	(112,052)	(111,660)
Routine maintenance	(20,898)	(9,412)	(367)	(50)	(30,727)	(28,612)
Planned maintenance	(26,368)	(3,313)	(105)	(78)	(29,864)	(33,055)
Major repairs expenditure	(15,892)	(1,201)	(17)	(42)	(17,152)	(16,327)
Bad debts	(2,157)	(443)	(14)	(3)	(2,617)	(2,080)
Depreciation of housing properties	(34,194)	(8,337)	(1,097)	(5)	(43,633)	(39,987)
Impairment of housing properties	(115)	—	—	—	(115)	(1,104)
Operating costs on lettings	**(147,800)**	**(113,646)**	**(1,854)**	**278**	**(263,022)**	**(265,194)**
Operating surplus on social housing lettings	**56,117**	**(6,130)**	**5,274**	**617**	**55,878**	**38,337**
Void loss	(2,509)	(4,109)	(71)	—	(6,689)	(5,301)

	2021 £'000	2020 £'000
Particulars of turnover from non-social housing lettings		
Market rent	2,932	2,759
	2,932	**2,759**

3 Income and expenditure from social housing lettings – continued

	Association					
	General housing £'000	Supported housing £'000	Shared ownership £'000	Key worker housing £'000	2021 Total £'000	2020 Total £'000
Turnover from lettings						
Rent receivable net of service charge income	176,414	40,205	7,514	146	224,279	202,682
Income for support services	1,048	29,148	—	—	30,196	26,222
Service charges receivable	7,977	34,203	—	193	42,373	37,024
Net rental income	**185,439**	**103,556**	**7,514**	**339**	**296,848**	**265,928**
Other revenue grants	27	165	—	—	192	—
Amortisation of government grants	7,231	3,530	380	—	11,141	10,300
Government grants taken to income	—	—	—	—	—	—
Turnover from lettings	**192,697**	**107,251**	**7,894**	**339**	**308,181**	**276,228**
Expenditure on lettings						
Management	(17,892)	(8,155)	—	243	(25,804)	(27,369)
Service charge costs and support services	(27,694)	(80,035)	(298)	198	(107,829)	(106,565)
Routine maintenance	(40,588)	(9,150)	(363)	(48)	(50,149)	(48,259)
Planned maintenance	(15,169)	(3,223)	(105)	(75)	(18,572)	(19,407)
Major repairs expenditure	(9,129)	(1,087)	(17)	(41)	(10,274)	(9,569)
Bad debts	(2,083)	(443)	(14)	(3)	(2,543)	(1,984)
Depreciation of housing properties	(32,768)	(8,336)	(1,097)	(5)	(42,206)	(35,196)
Impairment of housing properties	(115)	—	—	—	(115)	(954)
Operating costs on lettings	**(145,438)**	**(110,429)**	**(1,894)**	**269**	**(257,492)**	**(249,303)**
Operating surplus on social housing lettings	**47,259**	**(3,178)**	**6,000**	**608**	**50,689**	**26,925**
Void loss	(2,474)	(4,109)	(71)	—	(6,654)	(5,282)

	2021 £'000	2020 £'000
Particulars of turnover from non-social housing lettings		
Market rent	1,966	2,753
	1,966	**2,753**

4 Directors' and senior staff emoluments

The Directors are defined for the purpose of this note as the members of the Board and Executive Directors of The Riverside Group Limited. Directors appointed after the end of the financial year are not included in the disclosure. This satisfies the definition included in the Accounting Direction for Private Registered Providers of Social Housing 2019.

The Executive Directors do not receive any chargeable benefits in kind other than company cars. The emoluments of the Directors are set out below. There are six Executive Directors included within the total below.

	Group	
	2021 £'000	**2020 £'000**
Emoluments (including pension contributions and benefits in kind)	1,300	1,219
Highest paid Director – Group Chief Executive Emoluments (excluding pension contributions)	235	228
Expenses reimbursed to Directors not chargeable to income tax	2	11

Total Director emoluments include members of the Board and Executive Directors of the Riverside Group Limited.

The emoluments (excluding pension contributions) paid to Executive and Non-Executive Directors were as follows:

Executive Directors	**2021 £'000**	**2020 £'000**
Carol Matthews CBE	235	228
Cris McGuinness	201	198
Patrick New	171	170
Joanne Lucy	156	143
Ian Gregg	154	145
John Glenton	143	126

The emoluments above exclude the following pension payments:
Four of the Directors received pensions payments of £66k (2020: £53k) and two received cash in lieu of pension payments of £43k (2020: £44k). The Group Board approved a policy for payment in lieu of pension payments at a rate which does not involve the Group incurring any greater cost than that of the individual's pension membership.

Directors' and senior staff emoluments – continued

Non-Executive Directors	2021 £'000	2020 £'000
Terrie Alafat CBE	30	—
Pauline Davis	19	19
Ingrid Fife	15	14
Peter White	15	15
Sandy Murray	13	2
Carlos Gregorio Ashmore[1]	11	—
Clarine Stenfert[1]	8	—
Erfanana Mahmood[1]	8	—
Lisa Tennant[1]	8	—
Tim Croston[1]	4	14
Jonathan Dale	—	10
Max Steinberg CBE	—	29
Michelle Dovey[1]	—	9

Key to numbering
1 The emoluments relate to part of the year.

The number of staff whose remuneration is £60,000 or more (including pension contributions) is disclosed below:

	2021	2020
£60,001 — £70,000	47	48
£70,001 — £80,000	35	32
£80,001 — £90,000	23	10
£90,001 — £100,000	8	11
£100,001 — £110,000	6	10
£110,001 — £120,000	8	5
£120,001 — £130,000	3	2
£130,001 — £140,000	1	2
£140,001 — £150,000	—	—
£150,001 — £160,000	1	1
	132	**121**

The salary bandings do not include Directors who are disclosed above or on the previous page.

5 Employee information

Staff numbers
The average number of persons (including the Executive Directors) employed during the year (based on 35-37.5 hours) was:

	Group	
	2021 Number	**2020 Number**
Full time equivalent	3,059	2,868

	2021 £'000	**2020 £'000**
Staff costs (for the above persons)		
Wages and salaries	91,980	90,153
Social security costs	8,852	8,213
Other pension costs	6,010	5,489
	106,842	**103,855**

Staff costs and numbers referred to above all relate to staff employed by The Riverside Group, but exclude staff costs and numbers employed by the managing agents at supported housing schemes.

FTEs for the Group and Association have increased by 7% and 12% respectively. This is due to the fact that a number of positions previously resourced by agency workers have been replaced with permanent members of staff.

The year-on-year increase in FTEs is more substantial in the case of the Association due to headcount related to Impact.

Impact is a former subsidiary of the Group which became part of the Association on 31 March 2020 as a result of a Transfer of Engagements. The prior year FTE numbers therefore include Impact within the Group only whilst in the current year they are also reflected within the disclosure for the Association.

The total amount of severance and redundancy payments made during the year was £0.9m (2020: £1.75m).

	Association	
	2021 Number	**2020 Number**
Full time equivalent	2,382	2,123

	2021 £'000	**2020 £'000**
Staff costs (for the above persons)		
Wages and salaries	76,942	67,443
Social security costs	7,215	6,074
Other pension costs	5,117	4,409
	89,274	**77,926**

The total amount of severance and redundancy payments made during the year was £0.9m (2020:£1.75m).

6 Gain on the sale of fixed assets

	Group	
	2021 £'000	2020 £'000
Proceeds of sales	10,172	10,610
Cost of sales	(6,067)	(5,793)
Surplus on sale of property	**4,105**	**4,817**

	Association	
	2021 £'000	2020 £'000
Proceeds of sales	10,172	9,879
Cost of sales	(6,067)	(5,415)
Surplus on sale of property	**4,105**	**4,464**

Surplus on sale of property includes shared ownership staircasing sales surplus of £594k (2020: £817k).

7 Interest receivable and other income

	Group	
	2021 £'000	2020 £'000
Bank and other interest receivable	7,180	5,878
Income from listed investments	185	1,886
	7,365	**7,764**

	Association	
	2021 £'000	2020 £'000
Bank and other interest receivable	2,187	2,673
Income from listed investments	130	1,886
Intercompany interest from subsidiaries	2,430	1,445
	4,747	**6,004**

8 Interest payable and similar charges

	Group 2021 £'000	Group 2020 £'000
Bank loans and overdrafts	17,372	16,694
Other loans	19,601	21,145
Other interest payable	1,430	1,119
Pension costs	412	1,017
Finance costs	1,310	1,372
	40,125	**41,347**

	Association 2021 £'000	Association 2020 £'000
Bank loans and overdrafts	16,209	14,584
Other loans	17,215	18,150
Other interest payable	1,379	838
Pension costs	412	877
Finance costs	1,296	1,345
	36,511	**35,794**

9 Surplus on ordinary activities

	Group	
	2021	**2020**
	£'000	**£'000**
Surplus on ordinary activities is stated after charging:		
Depreciation for the year		
Housing properties	41,786	38,406
Other tangible fixed assets	4,412	4,735
Amortisation of government grant	(22,562)	(10,466)
Impairment charge/(credit) for the year		
Housing properties	115	1,174
Released on disposal	(45)	(370)
Auditors' remuneration		
For audit services	250	178
For non-audit services		
— pension advisory	—	—
— other	3	8
Operating lease rentals		
Land and buildings	2,191	2,515
Other	548	761

	Association	
	2021	**2020**
	£'000	**£'000**
Surplus on ordinary activities is stated after charging:		
Depreciation for the year		
Housing properties	40,383	33,969
Other tangible fixed assets	4,267	4,346
Amortisation of government grant	(22,278)	(10,256)
Impairment charge/(credit) for the year		
Housing properties	115	1,024
Released on disposal	(45)	(370)
Auditors' remuneration		
For audit services	189	116
For non-audit services		
— pension advisory	—	—
— other	3	8
Operating lease rentals		
Land and buildings	2,030	2,205
Other	507	730

10 Tax on surplus on ordinary activities

	Group	
	2021 £'000	2020 £'000
Analysis of charge in period		
Current tax charge	—	—
Deferred tax charge/(credit)	134	(4)
Total tax charge/(credit)	**134**	**(4)**

Factors affecting tax charge for period
The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19 %. The differences are explained below:

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	49,112	28,850
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19 % (2020: 19 %)	9,331	5,482
Effects of:		
Expenses not deductible for tax purposes	—	—
Profits exempt from tax due to charitable exemption	(9,979)	(5,285)
Acquisition of subsidiary	—	—
Prior year deferred tax	—	—
Effect on profit from Joint Ventures	7	(133)
Rate change	775	(68)
Total charge	**134**	**(4)**

Deferred taxation
The movement in the year is as follows:

	2021 £'000	2020 £'000
At the beginning of the year	(582)	(577)
Charge for the year	134	(4)
Prior year	—	(1)
At the end of the year	**(448)**	**(582)**

The elements of the deferred tax asset and amounts not provided are as follows:	Provided £'000	Unprovided £,000
Difference between accumulated depreciation and capital allowances	3	—
Losses	(360)	—
Other timing differences	(78)	—
	(435)	**—**

10 Tax on surplus on ordinary activities – continued

Factors affecting tax charge for period
The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19 %. The differences are explained below:

	Association	
	2021	**2020**
	£'000	**£'000**
Profit on ordinary activities before tax	44,997	18,999
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19 % (2020: 19 %)	8,549	3,610
Effects of:		
Profits exempt from tax as a result of charitable exemption	(8,549)	(3,610)
Current tax	—	—

11 Fixed assets

	Group				
	Social housing properties held for letting £'000	Social housing properties under construction £'000	Completed shared ownership properties £'000	Shared ownership properties under construction £'000	Total properties £'000
Cost					
At 1 April 2020	2,440,464	50,648	125,558	17,466	2,634,136
Schemes completed	34,116	(34,116)	19,282	(19,282)	—
Additions	11,057	57,808	769	13,643	83,277
Improvements to existing properties	19,339	—	—	—	19,339
Disposal of properties	(7,641)	—	(3,986)	—	(11,627)
Accelerated replacement of components	(5,510)	—	—	—	(5,510)
Reclassification	341	—	—	—	341
At 31 March 2021	**2,492,166**	**74,340**	**141,623**	**11,827**	**2,719,956**
Depreciation and impairment					
At 1 April 2020	482,039	—	5,978	295	488,312
Charge for the year	40,603	—	1,183	—	41,786
Eliminated in respect of disposals	(5,915)	—	(155)	—	(6,070)
Impairment charge	115	—	—	—	115
Impairment released on disposals	(9)	—	(36)	—	(45)
Reclassification	117	—	295	(295)	117
At 31 March 2021	**516,950**	**—**	**7,265**	—	**524,215**
Net book value at 31 March 2021	**1,975,216**	**74,340**	**134,358**	**11,827**	**2,195,741**
Net book value at 31 March 2020	1,958,425	50,648	119,580	17,171	2,145,824

Improvements to existing properties consist of £19m (2020: £36m) capitalised costs in addition to £7.7m (2020: £7.1m) non-capitalised improvements, which have been charged to the income and expenditure account.

The net book value of tangible fixed assets includes £Nil (2020: £Nil) in respect of assets held under finance leases.

11 Fixed assets – continued

	Group Scheme fixtures and fittings £'000	Freehold and long leasehold offices £'000	Fixtures vehicles and computer equipment £'000	Total other fixed assets £'000
Cost				
At 1 April 2020	23,710	9,632	10,289	43,631
Additions	11,051	—	926	11,977
Disposals	(1,071)	(1,093)	(2,413)	(4,577)
Reclassification	(360)	—	(314)	(674)
At 31 March 2021	**33,330**	**8,539**	**8,488**	**50,357**
Depreciation and impairment				
At 1 April 2020	7,938	4,716	5,886	18,540
Charge for the year	2,748	187	1,477	4,412
Eliminated in respect of disposals	(898)	(1,093)	(2,410)	(4,401)
Reclassification	(117)	—	(135)	(252)
At 31 March 2021	**9,671**	**3,810**	**4,818**	**18,299**
Net book value at 31 March 2021	**23,659**	**4,729**	**3,670**	**32,058**
Net book value at 31 March 2020	15,772	4,916	4,403	25,091

Intangible fixed assets – Group and Association	Completed £000	Work in Progress £000	Totals £'000
Cost			
At 1 April 2020	13,209	5,379	18,588
Additions	—	7,847	7,847
Disposals	(80)	—	(80)
Reclassification	6,035	(5,702)	333
At 31 March 2021	**19,164**	**7,524**	**26,688**
Amortisation			
At 1 April 2020	3,963	—	3,963
Charge for the year	2,782	—	2,782
Eliminated in respect of disposals	(80)	—	(80)
Reclassification	136	—	136
At 31 March 2021	**6,801**	**—**	**6,801**
Net book value at 31 March 2021	**12,363**	**7,524**	**19,887**
Net book value at 31 March 2020	9,246	5,379	14,625

11 Fixed assets – continued

	Association				
	Social housing properties held for letting £'000	Social housing properties under construction £'000	Completed shared ownership properties £'000	Shared ownership properties under construction £'000	Total properties £'000
Cost					
At 1 April 2020	2,326,211	49,483	129,014	14,011	2,518,719
Schemes completed	34,124	(34,124)	19,282	(19,282)	—
Additions	11,063	56,916	769	13,643	82,391
Improvements to existing properties	17,403	—	—	—	17,403
Disposal of properties	(7,641)	—	(3,986)	—	(11,627)
Accelerated replacement of components	(5,465)	—	—	—	(5,465)
Reclassification	341	—	—	—	341
At 31 March 2021	**2,376,036**	**72,275**	**145,079**	**8,372**	**2,601,762**
Depreciation and impairment					
At 1 April 2020	466,993	—	4,918	—	471,911
Charge for the year	39,200	—	1,183	—	40,383
Eliminated in respect of disposals	(5,892)	—	(155)	—	(6,047)
Impairment charge	115	—	—	—	115
Impairment released on disposals	(9)	—	(36)	—	(45)
Reclassification	117	—	—	—	117
At 31 March 2021	**500,524**	—	5,910	—	506,434
Net book value at 31 March 2021	**1,875,512**	**72,275**	**139,169**	**8,372**	**2,095,328**
Net book value at 31 March 2020	1,859,218	49,483	124,096	14,011	2,046,808

Improvements to existing properties consist of £17m (2020: £34m) capitalised costs in addition to £7.2m (2020: £6.5m) non-capitalised improvements, which have been charged to the income and expenditure account.

The net book value of tangible fixed assets includes £Nil (2020: £Nil) in respect of assets held under finance leases.

11 Fixed assets – continued

	Association			
	Scheme fixtures and fittings £'000	Freehold and long leasehold offices £'000	Fixtures vehicles and computer equipment £'000	Total other fixed assets £'000
Cost				
At 1 April 2020	21,610	9,229	11,474	42,313
Additions	10,971	—	914	11,885
Disposals	(1,071)	(760)	(2,205)	(4,036)
Reclassification	(360)	—	(314)	(674)
At 31 March 2021	**31,150**	**8,469**	**9,869**	**49,488**
Depreciation and impairment				
At 1 April 2020	6,929	4,354	6,691	17,974
Charge for the year	2,673	179	1,415	4,267
Eliminated in respect of disposals	(898)	(760)	(2,202)	(3,860)
Reclassification	(117)	—	(135)	(252)
At 31 March 2021	**8,587**	**3,773**	**5,769**	**18,129**
Net book value at 31 March 2021	**22,563**	**4,696**	**4,100**	**31,359**
Net book value at 31 March 2020	14,681	4,875	4,783	24,339

Intangible fixed assets – Group and Association	Completed £000	Work in Progress £000	Totals £'000
Cost			
At 1 April 2020	13,209	5,379	18,588
Additions	—	7,847	7,847
Disposals	(80)	—	(80)
Reclassification	6,035	(5,702)	333
At 31 March 2021	**19,164**	**7,524**	**26,688**
Amortisation			
At 1 April 2020	3,963	—	3,963
Charge for the year	2,782	—	2,782
Eliminated in respect of disposals	(80)	—	(80)
Reclassification	136	—	136
At 31 March 2021	**6,801**	**—**	**6,801**
Net book value at 31 March 2021	**12,363**	**7,524**	**19,887**
Net book value at 31 March 2020	9,246	5,379	14,625

11 Fixed assets – continued

Housing properties and offices include freehold and long leasehold land and buildings as analysed below:

	Group 2021 £'000	Group 2020 £'000
Housing Properties		
Freehold	2,195,732	2,149,248
Long leasehold	9	19
	2,195,741	**2,149,267**
Offices		
Freehold	4,573	3,925
Long leasehold	157	195
	4,730	**4,120**

	Association 2021 £'000	Association 2020 £'000
Housing Properties		
Freehold	2,095,319	2,051,972
Long leasehold	9	10
	2,095,328	**2,051,982**
Offices		
Freehold	4,573	3,925
Long leasehold	157	154
	4,730	**4,079**

12 Investments

A. Fixed assets

Name of undertaking	Nature of undertaking	Principal activity
The Compendium Group Limited[1]	Joint Venture company incorporated and limited by shares under the Companies Act 1985	Strategic urban regeneration and development
Donald Bates Charity[5]	Charitable Trust	Management of sheltered housing
ECHG (Harrow) Homes plc[5]	Public Limited Company limited by shares under the Companies Act 1985	Property investment
ECHG (Kensington & Chelsea) Homes plc[5]	Public Limited Company	Property investment
ECHG (No. 1) Limited[5]	A charitable Registered Society under the Co-operative and Community Benefit Societies Act 2014	Property investment
Riverside Urban Services Limited[2]	Company incorporated and limited by guarantee under the Companies Act 1985-2006	Leasing of office premises
Eleanor Godfrey Crittall Charity	Charitable Trust	Management of sheltered housing
Eventide Homes Trust	Charitable Trust	Management of supported housing
Evolve Facility Services Limited	Private company limited by shares under the Companies Act 2006	Property maintenance
Irvine Housing Association Limited	Registered Society and Scottish Registered Charity under the Co-operative and Community Benefits Societies 2014	Registered provider of social housing
Naylands (51-68) Limited[3]	Private company limited by shares under the Companies Act 1985	Property management
Prospect (GB) Limited	Company incorporated and limited by shares under the Companies Act 1985	Property development and investment
Riverside Consultancy Services Limited	Company incorporated and limited by shares under the Companies Act 1985	Design and build services
Riverside Finance plc	Public Limited Company incorporated under the Companies Act 2006	Bond issuance
Riverside Estuary Limited	Private charitable company limited by shares under the Companies Act 1985	Construction and management of Extra Care homes
Riverside Regeneration Limited	Company incorporated and limited by shares under the Companies Act 1985	Investment in Stanton Cross LLP
Riverside Regeneration (Lambeth) Limited	Company incorporated and limited by shares under the Companies Act 1985	Urban regeneration initiatives
The St. Michael's Housing Trust	Registered charity and registered provider	Management of supported housing
Riverside Regeneration (Bromley) Limited	Company incorporated and limited by shares under the Companies Act 1985	Urban regeneration initiatives
Riverside Regeneration (London) Limited	Company incorporated and limited by shares under the Companies Act 1985	Urban regeneration initiatives
Skylight Lettings[4]	Joint venture company incorporated and limited by shares under the Companies Act 1985	Ethical lettings agency

Key to numbering

1 Entity is 50% owned by The Riverside Group Limited.
2 Company was dissolved on 29 December 2020.
3 Entity is 77% owned by The Riverside Group Limited.
4 Entity is owned 33.3% by The Riverside Group Limited.
5 Entity is dormant

All other undertakings are 100% owned by The Riverside Group Limited.

12 Investments – continued

	Group	
	2021 £'000	2020 £'000
Fixed assets		
Other	2,321	2,314
Investment in joint ventures (see (i) below)	46,628	43,819
Investment properties (see (ii) below)	1,364	1,186
Homebuy equity loans	1,160	1,061
	51,473	**48,380**
Current assets		
Charged bank accounts	41,602	41,515
	41,602	**41,515**
Total investments	**93,075**	**89,895**

(i) Group share of net assets and liabilities of joint ventures		
Compendium Group Limited	3,091	2,325
Stanton Cross Developments LLP	41,879	41,194
Regeneration Lambeth Limited	1,474	300
Skylight Lettings	184	—
	46,628	**43,819**

Investment in Compendium Group Limited is £1.3m and the Group share of profit was £1.8m.
Riverside Regeneration Limited invested £39.1m in Stanton Cross Development LLP for the development of homes on the Stanton Cross site. The Group share of profit was £2.8m. Riverside Regeneration Lambeth Limited invested £1.5m in Lambeth Regeneration LLP for the development of homes on the Bellway site. Investment in Skylight Lettings was £0.2m in the year.

	Association	
	2021 £'000	2020 £'000
Fixed assets		
Other	2,036	2,084
Investment in subsidiaries	78,849	74,943
Investment in joint ventures	1,469	1,285
Investment properties (see (ii) below)	1,364	1,186
Homebuy equity loans	203	220
	83,921	**79,718**
Current assets		
Charged bank accounts	39,950	38,344
	39,950	**38,344**
Total investments	**123,871**	**118,062**

12 Investments – continued

	Group and Association 2021 £'000	2020 £'000
(ii) Investment properties		
Valuation at 1 April 2020	1,186	1,190
Revaluation	178	(4)
Valuation at 31 March 2021	**1,364**	**1,186**

13 Debtors

	Group 2021 £'000	Group 2020 £'000
Amounts falling due after more than one year:	**6,206**	**7,920**
Amounts falling due within one year:		
Rent and service charge arrears	20,338	22,297
Less: provision for bad and doubtful debts	(8,068)	(10,604)
Net rental debtors	**12,270**	**11,693**
Other debtors	108,858	120,748
Prepayments and accrued income	10,111	11,849
Deferred tax	—	—
Amount due from joint venture	1,684	5,658
Total amounts falling due within one year	**132,923**	**149,948**

Included in debtors due after more than one year is £3.7m (2020: £4.5m) representing the obligation of the local authorities that transferred stock to the Group to have improvement work carried out to the properties. The Group is contracted by the local authorities to carry out these improvement works on their behalf. A further £2.5m (2020: £3.4m) is held in respect of the ongoing Fire Risk Assessment programme.

	Association 2021 £'000	Association 2020 £'000
Amounts falling due after more than one year:		
Improvement programmes	6,206	7,920
Intra group debtors	10,268	23,890
	16,474	**31,810**
Amounts falling due within one year:		
Rent and service charge arrears	18,819	20,799
Less: provision for bad and doubtful debts	(7,672)	(10,208)
Net rental debtors	**11,147**	**10,591**
Other debtors	40,729	50,739
Prepayments and accrued income	9,526	11,510
Total amounts falling due within one year	**61,402**	**72,840**

14 Properties for sale

	Group	
	2021	2020
	£'000	£'000
Properties under construction – outright sales	13,358	21,352
Properties under construction – shared ownership	6,153	6,466
Completed properties – outright sales	—	3,675
Completed properties – shared ownership	11,934	11,002
	31,445	**42,495**

	Association	
	2021	2020
	£'000	£'000
Properties under construction – shared ownership	4,436	6,466
Completed properties – shared ownership	11,934	11,002
	16,370	**17,468**

15 Creditors: amounts falling due within one year

	Group	
	2021	2020
	£'000	£'000
Bank and other loans (see note 17)	18,344	19,850
Trade creditors	11,882	10,833
Rent and service charges received in advance	9,060	7,788
Social Housing Grant received in advance	12,944	15,819
Other creditors	29,499	32,839
Recycled Capital Grant Fund (see note 16a)	4,422	12,369
Accruals and deferred income	48,535	67,729
Grant on Homebuy equity loans	1,061	1,061
Amortisation of grant	11,425	10,466
	147,172	**178,754**

	Association	
	2021	2020
	£'000	£'000
Bank and other loans (see note 17)	15,881	17,406
Trade creditors	8,060	7,465
Rent and service charges received in advance	8,541	7,351
Social Housing Grant received in advance	12,845	15,720
Other creditors	29,252	31,835
Recycled Capital Grant Fund (see note 16a)	4,422	12,369
Accruals and deferred income	37,207	55,278
Intra group creditors	14,249	14,625
Grant on Homebuy equity loans	219	219
Amortisation of grant	11,141	10,256
	141,817	**172,524**

Social Housing Grant received in advance will be utilised against the related capital expenditure during the next twelve months. Deferred government grant received from Homes England is initially stated at fair value as a long term liability and is amortised as income over the life of the structure of properties.

16 Creditors: amounts falling due after more than one year

	Group 2021 £'000	Group 2020 £'000
Long term loans (see note 17)	957,135	976,960
Recycled Capital Grant Fund (see note 16a)	2,717	3,754
Deferred Capital Grant (note 16b)	1,001,377	971,872
Accumulated amortisation of grant (note 16b)	(233,270)	(211,708)
Amortisation of grant due in one year	(11,425)	(10,466)
Fair value of derivatives	13,124	17,646
Other	—	1,463
	1,729,658	**1,749,521**

	Association 2021 £'000	Association 2020 £'000
Long term loans (see note 17)	868,755	884,550
Recycled Capital Grant Fund (see note 16a)	2,717	3,754
Deferred Capital Grant (note 16b)	968,053	939,348
Accumulated amortisation of grant (note 16b)	(229,659)	(208,381)
Amortisation of grant due in one year	(11,141)	(10,256)
Fair value of derivatives	13,124	17,646
Other	—	1,523
	1,611,849	**1,628,184**

Long term loans are secured by fixed charges on properties.

16a Creditors: analysis of disposal proceeds fund and recycled capital grant fund

	2021 £'000	2020 £'000
Recycled Capital Grant Fund		
Opening balance	16,123	25,207
Inputs to RCGF:		
Grants recycled	1,614	971
Interest accrued	11	22
Recycling of grant:		
Newbuild	(10,609)	(10,077)
Closing balance	**7,139**	**16,123**

No amounts are due for repayment to Homes England.

16b Deferred Capital Grant

	Group	
	2021 £'000	2020 £'000
Deferred capital grant		
At start of the year	971,872	957,207
Grant received in the year	22,714	16,481
Disposals	(4,346)	(1,816)
Reclassification	11,137	—
As at 31 March 2021	**1,001,377**	**971,872**
Amortisation at start of the year	(211,708)	(201,694)
Released to income	(11,425)	(10,466)
Released to disposals	1,000	452
Reclassification	(11,137)	—
As at 31 March 2021	**(233,270)**	**(211,708)**

Amounts due to be released within one year £11,425k.
Amounts due to be released after more than one year £1,001,377k.

	Association	
	2021 £'000	2020 £'000
Deferred capital grant		
At start of the year	939,348	849,333
Grant received in the year	21,914	91,841
Disposals	(4,346)	(1,826)
Reclassification	11,137	—
As at 31 March 2021	**968,053**	**939,348**
Amortisation at start of the year	(208,381)	(198,577)
Released to income	(11,141)	(10,256)
Released to disposals	1,000	452
Reclassification	(11,137)	—
As at 31 March 2021	**(229,659)**	**(208,381)**

Amounts due to be released within one year £11,141k.
Amounts due to be released after more than one year £968,053k.

Reclassification of £11.14m relating to the amortisation balance for Impact upon Group reconstruction.

17 Debt analysis

	Group	
	2021 £'000	2020 £'000
Due within one year		
Bank loans	14,579	16,138
Other loans	3,765	3,712
Total due within one year	**18,344**	**19,850**
Due after more than one year		
Bank loans	528,380	556,460
Local authority loans	25	92
Other loans	180,930	169,686
Less finance costs capitalised	(9,622)	(6,900)
	699,713	**719,338**
Bond	250,000	250,000
Premium/Discount on issue	8,839	9,099
Bond issue costs	(1,417)	(1,477)
Net bond balance	**257,422**	**257,622**
Total due after more than one year	**957,135**	**976,960**

The loans and bond are secured by way of a first fixed charge over assets of the Group.

Bank loans are repaid in instalments at a combination of fixed and variable rates of interest inclusive of lending margins of between 0.62 % and 1.80 %. The instalments fall to be repaid in the periods 2021 to 2046.

Other loans are repayable in instalments at fixed rates of interest of between 2.89 % and 8.80 %. The instalments fall to be repaid in the periods 2021 to 2046.

The bond is repayable in one instalment in 2045. Fixed interest is payable at 3.9 %.

	2021 £'000	2020 £'000
Debt maturity profile		
In one year or less	18,344	19,850
Between one and two years	67,814	19,604
Between two and five years	149,272	237,070
In five years or more	742,249	719,564
	977,679	**996,088**
Less:		
Loans due in one year or less	(18,344)	(19,850)
Finance costs capitalised	(11,039)	(8,377)
Discount on issue of bond	8,839	9,099
	957,135	**976,960**

Debt analysis – continued

	Association 2021 £'000	Association 2020 £'000
Due within one year		
Bank loans	14,579	16,138
Other loans	1,302	1,268
Total due within one year	**15,881**	**17,406**
Due after more than one year		
Bank loans	495,227	523,306
Local authority loans	25	92
Other loans	124,314	110,608
Less finance costs capitalised	(8,233)	(7,078)
	611,333	**626,928**
Bond	250,000	250,000
Premium/(Discount) on issue	8,839	9,099
Bond issue costs	(1,417)	(1,477)
Net bond balance	**257,422**	**257,622**
Total due after more than one year	**868,755**	**884,550**

The loans and bond are secured by way of a first fixed charge over assets of the Group.

Bank loans are repaid in instalments at a combination of fixed and variable rates of interest inclusive of lending margins of between 0.58 % and 1.80 %. The instalments fall to be repaid in the periods 2021 to 2046.

Other loans are repayable in instalments at fixed rates of interest of between 2.89 % and 8.80 %. The instalments fall to be repaid in the periods 2021 to 2046.

The bond is repayable in one instalment in 2045. Fixed interest is payable at 3.9 %.

	2021 £'000	2020 £'000
Debt maturity profile		
In one year or less	15,881	17,406
Between one and two years	65,347	17,142
Between two and five years	141,757	229,557
In five years or more	662,462	637,307
	885,447	**901,412**
Less:		
Loans due in one year or less	(15,881)	(17,406)
Finance costs capitalised	(9,650)	(8,555)
Discount on issue of bond	8,839	9,099
	868,755	**884,550**

17a Borrowing facilities

Borrowing facilities
Undrawn committed borrowing facilities at 31 March 2021 were as follows:

	Group	
	2021 £'000	**2020 £'000**
Expiring in one year or less	11,000	61,005
Expiring between one and five years	200,000	72,000
Expiring in more than five years	225,000	127,000
	436,000	**260,005**

In the financial year ended 31 March 2021, all undrawn committed borrowing facilities were fully secured (2020: £0m of undrawn facilities remained to be secured before the facility could be utilised).

	Association	
	2021 £'000	**2020 £'000**
Expiring in one year or less	11,000	61,005
Expiring between one and two years	200,000	72,000
Expiring in more than two years	225,000	122,000
	436,000	**255,005**

In the financial year ended 31 March 2021, all undrawn committed borrowing facilities were fully secured (2020: £0m of undrawn facilities remained to be secured before the facility could be utilised).

18 Financial instruments and risk management

A. Carrying amount of financial instruments

The carrying value of the financial assets and liabilities include:

	Group 2021 £'000	Group 2020 £'000	Association 2021 £'000	Association 2020 £'000
Assets at fair value through profit or loss				
Fixed asset investments (Note 12)	48,949	45,763	2,036	2,084
Assets measured at amortised cost				
Fixed asset investments (Note 12)	1,160	1,061	203	220
Current asset investments (Note 12)	41,602	41,515	39,950	38,344
Debtors (Note 13)	122,885	138,099	51,876	61,330
Cash and cash equivalents	20,804	62,096	17,295	61,558
Liabilities measured at amortised cost				
Loans (Notes 15, 16 and 17)	(975,479)	(996,810)	(884,636)	(901,956)
Trade creditors (Notes 15 and 16)	(112,100)	(120,652)	(96,184)	(103,452)
Derivatives				
Designated as hedges (Note 16)	(13,124)	(17,646)	(13,124)	(17,646)
	(865,303)	**(846,574)**	**(882,584)**	**(859,518)**

B. Financial instruments measured at fair value

Where financial instruments are measured in the statement of financial position at fair value, disclosure of fair value measurements by level is required, in accordance with the following fair value measurement hierarchy;

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (from prices) or indirectly (that is derived from prices).

Level 3 – Inputs from the asset or liability that are not based on observable market data (that is, unobservable inputs).

Investments measured at fair value through profit and loss comprise investments in bonds and funds investing in UK stocks. The fair value is determined by reference to their market price.

Derivative financial instruments are interest rate swaps designed to hedge the interest rate risk associated with the variability of cashflows on variable rate loans. All of the Group's derivatives are carried at fair value. Fair value measurement is provided by the Group's external advisors and is categorised as Level 2. The valuation techniques include discounted cash flow pricing models with observable inputs. The most significant inputs into those models are interest rate yield curves, developed from publicly quoted rates and market available information. All valuations have been compared to similar market transactions or alternative third-party pricing services to ensure current market conditions are properly represented.

For all other financial instruments fair value equates to book value.

C. Hedge accounting

Periods in which the cash flows associated with hedge accounting are expected to occur.

	Group and Association			
	2021		2020	
	£'000 Assets	£'000 Liabilities	£'000 Assets	£'000 Liabilities
Interest rate swaps				
In one year or less	123	(4,013)	452	(4,251)
Between one and two years	292	(3,224)	356	(4,013)
Between two and three years	468	(2,573)	393	(3,224)
Between three and five years	1,325	(4,786)	855	(5,744)
In five years or more	1,001	(2,056)	730	(3,672)
Total	**3,209**	**(16,652)**	**2,786**	**(20,904)**

	Group and Association	
	2021 £'000	2020 £'000
Nominal values of the above		
Cash flow hedge	122,619	137,705
Total	**122,619**	**137,705**

D. Risk

The main risks arising from the from the Group's financial instruments are liquidity risk, interest rate risk, credit and counterparty risk, and market risk.

Liquidity Risk
The Group will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it all times to have the level of funds available to it which are necessary for the achievement of its business objectives.

The Group has a policy to maintain sufficient liquidity:

i) In cash to cover the next one months forecast net cash requirement;
ii) In cash and committed loan facilities capable of immediate drawdown to cover the next twelve months forecast net cash requirement, including an estimate of cash collateral requirements;
iii) In cash and committed loan facilities (whether or not capable of immediate drawdown) to cover the higher of committed development spend and the next eighteen months forecast net cash requirement, including an estimate of cash collateral requirements.

Interest Rate Risk
The Group has a policy of managing its exposure to fluctuations in interest rates so as to minimise any detrimental impact on its budgeted expenditure and income levels. In respect of its borrowings the Group is risk adverse and will endeavour to ensure that its borrowings contain a mix of fixed and variable interest rate structures. The optimum mix will be determined in the Annual Treasury Strategy.

Variable rates include borrowing linked to LIBOR and borrowings linked to an index. Fixed rate interest includes borrowing in relation to which the interest rate has been fixed in excess of twelve months.

The Chief Financial Officer is responsible for monitoring the Group's interest rate risk exposures and in managing this risk they will pay due regards to:

— minimising the risk of future covenant breach;
— current interest rate levels and the structure of the interest rate market;
— current interest rates and inflation compared with historic trends;
— anticipated future trend movements;
— the impact on revenue of estimated movements in interest rate and inflation trends;
— sensitivity of revenue to movement in interest rates and inflation trends; and
— policy and/or budgetary implications.

The Group has adopted the wider constitutional rule permitting the use of interest rate derivatives to manage its interest rate exposures. The Group will only use derivatives for managing interest rate and inflation risk and not for speculative purposes. All derivative transactions will be subject to standard ISDA documentation.

The Chief Financial Officer will monitor the mark to market of derivatives and ensure sufficient security is available to meet any requirements.

Credit and Counterparty risk
Credit risk applies to all debtor balances, the majority relating to tenant and other arrears. There are dedicated teams assigned to manage the recovery of these arrears which are reported monthly as one of the Group's key performance indicators.

The Group Treasury Policy specifies minimum credit ratings for counterparties. The Chief Financial Officer monitors the credit quality of all counterparties and if the credit rating of a counterparty is downgraded below the minimum requirement it is reported to the Group Board with appropriate recommendations, which might include proposals to cease investing surplus funds, to refinance loans or unwind a derivative position.

If possible the Group will spread transactions over a number of financial institutions at a level appropriate to their efficient management.

Market Risk
The Group seeks to ensure that its treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will seek to protect itself from the effects of such fluctuations.

19 Deferred income

Deferred income represents the amount received by the Association and Group in excess of nominal value of the bond. This includes £8.2m for the AHF Bond and £0.8m for the £25m THFC loan. These amounts are being released over the life of the loan and the balances at 31 March 2021 are £6.7m and £0.6m respectively.

20 Share capital

	Group and Association	
	2021	**2020**
	£	**£**
At 1 April 2020	34	23
Appointed in year	5	15
Resigned in year	(3)	(4)
At 31 March 2021	**36**	**34**

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

	Group 2021 £'000	2020 £'000
Operating surplus	78,203	59,593
Depreciation and impairment	46,178	42,562
Increase in other debtors and prepayments	19,241	18,352
Increase in other creditors and accruals	(11,119)	10,297
Decrease in rent arrears	(576)	11
Fixed asset disposals	32,390	11,064
Amortisation of grant	(10,425)	(10,845)
Net cash inflow from operating activities	**153,892**	**131,034**

22 Reconciliation of net cash flow to movement in net debt

	Group 2021 £'000	2020 £'000
Increase/(decrease) in cash in the year	(41,292)	(43,898)
Increase in loans	21,331	(134,994)
(Decrease)/increase in liquid resources	87	4,667
Change in net debt resulting from cash flows	**(19,874)**	**(174,225)**
	(19,874)	**(174,225)**
Net debt at 1 April 2020	(893,199)	(718,974)
Net debt at 31 March 2021 (see note 23)	**(913,073)**	**(893,199)**

23 Analysis of net debt

	Group		
	1 April 2020 £'000	Cash flows £'000	31 March 2021 £'000
Cash at bank and in hand	62,096	(41,292)	20,804
Loans due within one year (see note 15)	(19,850)	1,506	(18,344)
Loans due after one year (see note 17)	(976,960)	19,825	(957,135)
Current asset investments (see note 18)	41,515	87	41,602
Total	**(893,199)**	**(19,874)**	**(913,073)**

24 Capital commitments

	Group and Association	
	2021 £'000	2020 £'000
Capital expenditure that has been contracted for but which has not been provided for in the financial statements	169,861	75,431
Capital expenditure that has been authorised by the Board but which has not yet been contracted for	26,791	8,433
Income to be generated from the above expenditure contracted not provided for	27,797	32,672
Income to be generated from the above expenditure authorised by the Board	4,104	—

The remaining commitments will be fully financed from internal cash resources and existing loan facilities as required.

25 Financial commitments

At 31 March 2021 commitments under non-cancellable operating leases were as follows:

	Group			
	2021		2020	
	Land & buildings £'000	Other £,000	Land & buildings £'000	Other £,000
Not greater than one year	994	321	1,179	398
Between one and five years	1,039	227	1,169	363
Later than five years	158	—	167	—
	2,191	**548**	**2,515**	**761**

	Association			
	2021		2020	
	Land & buildings £'000	Other £,000	Land & buildings £'000	Other £,000
Not greater than one year	864	301	1,000	384
Between one and five years	1,008	206	1,038	346
Later than five years	158	—	167	—
	2,030	**507**	**2,205**	**730**

At 31 March 2021 commitments under finance leases were as follows:

	Group and Association	
	2021 £'000	2020 £'000
Not greater than one year	48	48
Between one and five years	150	144
Later than five years	1,161	1,157
	1,359	**1,349**

26 Pension information

i) The Riverside Group Pension Scheme

The Group operates the Riverside Group Pension Scheme (RGPS), a UK registered trust based pension scheme that provides defined benefits. Pension benefits are linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier). The RGPS was closed to future accrual on 31 March 2016.

The Trustee is responsible for running the RGPS in accordance with the Trust Deed and Rules, which sets out their powers. The Trustee of the RGPS is required to act in the best interests of the beneficiaries.

The Trustee is required to carry out an actuarial valuation every three years. The last triennial actuarial valuation of the RGPS was performed as at 31 March 2020. This valuation revealed a funding shortfall of £27.1 million. Following this valuation, the Employer agreed a deficit recovery plan with the Trustee. The Employer agreed to pay contributions of £3.0million per year into the RGPS for a period of six years, starting from 1 April 2021. The next actuarial valuation is due as at 31 March 2023. The Group therefore expects to pay £3.0million in contributions to the RGPS during the accounting year beginning 1 April 2021. All expenses in relation to running the RGPS are paid in addition by the Group.

Pension costs for accounting purposes have been calculated using assumptions consistent and appropriate with FRS 102. The major assumptions are:

	2021	**2020**
Rate of discount on scheme liabilities	2.0%	2.3%
Retail price inflation	3.2%	2.5%
Consumer price inflation	2.7%	1.75%
Pension increases:		
— Pre 1 February 2002 accrual	3.15%	2.5%
— Pre 5 April 2006 accrual	3.15%	2.5%
— Post 5 April 2006 accrual	2.25%	2.0%
Life expectancy at age 65:		
— Male current pensioner	22.2	22.2
— Female current pensioner	24.6	24.6
— Male future pensioner	23.5	23.5
— Female future pensioner	26.0	26.0

	2021 £'000	**2020 £'000**
Fair value of assets	176,320	151,274
Present value of liabilities	(181,266)	(154,361)
Deficit in the scheme	**(4,946)**	**(3,087)**

26 Pension information – continued

The market value of the assets of the scheme and the expected long term rates of return at 31 March 2021 were:

	2021 £'000	2020 £'000
Market value		
Equities	76,507	47,990
Insured policy	12,025	13,957
LDI Portfolio	21,883	24,300
Cash	56,087	20,858
Other	9,818	44,168
Total	**176,320**	**151,273**

The net interest expense for the year and past service cost are included in comprehensive income. Remeasurements of the net defined benefit liability are included in other comprehensive income.

	2021 £'000	2020 £'000
Analysis of interest		
Interest on assets	3,438	3,736
Interest on liabilities	(3,509)	(4,058)
Net interest expense	**(71)**	**(322)**
Past service cost	(25)	—
Amount recognised in Other Comprehensive Income (OCI)		
Return on scheme assets excluding amount included in net interest	25,262	(11,972)
Actuarial gains/(losses)	(27,025)	23,207
Remeasurement of the net liability	**(1,763)**	**11,235**
Total defined benefit cost	**(1,859)**	**10,913**

26 Pension information – continued

	2021 £'000	2020 £'000
Movement in deficit during year		
Deficit in scheme at beginning of the year	(3,087)	(14,000)
Movement in year:		
Contributions from the employer		—
Past service cost	(25)	—
Net interest expense	(71)	(322)
Return on assets excluding amount included in net interest	25,262	(11,972)
Actuarial gains/(losses)	(27,025)	23,207
Deficit in scheme at end of the year	**(4,946)**	**(3,087)**

	2021 £'000	2020 £'000
The return on scheme assets		
Interest income	3,438	3,736
Return on scheme assets excluding amount included in net interest	25,262	(11,972)
	28,700	**(8,236)**

	2021	2020
History of experienced surpluses and deficits		
Difference between actual and expected returns on assets (£'000)	25,262	(11,972)
% of scheme assets	14.3 %	(7.9 %)
Experienced gains/(losses) on liabilities (£'000)	(27,025)	23,207
% of scheme liabilities	(14.9 %)	15.0 %
Total amount recognised in (OCI) (£'000)	(1,763)	11,235
% of scheme liabilities	(1.0 %)	7.3 %

26 Pension information – continued

	2021 £'000	2020 £'000
Reconciliation of assets		
Assets at beginning of period	151,274	165,300
Benefits paid	(3,654)	(5,790)
Interest income	3,438	3,736
Return on scheme assets excluding amounts included in net interest	25,262	(11,972)
Assets at end of period	**176,320**	**151,274**
Reconciliation of liabilities		
Projected benefit obligation at the beginning of period	(154,361)	(179,300)
Past service cost	(25)	—
Interest expense	(3,509)	(4,058)
Benefits paid	3,654	5,790
Actuarial gains/(losses)	(27,025)	23,207
Projected benefit obligation at end of period	**(181,266)**	**(154,361)**
Recognition of surplus		
Deficit brought forward	(3,087)	(14,000)
Past service cost	(25)	—
Net interest expense	(71)	(322)
Return on assets less interest income	25,262	(11,972)
Actuarial gains/(losses)	(27,025)	23,207
Contribution gain	—	—
Deficit carried forward	**(4,946)**	**(3,087)**

26 Pension information – continued

ii) Riverside (Ex SHPS) DB Scheme
The Riverside (Ex SHPS) DB Scheme was established with effect from the 1 October 2019 after a bulk transfer from the Social Housing Pension Scheme. The bulk transfer resulted in Riverside's share of the assets and liabilities in SHPS being transferred into the new Riverside (Ex SHPS) DB Scheme.

The Ex SHPS Scheme is a UK registered trust based pension scheme that provides defined benefits. Pension benefits are linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier). The Ex SHPS Scheme is closed to future accrual.

Verity Trustees are responsible for running the Ex SHPS Scheme in accordance with the Trust Deed and Rules, which sets out their powers. The Trustee of the Ex SHPS Scheme is required to act in the best interests of the beneficiaries.

The Trustee is required to carry out an actuarial valuation every three years. The first actuarial valuation of the Ex SHPS Scheme is being carried out as at 30 September 2020. Until the valuation is agreed, the Group will pay contributions in accordance with the interim schedule of contributions with the Trustee. Under the interim schedule of contributions, the Group expects to pay £2.8m towards the funding deficit in the Ex SHPS Scheme during the accounting year beginning 1 April 2021. All expenses in relation to running the Ex SHPS Scheme are paid in addition by the Group.

Pension costs for accounting purposes have been calculated using assumptions consistent and appropriate with FRS 102. The major assumptions are:

	2021	**2020**
Rate of discount on scheme liabilities	2.0%	2.3%
Retail price inflation	3.2%	2.5%
Consumer price inflation	2.7%	1.75%
Life expectancy at age 65		
— Male current pensioner	22.3	22.2
— Female current pensioner	24.6	24.6
— Male future pensioner	23.8	23.5
— Female future pensioner	26.0	26.0

	2021 £'000	**2020 £'000**
Fair value of assets	83,753	77,936
Present value of liabilities	(108,495)	(90,693)
Deficit in the schemes	**(24,742)**	**(12,757)**

26 Pension information – continued

	2021 £'000	2020 £'000
Reconciliation of opening and closing balances of the defined benefit obligation		
Defined benefit obligation at the start of period	(90,693)	(101,882)
Expenses	—	(105)
Interest expense	(2,049)	(2,120)
Actuarial gains/(losses) due to scheme experience	1,710	—
Actuarial gains/(losses) due to changes in demographic assumptions	(1,002)	—
Actuarial gains/(losses) due to changes in financial assumptions	(19,719)	10,791
Losses/(gains) due to benefit changes	(1)	—
Benefits paid and expenses	3,259	2,623
Defined benefit obligation at the end of period	**(108,495)**	**(90,693)**

	2021 £'000	2020 £'000
Reconciliation of opening and closing balances of the fair value of plan assets		
Fair Value of plan assets at the start of period	77,936	75,801
Interest income	1,785	1,629
Experience of plan assets (excluding amounts included in interest income)	4,684	510
Contributions by the employer	2,737	2,619
Benefits paid and expenses	(3,389)	(2,623)
Fair value of plan assets at the end of period	**83,753**	**77,936**
Defined benefit costs recognised in Statement of Comprehensive Income		
Current Service cost	—	59
Net Interest expense	130	199
Defined benefit cost recognised in statement of comprehensive income	264	—
Benefit changes	1	—
Defined Benefit cost recognised on OCI	**395**	**258**
Defined benefit costs recognised in Other Comprehensive Income (OCI)		
Experienced on plan assets (excluding amounts included in net interest cost)	4,684	(7,414)
Experienced gains and losses arising on the plan liabilities	1,710	1,058
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	(1,002)	15,383
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation	(19,719)	—
Total amount recognised in Other Comprehensive Income (OCI)-gain/(loss)	**(14,327)**	**9,027**

26 Pension information – continued

	2021 £'000	2020 £'000
Assets		
Equity	12,522	7,896
Bonds	39,638	34,932
Property	2,039	2,703
Cash	2,180	9,583
Other	27,374	22,822
Total assets	**83,753**	**77,936**

(iii) The Social Housing Pension Scheme – Defined Benefit Scheme
The Group participates in the defined benefit section of the Social Housing Pension Scheme (SHPS) in respect of members previously employed by Impact Housing Association. The Group has closed SHPS to future accrual.

SHPS is a UK registered trust-based pension scheme. SHPS is a multi-employer scheme with around 360 non-associated employers. SHPS is classified as a 'last-man standing arrangement'. Therefore, the Group is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from SHPS.

Verity Trustees are responsible for running SHPS in accordance with the Trust Deed and Rules, which sets out their powers. The Trustee of the SHPS is required to act in the best interests of the beneficiaries.

The Trustee is required to carry out an actuarial valuation every three years. The last triennial actuarial valuation of SHPS for funding purposes was carried out as at 30 September 2017. This valuation revealed a total scheme deficit of £1,522m. A recovery plan has been put in place with each employer paying contributions with the aim of removing this deficit by 30 September 2026.

On 1 April 2021, the Group completed a bulk transfer of Impact's share of the assets and liabilities in SHPS to the Riverside ex SHPS DB Scheme.

Pension costs for accounting purposes have been calculated using assumptions consistent and appropriate with FRS 102. The major assumptions are:

	2021	2020
Rate of discount on scheme liabilities	2.0%	2.3%
Retail price inflation	3.2%	2.75%
Consumer price inflation	2.7%	1.75%
Salary Growth	2.87%	1.75%
Life expectancy at age 65:		
— Male current pensioner	21.5	21.5
— Female current pensioner	23.4	23.3
— Male future pensioner	22.8	22.9
— Female future pensioner	25.0	24.5

26 Pension information – continued

	2021 £'000	2020 £'000
Fair value of plan assets	21,127	18,693
Present value of defined benefit obligation	(27,157)	(22,087)
Deficit in plan	**(6,030)**	**(3,394)**

	2021 £'000	2020 £'000
Defined benefit costs recognised in other comprehensive income (OCI)		
Experienced on plan assets (excluding amounts included in net interest cost)	1,737	97
Experienced gains and losses arising on the plan liabilities	286	(94)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	—	215
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation	(5,201)	2,215
Total amount recognised in Other Comprehensive Income (OCI)-gain/(loss)	**(3,178)**	**2,433**

	2021 £'000	2020 £'000
Reconciliation of opening and closing balances of the defined benefit obligation		
Defined benefit obligation at the start of period	(22,087)	(24,317)
Current service cost	—	(34)
Expenses	(19)	(19)
Interest expense	(504)	(565)
Contributions by plan participants	—	(40)
Actuarial gains/(losses) due to scheme experience	286	(94)
Actuarial gains/(losses)due to changes in demographic assumptions	—	215
Actuarial gains/(losses) due to changes in financial assumptions	(5,201)	2,215
Benefits paid and expenses	368	552
Defined benefit obligation at the end of period	**(27,157)**	**(22,087)**

	2021 £'000	2020 £'000
Reconciliation of opening and closing balances of the fair value of plan assets		
Fair Value of plan assets at the start of period	18,693	18,054
Interest income	433	425
Experience on plan assets (excluding amounts included in interest income)	1,737	97
Contributions by the employer	632	629
Contributions by plan participants	—	40
Benefits paid and expenses	(368)	(552)
Fair value of plan assets at the end of period	**21,127**	**18,693**

	2021 £'000	2020 £'000
Defined benefit costs recognised in Statement of Comprehensive Income		
Current Service cost	—	34
Expenses	19	19
Net Interest expense	71	140
Defined benefit cost recognised in statement of comprehensive income	**90**	**193**

	2021 £'000	2020 £'000
Assets		
Global Equity	3,367	2,734
Absolute Return	1,166	975
Distressed Opportunities	610	360
Credit Relative Value	665	513
Alternative Risk Premiums	796	1,307
Fund of Hedge Funds	2	11
Emerging Markets Debt	853	566
Risk Sharing	769	631
Insurance-Linked Securities	507	574
Property	439	412
Infrastructure	1,409	1,391
Private Debt	504	377
Opportunistic Illiquid Credit	537	452
High Yield	633	—
Opportunistic credit	579	—
Corporate Bond Fund	1,248	1,066
Liquid Credit	252	8
Long Lease Property	414	323
Secured Income	879	709
Liability Driven Investment	5,370	6,204
Net Current Assets	128	80
Total assets	**21,127**	**18,693**

(iv) Merseyside Pension Fund
The Group participated in the Merseyside Pension Fund (MPF). The MPF is a Local Government Pension Scheme that provides defined benefits.

On 30 June 2020, the Group exited the MPF and a total cessation deficit value of £2,863,000 was calculated by the actuary as at 30 June 2020. This deficit was settled by the Group.

Pension costs for accounting purposes have been calculated using assumptions consistent and appropriate with FRS 102. The major assumptions are:

	2021	2020
Rate of discount on scheme liabilities	1.6%	2.4%
Consumer price inflation	2.3%	2.1%
Rate of salary increases	3.8%	3.6%
Rate of increase of pensions in payment	2.4%	2.2%
Life expectancy at age 65:		
— Male current pensioner	20.9	20.9
— Female current pensioner	24.0	24.0
— Male future pensioner	22.5	22.5
— Female future pensioner	25.9	25.9

	2021 £'000	2020 £'000
Fair value of assets	—	8,607
Present value of liabilities	—	(10,732)
Deficit in the schemes	**—**	**(2,125)**

26 Pension information – continued

The market value of the assets of the scheme and the expected long term rates of return at 31 March 2021 were:

	2021 £'000	2020 £'000
Market value		
Equities	—	3,546
Government Bonds	—	1,532
Other Bonds	—	946
Property	—	646
Other	—	1,592
Cash	—	345
Total	**—**	**8,607**

The net interest expense for the year is included in comprehensive income. Remeasurements of the net defined benefit liability are included on other comprehensive income.

	2021 £'000	2020 £'000
Analysis of interest		
Interest on assets	59	221
Interest on pension liabilities	(64)	(284)
Net interest expense	**(5)**	**(63)**
Analysis of amounts charged to operating profit		
Current service costs defined scheme	17	126
Net interest cost	5	63
Administration expenses	—	2
Past service cost	—	202
Effect of curtailments	—	—
Effect of settlements	(529)	—
Effect of asset ceiling	—	—
Total pension cost recognised in comprehensive income	**(507)**	**393**

26 Pension information – continued

	2021 £'000	2020 £'000
Statement of other comprehensive income		
Remeasurements (liabilities and assets)	(1,335)	653
Total remeasurements included in OCI	**(1,335)**	**653**

	2021 £'000	2020 £'000
Movement in deficit during year		
Deficit in scheme at beginning of the year	(2,125)	(2,542)
Movement in year:		
Contributions from the employer	2,953	157
Net interest expense	(5)	(63)
Remeasurements	(1,335)	653
Current service cost	(17)	(126)
Past service cost	—	(202)
Administration expenses	—	(2)
Effect of settlements	529	—
Deficit in scheme at end of the year	—	**(2,125)**
The return on scheme assets		
Interest income	59	221
Return on scheme assets excluding amount included in net interest	**59**	**221**

History of experienced surpluses and deficits

Difference between actual and expected returns on assets	416	(757)
% of scheme assets	—	(8.8 %)
Experienced losses on liabilities	(1,751)	1,410
% of scheme assets	—	13.1 %
Total amount recognised in OCI	(1,335)	653
% of scheme assets	—	6.1 %

	2021 £'000	2020 £'000
Reconciliation of assets		
Fair value of plan assets at beginning of period	8,608	9,229
Interest on plan assets	59	221
Remeasurements	416	(757)
Administration expenses	—	(2)
Settlements	(11,824)	—
Employer contributions	2,953	158
Member contributions	3	26
Benefits / transfers paid	(215)	(267)
Return on scheme assets excluding amounts included in net interest	—	—
Fair value of plan assets at the end of period	**—**	**8,608**
Reconciliation of liabilities		
Benefit obligation at the beginning of period	10,732	11,771
Current service cost	17	126
Interest on pension liabilities	64	284
Member contributions	4	26
Past service cost	—	202
Remeasurements (liabilities)	—	(1,410)
Settlements	(12,353)	—
Benefit / transfers paid	(215)	(267)
Business combinations	—	—
Actuarial loss	1,751	—
Benefit obligation at end of period	**—**	**10,732**
Recognition of surplus		
Deficit in scheme at the beginning of the year	(2,125)	(2,542)
Movement in year		
Contributions from employer	2,953	157
Net interest expense	(5)	(63)
Remeasurements	(1,335)	653
Current service cost	(17)	(126)
Past service cost	—	(202)
Administration expenses	—	(2)
Effect of settlements	529	—
Deficit in scheme at end of year	**—**	**(2,125)**

V) Other defined benefit schemes

During the year the Group also made contributions to the Growth Plan run by TPT Retirement Solutions.
In addition the Group exited the Lee Valley and Berrybridge Pension Funds on 30 June 2020.
The Group made exit payments to East Riding Pension Fund, the Social Housing Pension Scheme, Lee Valley, Berrybridge and Strathclyde Pension Funds.

VI) Defined contribution pension schemes

Riverside has a defined contribution pension scheme. Contributions are invested in a Legal & General master trust through the Our Riverside Retirement Plan. During the year Riverside also provided a defined contribution pension scheme to employees previously employed by Impact Housing Association through arrangements run by TPT Retirement Solutions. Members of this scheme have now transferred to the L&G master trust. The total Group contributions to defined contribution schemes for the year was £5.1m (2020: £4.7m).

	Group	
	2021	**2020**
	£'000	**£'000**
Reconciliation of remeasurement though statement of other comprehensive income		
Riverside Group Pension Scheme	(1,763)	11,235
Riverside (Ex SHPS) DB Scheme	(14,327)	9,027
Social Housing Pension Scheme – Defined benefit scheme	(3,178)	4,707
Merseyside Pension Fund	(1,335)	653
Growth Plan	(2)	1
Total remeasurement in OCI	**(20,605)**	**25,623**

	Association	
	2021	**2020**
	£'000	**£'000**
Reconciliation of remeasurement though statement of other comprehensive income		
Riverside Group Pension Scheme	(1,763)	11,235
Riverside (Ex SHPS) DB Scheme	(14,327)	9,027
Social Housing Pension Scheme – Defined benefit scheme	(1,335)	2,274
Mersey Pension Fund	(3,178)	653
Growth Plan	(2)	—
Total remeasurement in OCI	**(20,605)**	**23,189**

26a Pension liability analysis

	Group and Association 2021 £'000	2020 £'000
Summary of pension liabilities		
Riverside Group Pension Scheme	(4,946)	(3,087)
Riverside (Ex SHPS) defined benefit scheme	(24,742)	(12,757)
Social housing pension scheme – Defined benefit*	(6,030)	(3,394)
Merseyside Pension Fund	—	(2,125)
Growth plan	(45)	(54)
Early retirement plan	—	(227)
Total provision (note 28)	**(35,763)**	**(21,644)**

*As disclosed above in note 26 this is a legacy scheme for former employees of Impact Housing Association. It is closed to further accrual.

27 Contingent liabilities

Following the demolition of properties on certain sites in 2010 the related grant has been written back and a contingent liability to a maximum of £2.1m (2020: £2.1m) exists in respect of this grant. In the unlikely event of the sale of the land, the grant becomes repayable to the extent of any surplus generated on the sale.

Government grant arising from a stock acquisition is recognised as a contingent liability. Receipts include £9.3m from 2017, £12.8m from 2018 and £25.3m from 2020. The grant is recyclable in the event of the housing properties being disposed.

28 Provisions for liabilities and charges

		Group	
		2021 £'000	**2020 £'000**
Improvement programmes	(i)	3,657	4,519
Pension liabilities	(ii)	35,763	21,644
Target operating model implementation		178	377
At 31 March 2021		**39,598**	**26,540**

		Association	
		2021 £'000	**2020 £'000**
Improvement programmes	(i)	3,657	4,519
Pension liabilities	(ii)	35,763	21,644
Target operating model implementation		178	377
At 31 March 2021		**39,598**	**26,540**

(i) Improvement programmes
A provision of £3.66m (2020: £4.5m) has been made in respect of The Riverside Group's outstanding contractual and statutory commitment to carry out improvement work.

(ii) Pension liabilities
In line with FRS 102 'Retirement Benefits' the net deficits on the Group's Pensions Schemes are recognised as a liability on the balance sheet.

29 Donations

	Group and Association 2021 £'000	2020 £'000
Donations	55	1
	55	**1**

30 Accommodation in management and development

	Group 2021 Number	Group 2020 Number	Association 2021 Number	Association 2020 Number
Social housing ownership				
General housing social rent	33,399	33,443	31,093	29,033
Intermediate rent	232	241	232	241
Affordable rent	7,925	7,619	7,925	7,389
Housing for older people	4,883	4,903	4,883	4,810
Supported housing	4,323	4,457	4,309	4,056
Care homes	294	294	294	255
Leasehold where purchaser owns less than 100%	2,232	2,090	2,232	1,940
Leasehold where purchaser owns 100%	1,692	1,677	1,692	1,677
Total social housing owned	**54,980**	**54,724**	**52,660**	**49,401**
Social housing management only				
General housing social rent	1,012	1,023	1,012	1,015
Supported housing	632	582	632	563
Leasehold where purchaser owns less than 100%	29	31	29	31
Leasehold where purchaser owns 100%	45	44	45	44
Total managed	**1,718**	**1,680**	**1,718**	**1,653**
Non-social housing				
Rented owned	352	353	352	353
Leased owned	1,589	1,592	1,589	1,583
Leased managed for others	32	11	32	11
Total non-social housing	**1,973**	**1,956**	**1,973**	**1,947**
Total stock	**58,671**	**58,360**	**56,351**	**53,001**
Accommodation in development at the year end	1,217	1,300	1,217	1,300

31 Related party transactions

One Board member of The Riverside Group Limited is a tenant of The Riverside Group Limited. Their tenancy is on normal commercial terms, and they cannot use their position to their advantage. There are no other related party transactions.

The Riverside Group Limited provides a number of central services for its subsidiaries including unregulated entities Prospect (GB) Limited and Evolve Facility Services Limited and these are recharged accordingly.

Evolve Facility Services Limited is a wholly owned subsidiary which performs maintenance services for the Group. Its income is derived entirely from the repair contracts it has in place with the Group.

During the year the parent association, The Riverside Group Limited, transacted with its subsidiary undertakings as follows:

	2021 £'000	2020 £'000
Net payments to/(from) related entities		
Evolve Facility Services Limited	(5,534)	(55)
Irvine Housing Association Limited	(2,993)	4,652
Prospect (GB) Limited	(32,949)	(6,524)
Riverside Consultancy Services Limited	17,246	29,474
Riverside Finance plc	239	(226)
Riverside Estuary Ltd	408	—
St Michael's Housing Trust	(202)	—
Riverside Foundation	750	—
Eventide Homes Trust	(248)	—
Eleanor Godfrey Crittall Charity	(640)	—
Naylands (51-58)Limited	(4)	—
Donald Bates Charity	(119)	—
Riverside Regeneration Limited	2,907	5,961
Riverside Regeneration (Lambeth) Limited	(1,542)	—
Riverside Regeneration (London) Limited	(3)	—
The Compendium Group Limited	(1,105)	(3)
Circle Limited	—	(101)
Local Government Pension Scheme contributions (note 26)	2,953	157
Social Housing Defined Benefit Scheme contributions (note 26a)	632	1,972
The Riverside Group Total	**(20,204)**	**35,307**

	2021 £'000	2020 £'000
Outstanding balances due (to)/from related entities		
Evolve Facility Services Limited	(5,137)	397
Irvine Housing Association Limited	4,003	6,996
Prospect (GB) Limited	(1,231)	31,718
Riverside Consultancy Services Limited	(1,679)	(129)
Riverside Finance plc	(262,096)	(262,335)
Riverside Estuary Ltd	5,619	5,211
St Michael's Housing Trust	(202)	—
Riverside Foundation	750	—
Eventide Homes Trust	(248)	—
Eleanor Godfrey Crittall Charity	(640)	—
Naylands (51-58)Limited	(4)	—
Donald Bates Charity	(119)	—
Riverside Regeneration Limited	41,955	39,048
Riverside Regeneration (Lambeth) Limited	(1,542)	—
Riverside Regeneration (London) Limited	(3)	—
The Compendium Group Limited	4,420	5,525
Skylight Lettings	184	—
The Riverside Group Total	**(215,970)**	**(173,569)**

The schemes' deficits are detailed in notes 26 and 26a.

Get in touch or find out more

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Follow us on Twitter @RiversideUK

Customer Service Centre
24 hours, **365** days a year. So you can call at the weekend or even on Christmas Day
0345 111 0000

Speak to a member of our team

We are happy to accept **Relay UK** calls.

The Riverside Group Limited
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A charitable Registered Society under the Co-operative and Community Benefit Societies Act 2014

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