Riverside

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

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 2022/23 we achieved the following:

Homes for the future

1,016

New homes built

Last year: 1,227

Places to thrive in

£324M

Reinvestment

Last year: £231M

People at our heart

30.1%

Digital participation

Last year: 27.1%

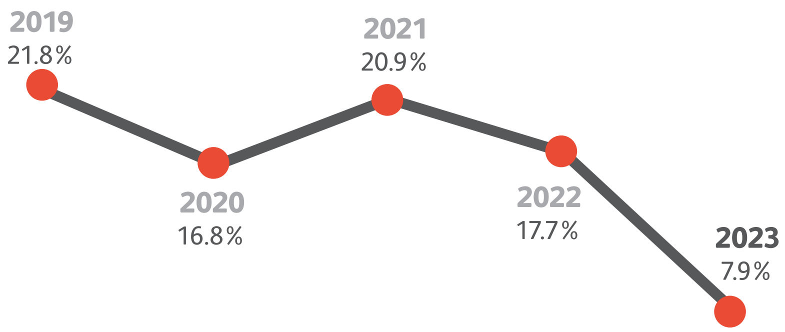
01.
Five year summary of financial highlights

For the year ended 31 March Group		2019	2020	2021	2022 Restated	2023
Statement of comprehensive income						
Turnover	£'000	364,255	355,654	374,258	448,141	**625,405**
Operating surplus	£'000	79,478	59,593	78,203	79,201	**49,244**
Operating surplus as a percentage of turnover	%	21.8	16.8	20.9	17.7	**7.9**
Surplus/(loss) on ordinary activities before tax	£'000	26,956	28,850	49,112	702,718	**(2,661)**
Surplus as a percentage of turnover	%	7.4	8.1	13.1	156.8	**(0.4)**
Statement of financial position						
Tangible and intangible assets	£'000	2,006,915	2,185,540	2,250,314	3,957,801	**4,150,698**
Loans repayable after more than one year	£'000	842,616	976,960	957,135	2,114,345	**2,177,105**
Reserves	£'000	522,856	575,487	608,452	1,332,014	**1,340,080**
Accommodation figures						
Total housing stock owned and managed	Units	56,089	58,360	58,671	76,675	**76,648**
New homes built	Units	590	894	766	1,227	**1,016**
Key ratios						
Voids and bad debts – Group (as % of net rental income)	%	3.2	2.5	3.0	2.9	**3.0**
Rent and service charge arrears – Group (as a % of net rent and service charge receivable)	%	4.6	4.4	4.4	9.3	**4.1**
Interest cover – Association (operating surplus plus surplus on sale of property, property depreciation, amortisation and grant divided by net interest payable)		2.5	2.4	3.9	3.4	**2.7**
Gearing – Association (loans as % of historic cost of properties)	%	34.7	36.7	35.1	44.3	**54.8**

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

Operating surplus as a percentage of turnover

Riverside reported an overall operating margin of 7.9% compared to 17.7% the previous year. The reduction in the margin was attributable to reductions in social housing lettings operating surplus, gain on sale of fixed assets, and increases in depreciation and impairment.



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

Pauline Davis
Group Vice Chair

Caroline Corby
Group Vice Chair

Ingrid Fife

Carlos Gregorio Ashmore

Nigel Holland
(Appointed 1 July 2022)

Olwen Lintott

Erfana Mahmood

Carol Matthews
CBE Co-Optee

Sandy Murray

Rommel Pereira
(Resigned 20 April 2023)

Sam Scott
(Appointed 1 April 2022, previously Co-optee)

Other movements during the year

Stewart Davenport
(Resigned 30 June 2022)

Paula Simpson
Customer Board Observer
(Resigned 16 October 2022)

Brian Chiyama
Customer Board Observer
(Appointed 17 October 2022 and resigned 28 April 2023)

Keith Harkness
Customer Board Observer
(Appointed 13 July 2023)

Executive Directors

Carol Matthews CBE
Group Chief Executive

Tony Blows
Chief Information Officer
(Appointed 1 April 2022)

John Glenton
Executive Director, Care and Support

Ian Gregg
Executive Director, Asset Services

Richard Hill
Chief Executive, One Housing Group
(Resigned 30 April 2023)

Cris McGuinness
Chief Financial Officer

Patrick New
Executive Director, Customer Service

Registered auditors

BDO
3 Hardman Street
Spinningfields
Manchester
M3 3AT

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

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

03. Group Chair's introduction

Thank you for taking the time to read Riverside's 2023 Financial Statements.

This is the first set of financial statements that show a full year's performance since One Housing Group (OHG) joined the Group in December 2021, representing the single biggest growth step in Riverside's history. They show a Group with formidable and growing financial strength, with more than £4.75bn of assets, and an operating surplus of £49m capacity which we intend to use for the benefit of current and future customers, as pledged when we came together.

We have now established a firm financial baseline against which future performance can be properly judged, however it does make comparison with last year difficult, given our results only included four months of One Housing's income and expenditure. We have added notes to aid interpretation where necessary.

Readers will be familiar with the operating context we and others across the sector are having to deal with, and it is never far from our board discussions as we weigh risks and identify appropriate mitigations. Whilst there isn't the space for exhaustive analysis here, it is worth briefly pausing on a few key issues.

Our customers and communities are still in the grips of a 'cost of living' crisis, driven by the highest inflation rates in a generation, and rising interest rates. Not only do customers look to us to do more, but the same factors are driving a 'cost of business' challenge – with many of our costs rising at above general inflationary levels. Many factors are at play here, some way beyond our influence, but it is fair to say the medium-term outlook will remain tough.

Government – which seems to have finally stabilised after a year of unique turmoil – has responded positively with support packages for customers, but also in more challenging ways. Significantly, a cap on rent increases will reduce our cumulative three-year surpluses by nearly £40m, although we very much welcome the exemption for supported housing.

Housing quality issues and their impact of customers, continue to dog the sector, with damp and mould very much in the spotlight following the tragic death of Awaab Ishak. Serious questions are (rightly) being asked about housing standards, and whilst we are not waiting to be told, we will see ever- increasing regulatory standards come into play, requiring greater investment. Indeed, we have already invested an additional £3m to tackle damp and mould in our homes and have committed an additional £9m over the next three years.

Despite all of this, I am proud to be able to say that we continue to stretch ourselves and have been very careful to retain the right balance of completing the delivery of our existing priorities, whilst initiating a well-managed process of post-merger integration which now has 20 or so projects in flight. Indeed, the Board has just undertaken its final review of 'Our Riverside Plan' (our 2020-23 Corporate Plan) providing the opportunity to reflect on what we have achieved over the past three years.

Despite the worst of all starts – the pandemic struck as the ink was drying – we have achieved a huge amount. We have ramped up our digital offer to customers (which now nearly half are signed up to), secured our first £11m allocation of retrofit funding through the Social Housing Decarbonisation Fund, helped secure Government funding for a new national referral pathway to end veteran homelessness (which we are now delivering) whilst building more than 3,000 homes, including starting work on three of our London regeneration projects.

And of course, this was capped off by our merger with OHG, part of a carefully thought through strategy set out in Our Riverside Plan.

So now we can look ahead, and I'm delighted that the Board has recently approved a new three-year Corporate Plan (Forward Together), the product of a major engagement exercise which involved over

600 customers, colleagues and members of our governance community.

As you would expect it paints a picture of an organisation determined to see through its merger promises to customers and the supporting integration programme, as well as one preparing for tighter, more customer-focused regulation across a range of activities.

However, it also confirms our undiminished ambition to do more and better for our customers and communities founded on an unwavering focus on our purpose – even if some of our delivery timescales will become extended. We are a charitable housing association operating in some of the country's most deprived communities. We do not have the option to sit back and become internally focused, which why we are investing over £8.5m in our communities over the life of the plan through our strengthened Riverside Foundation. It is also why we continue to use our voice to help influence the policy environment in which we operate, whether through our "Ending Homelessness Together" campaign, our work through Homes for the North in securing the investment needed for 'levelling up', or work as part of the Building Back Britain Commission making practical recommendations about retrofit in lower value areas.

Taking the longer view, we need to be realistic to ensure our development programme does not undermine our long-term viability, and beyond the plan we have significantly scaled back previous assumptions to reflect current market conditions, though this will remain under constant review, particularly as the policy context becomes clearer. This will see us focus the bulk of our development capacity on the regeneration of our own estates, as part of our long-standing drive to revitalise our communities and improve our homes. As ever we are grateful for the ongoing support of Homes England and the Greater London Authority in helping fund our programmes.

Sound planning and successful delivery are the product of excellent governance, and I'd like to acknowledge the huge contribution of the entire governance community and unwavering support of Carol and her team. Thank you.

Following a merger it is inevitable that there are changes as we rationalise our governance structure to reflect legal realities. Sometimes we need to move quickly to protect our position, and I am hugely grateful for the self-awareness and maturity that the OHG Board showed under Caroline Corby's excellent leadership, in requesting an earlier transfer of engagements which has created a single legal entity 12 months ahead of original plans.

I'd like to finish by paying tribute to a number of long-standing Board members who are moving on. In particular, I'd like to express my gratitude to Pauline Davis, my vice chair, whose dedication and support over many years has been outstanding. Her deep knowledge and experience of regeneration has been a huge benefit to the Group, and her wise counsel essential in setting us up for a period where the renewal of many of our estates will be central to what we do.

Terrie Alafat CBE
Group Chair

04.
Group Chief Executive's statement

I'd like to add my welcome to readers. The Chair has already set the scene and described the backdrop to what has been a hugely challenging, but ultimately very rewarding year.

The results set out in these Financial Statements show an organisation in transition. In the long-run we remain a very strong business with a clear strategy based on a sense of purpose, underpinned by a growing asset base and strong, secure income streams.

Yet at first sight, our Group-level financial performance for the year has been challenging, particularly when looking at key measures such as operating margin and interest cover. Scratching the surface, we see a more nuanced position, and one broadly in line with our expectations given the thorough due diligence exercise we went through before the merger.

Broadly speaking, our core business remains on track, and once we adjust for some one-off costs, we have been close to hitting most of our financial targets, even given inflationary pressures and exceptional demands on services which have had a sector-wide impact. However, we are working through a series of short-term financial challenges associated with the merger, in particular the prevalence of high buildings requiring significant fire safety remediation, the write-down costs relating to a small number of historic investments and exiting a loss-making luxury care home business. We have also taken a more cautious approach to our financial planning, harmonising the economic lives of building components and all accounting policies.

These would tax any organisation, and the merger has been critical in ensuring One Housing meets its funding commitments, whilst being able to continue to meet key promises to customers around service improvements and balloted regeneration projects. Indeed, we have been able to take urgent steps to respond quickly to deteriorating operating conditions, and in March 2023, further de-risked by accelerating our plans to create a single legal entity through a Transfer of Engagements.

But we have resisted rushing operational integration, which needs to be handled very carefully, and so for now have retained the One Housing brand as a trading name for our operations in London.

This measured approach is very much in keeping with what has become one of our post-merger mantras: continue to focus on delivering for our customers, whilst carefully ramping up our preparations for integration to ensure we get the best systems and processes which serve the customer rather than run us! That balance between the 'day job' and change has very much influenced the sequencing of our activities, though can be frustrating for some who just want us to 'get on with it'.

This is all the more important as we face a fundamental change in consumer regulation which will see us publicly reporting key tenant satisfaction metrics across the whole group. We have been quick out of the traps in scoping and then putting in place a new reporting regime for Tenant Satisfaction Measures which is now underway and is already being reported to Board. Blending our results does not always make comfortable reading, and so far we have seen overall satisfaction which was previously running close to the sector averages recently reported by DLUHC, tumble significantly to around 60 %, a figure we are not used to seeing. But honesty and transparency are essential, and we now have a consistent baseline across the group, a position from which we can drive improvement through our recently agreed Customer Experience Strategy.

We are also seeing change across other regulatory regimes, with the introduction of a new Building

Safety Regulator, and more demanding requirements for some of our supported housing services through the CQC and Ofsted. This provides important assurance for customers, but inevitably comes at a cost which we need to meet from existing resources.

Inevitably, organisational change is a product of a merger, as we bring staff teams together to deliver more cost-effective services. This process has already started with some of our central services such as Treasury, Governance and Marketing and Communications. However, there is a long way to go, and I would like to thank all my colleagues for their forbearance – both those in the thick of the changes, and those who are patiently getting on with the job of delivering services.

As part of this, Richard Hill, former CEO of One Housing, has moved on to another leadership role in the sector. He departed with our very best wishes, but I would like to repeat my thanks to him here for initiating and then guiding OHG through the whole merger process with courage and foresight. I'd also like to thank Chyrel Brown for stepping up and showing great leadership as we have progressed recruiting a member of the executive team to lead our work in London.

We look ahead with optimism. It sometimes feels as if we're in a whirlwind as we manage the twin challenge of focussing on our customers, and planning for the future. But we are making progress and gradually imposing order, with a clear plan for the coming years and some massive milestones already met. This is a genuine team effort and a real testament to the way colleagues, residents and members of the governance community work so effectively together.

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.

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;
- extra services to help sustain tenancies including money advice, employment support and affordable warmth advice; and
- market homes for sale to generate profits to reinvest in our core social business (through commercial subsidiaries and joint ventures).

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

One Housing Group Limited	A Registered Provider, offering homes for social rent in partnership with local authorities, as well as homes for affordable rent, shared ownership, private rent and private sale. One Housing Group Limited own and manage over 15,800 homes in London and the South East and are the landlord to over 35,000 residents. One Housing Group Limited was integrated with The Riverside Group Limited through a Transfer of Engagements on 31 March 2023.
Evolve Facility Services Limited	Delivers repairs and maintenance services to Riverside properties.
Prospect (GB) Limited	Builds new homes for sale, he profit from which is reinvested back into TRGL to be used to deliver its charitable objectives.
Irvine Housing Association Limited (trading as Riverside Scotland)	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	Invests on Riverside's behalf in a joint venture with Countryside to deliver regeneration in Bromley, London.
Riverside Regeneration (Southwark) Limited	Invests on Riverside's behalf in a joint venture with Mount Anvil to deliver regeneration in Southwark, London.
St Michael's Housing Trust	A Registered Provider which administers property in Leicester to accommodate homeless families. Riverside transferred its interest in the Corporate Trusteeship of St Michael's Housing Trust to Park Lodge on the 26th March 2023.
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.

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.

Our Strategy

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 they live through investing in building more new homes and leading regeneration.

Riverside's strategic planning is managed on a three-year cycle. We have just completed the final year of 'Our Riverside Plan 2020-23' and are now embarking on the delivery of our new Corporate Plan, 'Forward Together' for the period 2023-26.

Context

'Forward Together' is the first three-year strategy we have published since our 2021 merger with One Housing. Developed in consultation with a wide range of key stakeholders, the plan is founded on a firm commitment to deliver a series of pledges made as a newly expanded Group to provide better homes, services and outcomes for our customers. It also draws from an extensive review of our internal and external operating environments, our performance over the previous three years, and our changed characteristics as a larger organisation with a greater presence in London.

Our objectives

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

Warm and safe, decent homes

— Removing potentially dangerous cladding from our tall buildings.

— Identifying and addressing damp and mould issues.

— Bringing more homes up to a minimum Energy Performance Certificate (EPC) C rating.

— Delivering planned maintenance and improvement works to customers' homes.

Trusted customer services

— Listening and acting to expand engagement opportunities for customers and increase accountability.

— Keeping our promises to deliver better outcomes for our customers through high quality, locally tailored services.

— Improving our customers' experience, making it easier for queries to be resolved and getting more repairs right first time.

Supporting our customers through the cost-of-living crisis

— Preventing evictions and homelessness through proactive tenancy sustainment support that includes an annual £500k emergency grants fund.

— Delivering specialist advice and support services that help people to improve their lives, with Foundation-funded activity focusing on reducing food and fuel poverty.

— Promoting community resilience and empowerment through new and existing voluntary groups that identify and deliver a wide range of local initiatives.

Leadership in care and support

— Maintaining our position as a leading provider of supported housing and care.

— Creating a focused and high performing business building on the best of what we do.

— Exiting services where we're not able to provide best value or achieve viability.

New homes, better places

- Building new homes to help address housing need and replace existing stock through regeneration.
- Providing a choice of homes through a range of tenures, with an emphasis on affordability.
- Building high-quality homes that create better places and help reduce our carbon emissions.

The way in which we work is also important and the plan is underpinned by four cross-cutting themes:

- Value for money/efficiency – driving down costs to achieve our objectives with the least amount of expenditure on resource, minimising wasted time, money and effort.
- Equality, Diversity and Inclusion (EDI) – identified as a new organisational value ('We are inclusive'), promoting a culture in which both customers and colleagues are treated fairly with dignity and respect, ensuring that we are transparent and honest.
- People – improving our colleague experience, becoming an attractive, employer of choice where people feel valued and empowered to perform at their best and where they have the appropriate professional qualifications to comply with regulatory requirements.
- Data and Information – improving the definition, capture, quality, integration and analysis of the data we hold through well-governed processes. This will inform better decision making through advanced techniques such as artificial intelligence and predictive analytics.

Although our new objectives have been shaped in response to the challenges facing us now, there is a strong thread of continuity running throughout and the plan does not represent a major departure in terms of our overall strategic direction of travel.

The plan is the starting point for all activity across the Group and is accompanied by nine supporting strategies that unpack the detail and will drive delivery over the next three years.

Our Riverside Plan (2020-23) review

As we reflect upon reaching the end of the 'Our Riverside Plan' period, there can be no doubt that the environment within which we have been working since the plan was approved in March 2020 represents one of the most challenging in our history. Firstly, the pandemic and its aftermath has fundamentally changed the ways in which we operate and has had lasting effects on our supply chains, costs and workforce. This was compounded by a malware attack (November 2021) that brought down many of our systems and interrupted service delivery, requiring a prolonged period of recovery. The external situation has improved little over the past year in which we have seen significant political upheaval, intensifying media scrutiny on housing condition and building safety, the introduction of a 7% rent cap, and the ongoing Russian invasion of Ukraine that continues to have a profound and lasting impact on the global supply of fuel, raw materials and food, contributing to the worsening cost-of-living crisis that will affect many of our customers and colleagues for years to come. Despite this, there is much that we have achieved, and we finish the plan having demonstrated undoubted resilience in the way that we have continued to navigate difficult times, successfully completing the Transfer of Engagements to formalise our merger with One Housing (though full integration remains a longer-term venture) and maintaining financial security in a volatile operating context.

People

Activity under this objective was focused on improving the quality of service provided to our customers, continuing to grow as a leading provider of homeless services, supported housing and retirement living, and investing in our colleagues to create a modern, safe workplace.

During the final year of the plan, we have continued to make progress under this objective, and although the overall level of customer satisfaction dropped by 2% from 2022, significant steps have been taken to develop the platform from which we will deliver improvement over the coming years. Indeed, we have maintained our ongoing investment in the systems and infrastructure required to deliver better outcomes, with more effective back-office functions and revised service standards now in place. We have also worked with customers to expand our digital offer, bringing more services online and enhancing our online channels such as 'My Riverside' portal (that just under half of all households are registered to), a mobile app, chatbot and live webchat facility. More than 1,000 customers have also helped us to establish a comprehensive Customer Engagement & Involvement strategy, through which we will continue to listen, act and shape services that meet the needs of our diverse customer base.

We have grown as a leading provider of homelessness services, with our recent merger meaning that we now provide accommodation for more than 12,000 customers with a wide range of needs. Our influence within the care and support sector has also increased through our work with partners across the country on Ending Homelessness Together and through positive engagement with the Department for Levelling Up and Housing Communities (DLUHC) on a range of issues.

This year we have also successfully launched a new People system, introduced a new learning framework with updated e-learning modules and resources for colleagues, delivered a range of initiatives as part of our dedicated health and wellbeing plan and taken action to remove barriers to progression for under-represented groups.

Homes

Our key priorities under this objective were to improve the quality of our existing homes, build a substantial programme of higher specification homes, and achieve growth through strategic acquisitions and mergers.

Throughout the year, and indeed over the full period of the plan, we have continued to invest in our existing homes, using improved stock condition data to develop a costed plan to achieve EPC C across our portfolio by 2030. We have completed the first year in delivering our Climate Responsibility strategy, having strengthened our capabilities by appointing a Head of Sustainability who has led on our first successful Social Housing Decarbonisation Funding (SHDF) bid, securing £12.8m to improve 1,100 homes. Significant headway has also been made on our programmes to invest in room and communal area upgrades in our supported housing schemes and complete our longstanding Retirement Living Investment programme.

This year we developed 1,016 new homes across a range of tenures (as a newly combined Group), meaning that over the past three years we have delivered 3,009 in total, representing a 20% increase from the previous plan period, with the vast majority of these affordable. In terms of our growth aspirations, we have expanded substantially, through both our merger with One Housing (with whom we are now legally integrated following a Transfer of Engagements in March 2023) and building new affordable homes. We now provide more than 76,000 homes and will use our increased financial capacity to deliver better outcomes for current and future customers.

Places

This objective committed us to progressing our large-scale neighbourhood regeneration schemes, developing a new approach to neighbourhood planning, supporting customers to sustain their tenancies and influencing local and national Government agendas.

We have made steady progress on our London estate renewal programme following complex consultation, ballot and planning processes which have had to accommodate significant changes to maintain viability, with our first scheme in Lewisham substantially completed this year and works underway on larger projects in Lambeth and Bromley. Our regeneration plans in Runcorn have also continued to progress over the period of the plan, and in the past year a detailed financial appraisal has been undertaken and comprehensive masterplans developed in consultation with residents for key sites in the area. Overall, the proposals will see 342 units replaced by c400 mixed tenure units, including family homes, apartments, extra-care and some specialist veterans accommodation. A new community planning framework has been established in consultation with customers through a variety of methods, with several patch plans now in place that will enable us to invest available resources in local initiatives that make a positive difference to residents. Whilst sustained challenges in our external operating environment have impacted our ability to deliver the outcomes we hoped to achieve through our advice and support services, over three years we helped more than 600 people into employment or training and achieved cash savings totalling more than £9m for customers that we supported with money and affordable warmth advice.

Our influencing activities have stepped up a gear with the creation of an expanded External Affairs team bringing together our expertise around media relations, reputation management and influencing with a comprehensive Influencing Plan in place. We have continued to influence policy both on our own terms, and through partnerships such as Homes for the North and G15, and have been successful in helping to secure vital revenue funding to help end veterans homelessness (in which we will play a lead delivery role) and changes to the way in which housing investment is distributed regionally.

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 threaten its financial viability, by setting a series of business 'Golden Rules' covering gearing, interest cover, liquidity and operating margin. In addition, the Investment Policy sets out the maximum proportion of reserves which can be invested in commercial activities.

Risk oversight

The risk register is a standing item at every meeting of Group Board and Group Audit Committee. The risk register gives a clear line of sight between risk, mitigation and assurance. Board sub-Committees oversee risk registers focused in their own areas of responsibility. A summary of the strategic risks is set out below:

	Risk	Key mitigations
1	**Delivering the business plan in an uncertain economic environment.** We recognise the challenges posed to our ambitions by the uncertain economic environment. We are experiencing cost increases from multiple directions. The business plan was agreed following a robust challenge on budget holders which means mitigating any further mid-year pressures is increasingly difficult.	Covenant compliance KPIs are scrutinised by the Group Treasury Committee. The business plan is robustly stress tested against a range of adverse scenarios. The results and proposed mitigation strategies are scrutinised by Group Board. The Treasury Policy and Strategy are updated annually. Finance Business Partners facilitate a robust challenge on budget holders. The monthly management accounts include risks, opportunities and early warning signs. Value for Money is a cross cutting theme in our 2023-26 Corporate Plan and we will continue to drive down costs.
2	**Delivering services that our customers trust.** We acknowledge there are some gaps in our delivery of consistent services that customers trust. We want to respond positively to rising customer expectations heightened by tighter legislative and regulatory requirements. We acknowledge that we don't always get things right first time. Whilst doing so will always remain our aim, we will also seek to put things right at the earliest opportunity.	A suite of customer KPIs are scrutinised by the Customer Experience Committee complemented by periodic deep dives into customer insight metrics. A range of improvement plans are in place including customer satisfaction, service charges and home ownership. Progress is tracked by the Customer Experience Committee. We continue to invest in our digital offer. The 2023-26 Corporate Plan includes enhancements to the 'My Riverside' offer, AI driven content solutions and additional digital channels. A new telephony system has gone live. Emergency response plans to protect customers in an adverse incident are in place and have been tested.

	Risk	Key mitigations
3	**Building and customer safety.** We have an extensive range of responsibilities to keep customers safe including asbestos, gas, electrics, fire, legionella, and lifts, lighting, door entry systems, play areas and the external landscape. We have no appetite for harm to customers, colleagues and others. We are experiencing some supply chain disruption leading to additional cost challenges in delivering the compliance programme. The merger with One Housing Group brings a number of tall and complex buildings including those with cladding issues.	Boards and Committees set ambitious compliance targets and robustly scrutinise performance. A comprehensive asset compliance framework has been implemented including skills, technology, data quality, national supply chain and external quality assurance. A programme of routine inspections is in place for schemes and communal areas. 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 the new regulatory requirements for fire. Work is well underway to remediate the tall buildings.
4	**Quality and sustainability of homes** We have no appetite for harm to customers caused by damp, mould or condensation or from wider disrepair issues. We are seeing further upward pressure on repair volumes especially due to the unprecedented focus on housing quality and because customers are spending more time at home post-Covid. Climate change is inherently uncertain. Environmental standards, solutions and technology will evolve over time and could lead to financial challenges beyond those modelled in the business plan.	We have implemented all of the Housing Ombudsman's recommendations on dealing with damp and mould and are investing £3m per year throughout the life of the 2023-26 Corporate Plan. A new policy is in place backed up by training, predictive analytics, communication and procedures around reporting, inspection and resolution. The most serious incidents are tracked on our health & safety reporting system with resolution overseen by the executive Safety First Group. Following a full stock survey, investment to support the financial implications of Zero Carbon has been reflected in the business plan. Riverside's Climate Strategy 2022-26 sets out how the Group will retrofit existing stock as well as meeting the tougher standards for new builds. Risks around costs and adverse customer experience in the repairs service are mitigated to some extent by the use of Evolve as an in-house contractor.
5	**Integration and culture** As we seek to embed our new values framework our appetite for inconsistency and silo working has reduced. We are building a customer focussed culture, behaviour and attitude are the second highest underlying reason for complaints across the sector. We operate in a competitive market for staff and we have limited appetite for skills gaps or the disruption caused by rapid turnover. This is especially relevant in London where the integration is leading to colleague uncertainty. We will tolerate some temporary disruption to business as usual during the integration of One Housing Group as long as clear recovery plans are in place. We have little appetite for delays in delivering the planned financial savings or the pledges to customers.	Our new values framework is being launched following close collaboration between Riverside and One Housing Group including the colleague ambassador network. Our People Plan sets out how we become an employer of choice where colleagues feel valued and empowered. Periodic colleague surveys take place. Results are cascaded to leaders and the people services business partners facilitate the development of improvement plans. A merger integration plan is in place. All projects are managed using Riverside's well established change methodology and overseen by the Portfolio Steering Group. This includes a tight focus on the delivery of financial and customer benefits.

Risk	Key mitigations
6 Information We have no appetite for data leakage which could cause harm to customers or colleagues. As cyber attackers become more sophisticated we will continue to invest to ensure our security keeps up with evolving best practice. The quality of our information and data can be a constraint on the delivery of services and the implementation of new technology. We have taken tentative steps to use artificial intelligence and predictive analysis. We will carefully explore the opportunities and risks associated with this technology. Being a pioneer might expose Riverside or our customers to ethical or legal risk. But equally we do not wish to miss out on potential business benefits by being a late adopter.	A range of technical security solutions are in place which are overseen by the Cyber Security Steering and Working Groups. Periodic external penetration tests are carried out. Our Digital strategy aims to deliver an agile experience which meets industry best practice standards for availability, security and resilience. We are rolling out an Information Governance Strategy which will ensure high quality data, one version of the truth and compliance with data privacy regulations enabling Riverside to be an information and insights led organisation. Business continuity arrangements continue to mature following the lessons learnt from the pandemic.
7 Care & Support We acknowledge and accept that a degree of risk is inherent in our services which are both a safety net and springboard for customers. We support customers that present with or develop higher degrees of risk including ageing, ill-health, addictions, homelessness or the threat and experience of violence and abuse. Other agencies supporting our customers are suffering financial pressures which in turn increases the risk of incidents within our services. Commissioners seeking to make savings on the cost of care and support contracts, together with increasing costs especially of salaries, energy and maintenance is leading to downward pressure on margin. We operate in a competitive market for care staff, especially in the south east. Reliance on agency staff can pose risk to customer safety and experience as well as imposing additional costs around recruitment, induction and training.	A scheme quality framework is in place including policies, procedures, self-assessments, quality audits and the ongoing work of the Quality & Compliance team. Our new HR system (PeopleHub) has brought improvements to the recruitment and onboarding process. These are subject to close oversight by Care & Support especially in relation to timeliness. A model to measure scheme profitability has been developed with the output having visibility at Care & Support Committee. The margin on all bids is signed-off prior to submission.

Risk		Key mitigations
8	**Development and regeneration** We will explore innovative schemes and delivery mechanisms in order to achieve our development ambitions, whilst striving to maintain our operating margin. However, we will not tolerate a level of exposure which could threaten the Business Golden rules or trigger a downgrade by either Moody's or the Regulator. We are experiencing upward pressure on material and sub-contractor costs. There are signs of softening in the housing market leading to pressure on margin and sales. This could also increase the risk of a major contractor becoming insolvent thus increasing the cost of delivery.	Group Development Committee oversees the Group's development and regeneration programme. This includes scheme financial outturns, joint venture governance and external market conditions. All schemes are approved at a series of five gates by the Development and Investment Appraisal Panel. The largest schemes are scrutinised by Group Development Committee. Contractor financial health is monitored and a risk mitigation strategy is in place in the event of contractor bankruptcy. Our Corporate Plan for 2023-26 recognises the challenging outlook for housebuilding. This means we will need to temper our aspirations and regeneration will play an increasingly central role.
9	**External regulatory environment** We seek to comply with all regulatory requirements, not least because it protects our customers and others from risk. We maintain an open and transparent relationship with our regulators and have no appetite for breach in our regulatory requirements. The social housing sector is within the remit of an increasing number of regulators and the multiplicity of regulation poses a risk that organisations focus on the regulators rather than their customers. Failure to adequately prepare for the new consumer regulatory framework could lead to reputational damage. Most significantly, we could miss the opportunity to sharpen our focus on customer experience.	An action plan to prepare for proactive consumer regulation is being implemented. A matrix of all legal and regulatory requirements is maintained and kept up to date by external challenge from our legal advisors. The Governance team adopt a business partnering approach to challenge the executives on the assurance they give and the resolution of any gaps. Compliance is reported at each meeting of Group Audit Committee. The Group maintains an influencing strategy and uses its networks with other stakeholders so it has early warning of policy changes and external threats. Group Board has periodic strategy events to review the external landscape.

Business Continuity

Whilst in previous financial years both Covid-19 and the malware attack which took place in November 2021 had seen the Incident Response team (IRT) manage both of these situations on a regular basis, within the financial year 2022-2023 there was no occasion on which the IRT was required and Business Continuity development focused on improving our emergency response plans to operational incidents at scheme level.

Being a responsible business

The Group's vision to transform lives and revitalise neighbourhoods ensures that being a responsible business is at the heart of everything we do. Our Riverside Way summarises our values, our strong sense of social responsibility and accountability to customers; We Care, we are Inclusive, and we are Trusted. We pride ourselves in doing business in an ethical way, whilst benefiting the environment.

Environmental, Social and Governance (ESG) reporting is becoming more common across the sector as organisations respond to the increasing scrutiny from stakeholders. We continue to use the Sustainability Reporting Standard as a framework, as we know it allows comparability across the sector.

We are committed to investing in added-value activities for individuals and broader communities, whilst delivering measurable positive outcomes. We are inherently committed to being ethical and social. Through the Riverside Foundation we deliver a range of initiatives and outcomes which ultimately improve the lives of people or households.

In 2022, The Riverside Group made a £2.5m contribution to the Riverside Foundation, which was one of the pledges made as part of the merger with One Housing Group. This £2.5m will be an annual donation, which will increase with inflation.

This new investment has enabled the Foundation to continue to deliver established services, whilst rapidly scaling up its support for communities, and seeking new ways to help people tackle the cost of living crisis.

During 2022/23, Riverside Foundation funding enabled Riverside to deliver projects which:

- Supported 497 people towards employment, delivering 115 people into jobs.
- Delivered £2.5m in cash gains/savings to people through welfare benefits advice, and £73,119 through affordable warmth advice.
- Helped 126 vulnerable households sustain their tenancies.

The new funding also enabled the development of new partnerships. including:

- Can Cook providing 50 households with affordable ingredients and help to learn how to cook from scratch.
- Tutors United delivering tuition to 156 children in educationally disadvantaged areas.
- Street Doctors facilitating innovative educational sessions with children on knife crime.
- One Academy supplying coaching and vocational training to assist people into employment.

The new funding has also expanded our Helping Hands fund, providing £595,000 in small grants to 2,067 customers in need. This has enabled one-off purchases such as replacing a cooker, providing fuel top-up vouchers, or interview clothing.

We have also been able to introduce a new Community Fund, which has provided over £120,000 to local community groups, providing activities such as food banks, warm hubs, environmental projects and community events.

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. Our procurement activities are in line with the requirements of the Public Services (Social Value) Act 2012. We encourage our supply chain to provide employment opportunities, work experience, training, volunteering and apprenticeship programmes. We also welcome contributions to the Riverside Foundation.

Our business performance

The 2022/23 financial performance has been influenced by the merger with One Housing Group. The results include the financial performance for One Housing Group for the full year whereas the 2021/22 results only included One Housing Group from 1 December 2021 through to the year end. As a result, both revenue and costs have increased compared to the previous year. As the merger occurred towards the end of the 31 March 2022 financial year, the full incremental impact from the additional stock had not been reflected in the Group's results in 2021/22. The 2022/23 Financial Statements include the first full year impact of the One Housing Group asset base.

In line with other providers, from 1 April 2020 and up to 31 March 2023, Riverside could increase rents by CPI plus 1%. For the financial year 2023/24 a rent increase of 7% has been implemented (in line with the sector rent cap).

Riverside continues to invest in housing supply and improvements to existing stock. The Group balance sheet remains strong and healthy; though Group gearing has increased because of the merger with One Housing Group and a requirement for additional funding.

Statement of comprehensive income

The detailed results for the year are set out in the consolidated statement of comprehensive income on page 58 and the notes to the financial statements on pages 66 to 139. The following table provides a summary of the Group's results:

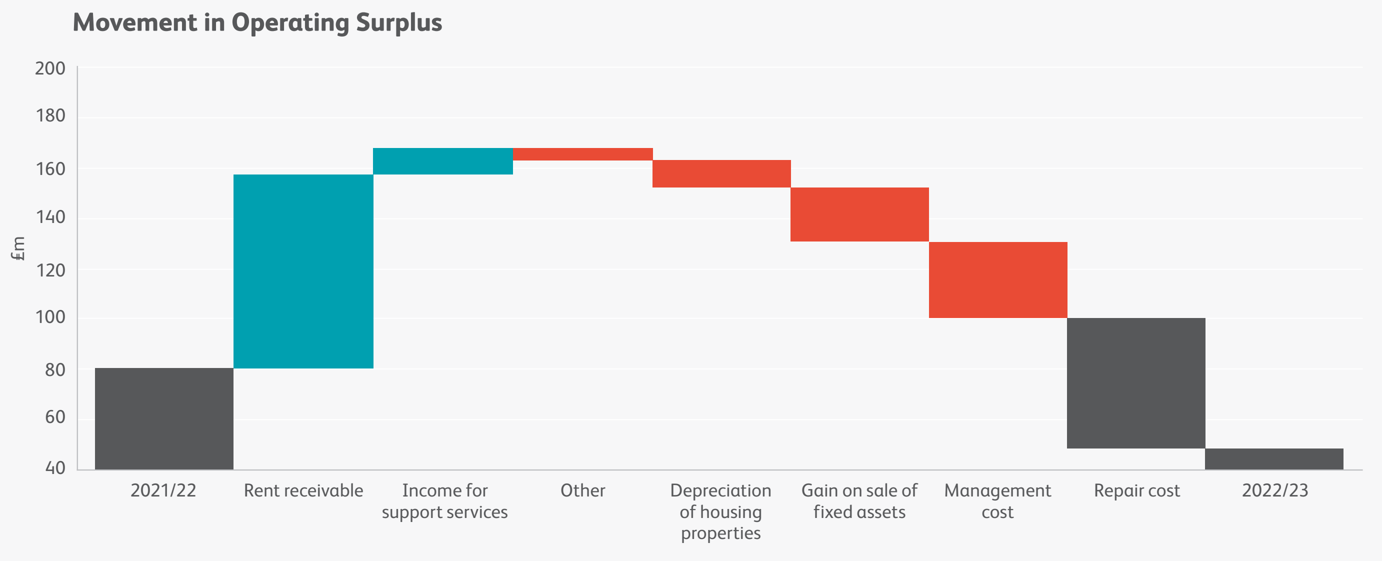
For the year ended 31 March	**2023**	Restated 2022
	£m	£m
Group turnover	**625.4**	448.1
Operating costs	**(593.6)**	(390.0)
Surplus on sale of property	**17.4**	21.1
Operating surplus	**49.2**	79.2
Net interest payable	**(67.2)**	(42.8)
Share of operating profit in joint ventures	**2.9**	6.4
Other movements	**12.4**	659.9
Surplus for the year before tax	**(2.7)**	702.7
Other comprehensive income/(loss) and tax	**10.8**	20.8
Total comprehensive income	**8.1**	723.5
Operating margin %	**7.9%**	17.7%

Turnover from social housing lettings continues to comprise the majority of the Group's turnover and increased by £118.2m. Surplus from sale of property reduced from £21.1m to £17.4m in part due to a reduced volume of sales but also due to the fair value uplift on One Housing properties following their acquisition by The Riverside Group meaning any surplus on their subsequent sale being reduced.

Turnover from development for sale of shared ownership properties increased to £19.4m, an increase from £14.8m the previous year. Turnover from social housing lettings accounted for 80% of turnover, development for outright sale 8%, income from the sale of shared ownership properties 3% of turnover, income from other social housing activities 5%, income from nursing homes 2% and turnover from non-social lettings 2%.

Statement of comprehensive income (continued)

The operating surplus reduced from £79.2m to £49.2m. The key components in the decrease of operating surplus are detailed below.



All movements in operating surplus have been heavily influenced by the current year including a full year of One Housing Group outturn compared to the prior year when only the last four months were included. This has influenced movements in both revenue and costs.

The increase in turnover from net rental income of £77.0m was the largest year on year favourable variance with income from support services also increasing by £11.9m. All other significant movements had an adverse impact on the operating surplus. Gain on sale of fixed assets reduced by £3.7m compared to 2022 due to a lower volume of sales and a revaluation exercise that took place during the year. Management cost increased by £29.9m and was adversely affected by an increase in energy cost brought about by the sharp increases in fuel prices. Repair costs increased by £51.5m with an increase of £24.1m in major repairs being the largest contributor. Repair costs increased due to ongoing fire safety work on tall building, expenditure to address damp and mould issues as well as inflationary pressure driving up the cost of materials.

Surplus on ordinary activities before tax reduced from £702.7m to a loss of £2.7m predominantly due to a one-off gain of £642.4m relating to the gift of net assets following the merger during 2022. There was a positive movement of £12.8m in the fair value of financial instruments. Net interest payable, was £67.2m which represented an increase on the previous year due to increased borrowing and higher interest rates.

Statement of cash flows

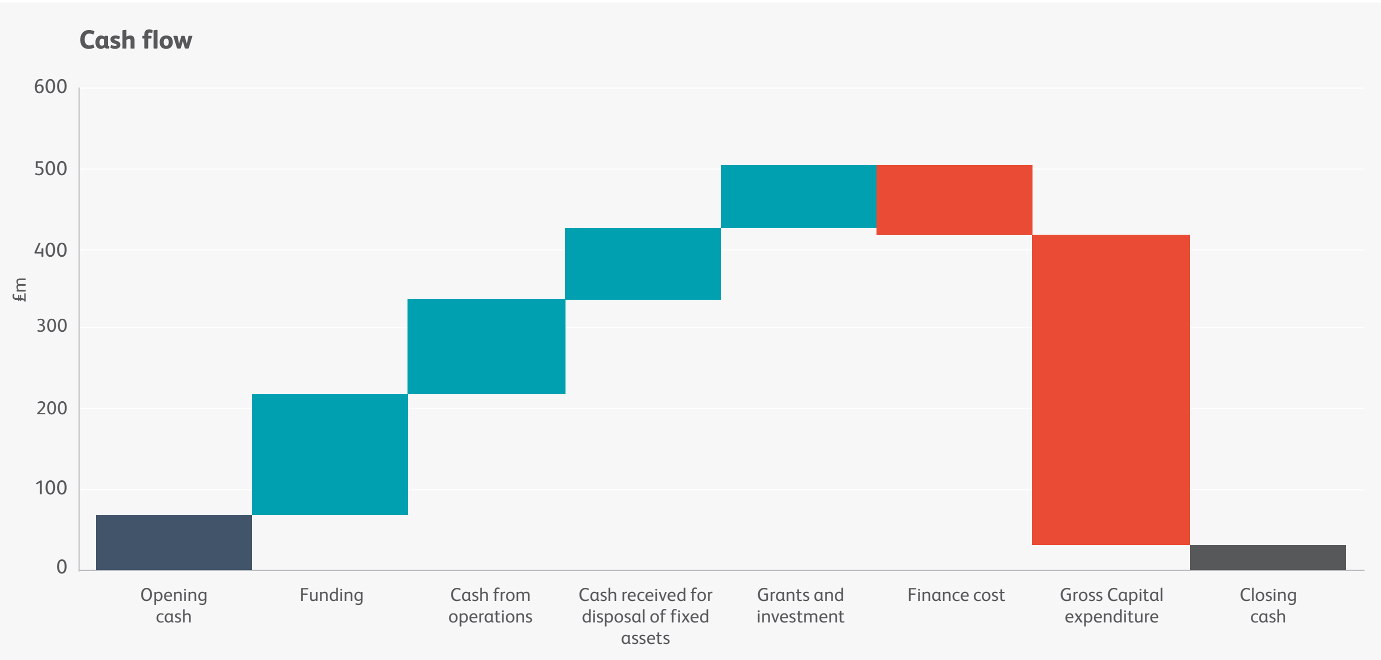
The consolidated statement of cash flows is provided on page 62 and supporting details can be found in the notes to the financial statements on pages 66 to 139. The following table provides a summary of the key elements:

For the year ended 31 March	2023	Restated 2022
	£m	£m
Cash arising on acquisition	—	(2.6)
Proceeds from disposal of joint ventures	—	38.6
Operating activities	118.0	(51.8)
Cash received for disposal of fixed assets	88.2	—
Returns on investment and servicing of finance	(80.1)	(45.9)
Capital expenditure	(313.2)	(85.9)
Change in short term deposits	(20.7)	(6.4)
Cash (outflow)	(207.8)	(141.2)
Financing	170.1	—
Increase / (Decrease) in cash	(37.7)	(141.2)

The cash generated from operating activities, property sales, disposal of fixed assets and grants has been invested in the supply of new housing, other fixed assets, and improvements to existing properties. Gross capital expenditure was £313.2m with £260.8m cash paid for housing construction being the largest element. Gross capital expenditure was offset by grant income of £80.3m. The cost of servicing of the Group's debt increased compared to 2022 due to an increase in borrowing and higher interest rates.

There was a net cash inflow from financing as new loans raised of £286.8m exceeded loan principal repayments of £116.8m.

The cash holding at year end stood at £32.0m; and whilst the cash balance dropped by £37.7m over the course of the year the Group remains committed to further investment in supply of new housing and improvements to existing properties. The available cash will be used to fund further investment in new and existing housing stock.



Statement of financial position

The consolidated statement of financial position is provided on page 59 to 60 and supporting details can be found in the notes to the financial statements on pages 66 to 139. The following table provides a summary of the key elements:

For the year ended 31 March	**2023**	Restated 2022
	£m	£m
Fixed assets and investments	**4,444.6**	4,250.8
Debtors receivable after more than one year	**85.0**	75.9
Net current (liabilities)/assets	**(64.1)**	43.1
Total assets less current liabilities	**4,465.4**	4,369.8
Creditors falling due after more than one year	**3,125.4**	3,037.8
Reserves	**1,340.1**	1.332.0
Debt per unit (£'000)	**30.7**	28.4

The balance sheet remains strong. Group gearing has increased from 54.5% to 57.3% due to increases in both long term and short-term loans in addition to a reduction in the balance of cash held. It was anticipated that gearing would increase as a result of the merger and is expected to remain higher than the pre-merger levels until the level of borrowing is reduced. The net book value of housing properties held by the Group stands at over £4,000m.

An increase in the value of investment in Joint Ventures was offset by a reduction in the value of Investment properties.

There has been an overall reduction of £8.2m in the value of current assets, resulting from a decrease in cash held which was discussed in more detail in the statement of cash flows (£37.7m), and trade and other debtors (£2.0m). These movements were partially offset by increases in the value of Investments held (£20.7m) and properties for sale (£10.8m).

Our borrowing structure and interest costs

Whilst the size of the group borrowing portfolio has not changed significantly across the year ended 31 March 2023, the Transfer of Engagements from One Housing Group Limited to The Riverside Group Limited has seen the debt portfolio largely consolidated into a single borrowing entity. As at 31 March 2023, the Group had committed funding of £2,850m (2022: £2,414m) of which £2,195m (2022: £1,949m) was drawn. All remaining available facilities at the year-end are ready to draw; this includes a £300m bridge to capital markets facility agreed in December 2022, which is unsecured. In addition to loan facilities, as at 31 March 2023 the Group also had available £32.0m (2022: £69.8m) of cash and cash equivalents, making total availability as at 31 March 2023 £687.0m (2022: £506.8m).

During the course of the year, Riverside continued with its plans to integrate the legacy One Housing portfolio into the Group. This included renegotiating facilities with Santander to align the terms and conditions on loans from the legacy Riverside and One Housing portfolios. More work of a similar vein will be carried out across the financial year ending 31 March 2024, with facilities provided by Barclays, Lloyds and NatWest.

The acceleration of the Transfer of Engagements from One Housing to Riverside also brought an opportunity to expedite some key aims from the two-year Treasury integration plan set at the start of the financial year. Of particular note, as part of the consent process for the Transfer of Engagements, all remaining EBITDA-MRI covenants within the main borrowing association were removed, retaining Riverside's historic position of only having EBITDA interest cover requirements.

As noted above, the other key transaction that took place in the year was the arrangement of a bridge to capital markets facility in December 2022. At that time, the sterling markets were too volatile to undertake a capital issuance, so the bridge was arranged via Lloyds and MUFG to protect liquidity until markets are calmer. The Group would still like to raise new capital funding in the near future, with a view to issue in late 2023 if conditions are suitable. The bridge can be extended to 31 December 2024 if required to provide liquidity headroom and provide flexibility as to when Riverside may approach the capital markets.

The Group's treasury policy aims to minimise refinancing risk and the Group has to repay £875m (2022: £594m) of loans over the next five years. This represents 40% (2022: 30.5%) of drawn debt. At the report date, the Treasury team were in the final stages of advanced discussions to convert £100m of RCF into fixed rate debt of seven and ten years. The capital market facility planned in financial year 2023/24 will further reduce the level of debt repayable in less than five years.

Net interest costs are £67.2m (2022: £42.8m). There were no break costs incurred during the year. The weighted average cost of drawn debt, inclusive of margins and hedging activities was 4.56% (2022: 3.4%). As might be expected in this economic environment, the weighted average cost of debt has increased across the year as the Bank of England Base rate has increased. The full potential impact on the weighted average cost of borrowing of these base rate increases has been mitigated by a reasonable proportion of fixed rate debt in the Group.

Fixed rates are provided via a combination of fixed rate debt, embedded and standalone swaps. As at 31 March 2023, 69%of the Group's drawn debt was fixed. This would have fallen to 53% if all available facilities were drawn.

As at 31 March 2023, the Group had a standalone interest rate swap exposure of £4.5m based on fixed rate interest swaps with a notional value of £191.6m The weighted duration of the swaps is 5.9

years. For the year ended 31 March 2023, One Housing Group Limited did not apply hedge accounting to their swaps. The credit movement in the fair value of derivatives to the statement of comprehensive income is £16.2m (2022: £13.0m debit). A gain was also recognised on cashflow hedges of a further £8.5m (2022: £8.7m gain).

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

Supply Volume Summary

	1 April 2022 Opening Unsold Units	Affordable Homes for Riverside	Affordable Homes for other RP's	Shared Ownership Homes	Market Sale Homes	31 March 2023 Closing Unsold Units	**Total Delivered**
Riverside	–	568		197	–	–	**765**
OHG		70		–			**70**
Prospect	–	25	4	–	49	–	**78**
Compendium	(1)	–	–	–	29	–	**28**
Stanton Cross	(18)	–	–	–	77	16	**75**
Total	**(19)**	**663**	**4**	**197**	**155**	**16**	**1,016**

New supply delivered – social housing units (VFM mandatory metric 2a)	**860**
New supply delivered – non-social housing units (VFM mandatory metric 2b)	**49**
Other	**107**
Total	**1,016**

Our development

Homes for the future' was a key theme within the Riverside Corporate Plan for 2020-23. This was achieved through building homes with different tenures to help balance the risks and ensure the development programme remained 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 and we have delivered 3,009 homes in this period against this target.

During 2022/23, there were 765 homes developed by Riverside for affordable rent and shared ownership and 70 by One Housing Group. This was less than anticipated in the plan and was mainly due to delays on site due to labour and material shortages.

Of these, handover of 117 homes in Scotland for Riverside subsidiary Riverside Scotland were achieved in 2022/23.

Prospect, a Riverside subsidiary, sold 49 homes and handed over 25 new affordable homes to Riverside.

During 2022/23, Compendium Living (one of our joint venture companies) focused sales activity on one key site at Ings in Hull where 29 sales were achieved in the year and all units at Ings are now sold. Work has commenced on the next phases of Castleward and Ings with 55 open market sales budgeted for 2023/24.

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 2022/23, the third year of the development, have progressed well with a further 77 sales added to the 268 sales achieved in previous years.

The Riverside London Regeneration team continues to work on five of the six sites identified at the start of the regeneration programme. Although there has been some marked progress this has been hampered by planning delays.

The development at Geoffrey Close, Lambeth is now on site and will develop 441 homes. In conjunction with our Joint Venture partner Bellway we submitted a planning application for consideration which received approval in August 2021.

The development at Pike Close, Bromley will deliver 170 homes. In conjunction with our Joint Venture partner Countryside Partnerships we submitted a planning application which received approval in April 2022.

The development at Calverley Close, Bromley will deliver 275 homes. In conjunction with our Joint Venture partner Countryside Partnerships we submitted a planning application which received approval in January 2023.

The site at Gillan Court, Lewisham received full planning permission for nine shared ownership homes. Funding was received from the GLA and work was completed in April 2023. As well as providing new homes, an element of improvement works will be undertaken on a neighbouring estate.

We are now in joint venture with partner, Mount Anvil on Friars Close in Southwark where we are progressing from feasibility stage with pre-application discussions with local planning teams.

The joint ventures with Mulalley & Co at Granville and Ladderswood are continuing and will deliver 649 homes. Final handovers are forecast to be received by the end of 2025 on Granville and 2026 on Ladderswood.

The development at Victoria Quarter will deliver up to 449 homes. In conjunction with our Joint Venture partner Fairview New Homes we continue to work to achieve a scheme that will be acceptable to planners.

The development at Camden Goods Yard will deliver up to 456 homes. In conjunction with our Joint Venture partner Countryside Partnerships we achieved a successful ballot result in December 2022 and we will be submitting the scheme for planning permission in March 2024.

Discussions are ongoing with our proposed Joint Venture partner Mount Anvil in relation to the proposed Tiller Road scheme which could deliver up to 336 new homes. Financial viability and scheme design is currently being worked through in advance of getting into contract which we target to achieve in the coming financial year.

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 August 2021, Riverside was approved as a Strategic Partner of Homes England. In addition, The Riverside Group (via One Housing Group) is a strategic partner of the Greater London Authority. Collectively, these programmes will see The Riverside Group deliver up to an additional 1,787 new homes.

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, 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, we have set out in our corporate plan our intention 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.

In 2019 the Board agreed a strategic statement, 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.

It is in this context that in December 2021, One Housing Group joined The Riverside Group as a subsidiary following a period of extensive customer and stakeholder consultation and due diligence.

The merger is underpinned by a compelling business case which identifies tangible benefits for customers in the form of improved services, higher levels of investment and more affordable homes, made possible by harnessing our combined strength to deliver savings and become more efficient over the longer-term.

The 2022/23 performance reporting for the mandatory financial metrics includes a full twelve months of One Housing Group outturns. The prior year only included four months of One Housing Group outturns from the point when One Housing Group joined The Riverside Group.

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 (2021/22) 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 additional measures, drawn from the Corporate Plan of Riverside in order to review progress against our objectives for the period to 2023. Up to this stage it has not been possible to create combined non-financial results given the nature of the metrics and differing methodologies adopted. Work is ongoing to align approaches as part of the integration process, with combined outturns due to be reflected for 2023/24 reporting.

Commentary on metrics

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

Value for money mandatory metrics	Group 2022/23 Result	2022/23 Target	2021/22 Result	2021/22 Benchmark	2023/24 Target
Efficiency					
Reinvestment %	**8.0**	10.4	6.1	5.6	9.8
New supply delivered (social housing units) %	**1.2**	1.5	1.2	1.2	2.0
New supply delivered (non-social housing units) %	**0.1**	0.3	0.1	0.3	0.1
Gearing %	**54.8**	50.7	44.3	45.5	55.0
Headline social housing cost per unit (CPU)	**£7,327**	£7,319	£4,855	£4,771	£7,536
EBITDA MRI Interest cover %(1)	**46**	28	136	130	51
Operating margin (social housing lettings) %	**5.3**	6.9	12.3	26.3	6.8
Operating margin (overall) %(2)	**5.1**	11.6	13.0	19.9	12.2
Return on capital employed %	**1.2**	2.4	2.0	2.6	2.5

Value for money additional metrics (Riverside only)	2022/23 Result	2022/23 Target	2021/22 Result	2023/24 Target
People at our heart				
Overall customer satisfaction %	**68.5**	78.0	70.7	N/A
Digital participation %	**30.1**	35.0	27.1	N/A
Homes for the future				
Satisfaction with quality of home %	**73.1**	79.0	72.5	N/A
Affordable homes started (% of programme)	**66.9**	66.0	82.9	N/A
Places to thrive in				
Customer satisfaction with area as place to live %	**79.0**	83.0	79.5	N/A

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

1) EBITDA MRI Interest Cover % – Excluding £58m capitalised major repairs from the calculation of the 2021/22 outcome would increase interest cover to 92%.
2) 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 using The Regular of Social Housing 2022 Benchmarking tool. The benchmarking population includes Housing Associations with greater than 20,000 units and at least 4% of stock being supported housing. The benchmark applied is the median for this group. The benchmark data is for 2021/22, however this is the latest information available.

Reinvestment

Riverside is generating substantial surpluses which strengthen our balance sheet and enable us to re-invest in new and improve existing homes. In 2022/23 Riverside reinvested 8.0% of the total value of our housing assets in this way. This compares favourably with a figure of 6.1% in the previous year. During 2022/23 we spent £240m on development of new properties, a significant increase on the previous year. There was also a further £84m spent on reinvestment in our existing housing stock. The significant increase in the scale of our capital investment programmes, can be partially linked to the inclusion of a full year of One Housing Group expenditure rather than only four months of One Housing Group investment spend in 2021/22. The outturn is significantly higher than the previous year's reinvestment rate for our comparator peer Group.

Performance Improvement:
Investment spend is planned to increase significantly to 9.8% of the value of our housing assets for 2023/24. Investment includes spend to maintain our stock, to ensure we meet all regulatory compliance requirements and complete our Retirement Living Investment programme. The programme includes significant investments on fire safety works on our tall buildings.

Whilst not part of the reinvestment metric spend is also planned for responsive repairs, void works 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 medium term the merger with One Housing Group will enhance the financial strength of the Group, and this will be a vehicle that will deliver continued high levels of investment both in new supply and our existing stock.

Target for 2023/24: 9.8%

New supply delivered

Because of the regulatory definition the overall supply figure of 909 excludes 103 units built for market sale at Stanton Cross (75 units), and by Compendium (28 units) in addition to four affordable homes built by Prospect for other registered providers.

During the year, we delivered 860 social housing homes under the Affordable Housing programme including 197 properties developed for shared ownership. This is broadly in line with our benchmark group. Of the total OHG contributed 70 units with a further 25 being completed by Prospect. We continued to focus our investment in core areas, where we already have a significant presence, including areas around London served by OHG.

During the 2020-23 Corporate Plan, we have developed homes for outright sale to enable cross subsidy, which balances the risks and ensures the development programme remained financially sustainable. During the year there were 152 'Non-Social' home completions, which was a reduction from the previous year's figure of 235. Of the total, only the 49 homes that were developed for market sale by our commercial house building subsidiary Prospect are included in the non-social housing unit supply figure, the remainder being delivered by our Joint Ventures. Whilst our non-social housing programme seems proportionately lower than our benchmark group, adding back the homes delivered by Joint Ventures brings us back into line.

Performance Improvement:
In our 2023-26 Corporate Plan we will continue to be a significant housebuilder to meet local needs. Our housebuilding outputs are set to increase, although not to the extent that we had originally planned because of market conditions. Our focus will change, as increasingly our programme prioritises the reprovision of existing homes in order to build better places through large scale regeneration. The homes we build will be more energy efficient and fit for the future.

This year's plan includes homes that broadly fall into three categories:

- Those we are contracted to deliver via Homes England and Greater London Authority strategic partnerships,
- Regeneration plans where we have made promises to customers; and
- Obligations via Joint Ventures, alongside Prospect who now have a healthy pipeline of approximately 400 homes.

Target for 2023/24:
Social housing 2.0% / 1,424 homes
Non-social housing 0.1% / 82 homes

Gearing %

Riverside's Association gearing has understandably increased from historic Riverside levels prior to the merger with OHG and is 54.8%. Long term debt is currently valued at £2.0bn. Short term loans stand at £165.9m. Cash has increased by £10.3m to £23.8m. The NBV of housing properties is £3.9bn. Gearing is higher due to the loan portfolio and debt levels inherited at the time of the merger with OHG. It was anticipated that gearing would increase as a result of the merger and is expected to remain higher than the pre-merger levels in the short term whilst the size of the borrowing portfolio is righted. Riverside still has a strong balance sheet that puts us in a good position to fund our revised development plans as well as investment in existing stock. What has not changed is the collaborative way in which we work with our lenders and investors to assure them that Riverside continues to have significant financial strength and stability, underpinned by our 30-year Business Plan.

Performance Improvement:

— As a result of the Transfer of Engagements from One Housing Group Limited to The Riverside Group Limited on 31 March 2023, gearing performance for the Association has been impacted on the balance sheet date as the debt portfolio has been consolidated into a single entity. Part of the Treasury Strategy over the next few years (see page 25) will be to right-size the debt portfolio to the needs of the Group. However, this will need to be achieved over time, especially as in the short-term funding is still required to complete the fire safety works on tall buildings in London. New debt will therefore need to be issued in the capital markets to both consolidate some of the existing portfolio but also to fund these works. Timing of this issuance will in part be guided by the wider economic environment and the cost of locking into long term debt whilst inflation and interest rates remain higher than in previous periods.

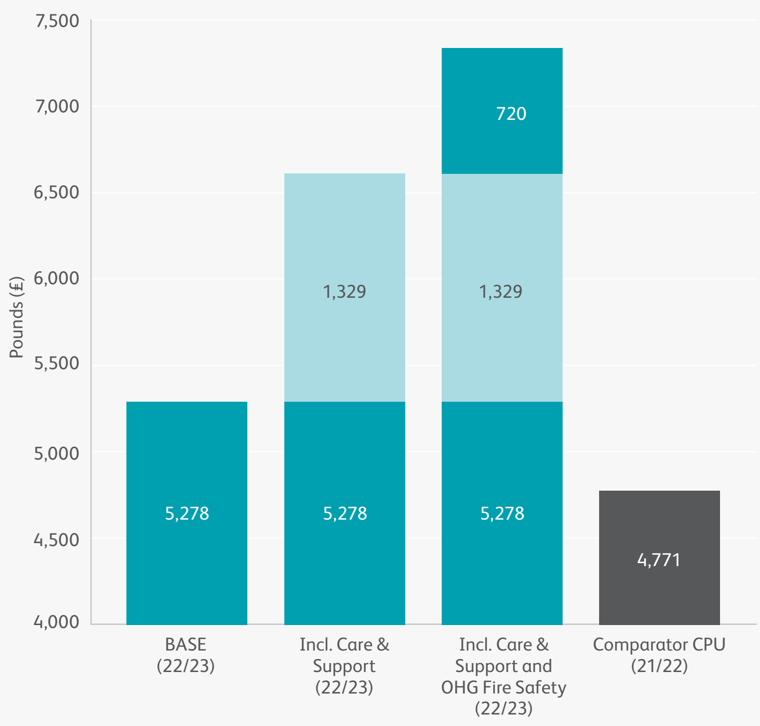
Target for 2023/24: 55.0%

Headline Social Housing CPU

Riverside's headline social housing cost per home has increased from £4,855 to £7,327 in 2022/23, however this was in line with the target of £7,319. The significant increase is due to a number of factors. Firstly, the result includes full year costs for One Housing Group, whereas the previous year only included the final four months of the financial year. Had 12 months OHG cost been included CPU would have been £6,750. The challenging external economic environment has driven increases in cost particularly expenditure on materials and energy.

The overall repair cost includes significant fire safety expenditure on tall buildings within the One Housing Group stock portfolio. Additionally the relatively high level of Service charge cost reflects Riverside's significant presence is the Care and Support sector. Excluding OHG Fire Safety cost reduces CPU by £720 to £6,607, whilst excluding Care and Support cost reduces CPU by a further £1,329 to £5,278. The 2021/22 CPU for an appropriate comparator group was £4,771, although this was for the previous year, and costs are likely to have risen sharply. It is difficult to benchmark Riverside's CPU inclusive of service charge cost as there are very few providers with a similar proportion of supported housing and housing for older people.

Social Housing Cost per unit Analysis (£/unit)



Whilst all categories of social housing costs have increased the biggest increases have been in major repairs, inclusive of work capitalised of £68.1m, management costs £29.9m, service charge cost £27.9m, and routine maintenance £21.2m.

Whilst CPU has increased in 2022/23, we remain committed to investing money in our housing stock for the benefit of current and future customers.

The increase in the 2023/24 target reflects the planned increase in major repairs including fire safety work.

Performance Improvement:

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

Target for 2023/24: £7,536

Interest cover (EBITDA MRI) %

Our EBITDA MRI has reduced from 136% to 46%. Several factors have combined to cause this reduction in the metric. The Group operating surplus excluding the gain from sale of fixed assets has reduced from £58.1m to £31.8m, capitalised major repairs expenditure including fire safety increased from £40.3m to £84.3m, and there was an increase in interest payable and financing cost from £52.5m to £73.5m because of increased borrowing and higher interest rates.

Our EBITDA MRI is influenced by higher costs and the lower operating margins associated with our labour intensive care and support business. Our typical level of EBITDA MRI is also the product of a relatively low rent base, especially in the North West of England.

Performance Improvement:

— Reduced management and overhead costs delivered through an ongoing focus on optimising our organisational structure and reducing operational costs. This includes leveraging cost efficiencies gained through the merger. This will be partly offset by increasing interest costs.

— Delivery of the 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 2023/24: 51.0%

Operating Margin

Riverside reported an overall group-level surplus (excluding contribution from disposal of fixed assets) of £31.8m compared to £58.1m in 2021/22. This represented a reduction in the overall margin from 13.0% to 5.1%.

The group level operating surplus from social housing lettings reduced from £46.9m to £26.4m which resulted in the margin reducing from 12.3% to 5.3%. The decrease in the surplus generated from social housing was the main reason for the reduction in the overall operating margin, though there were other factors that contributed. The loss made on management services increased by £2.9m, profit generated from other social housing activities reduced by £2.5m, and profit from sale of shared ownership properties reduced by £1.2m.

The surplus generated from non-social housing activities was £0.2m. This included a loss of £10.9m on nursing homes of which the largest contributor was the Baycroft brand where under occupancy remains a significant challenge. The loss on nursing homes was offset by profit made on non-social housing lettings, and non-social housing property built for sale.

As referred to previously within our social housing business, neighbourhood services (general needs rent and shared ownership) have an operating margin of 11.5% 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 have 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, from both Prospect's and our joint venture enterprises.
- Other cost reduction measures as per commentary on interest cover.

We plan to retain and consolidate our care and support business streams. Growth will be focused on our areas of expertise where our margin expectations must be realised. Action is being taken to resolve the issues with Baycroft during 2023/24 and this action will improve margin in future years.

Overall Target 2023/24: 12.2%
Social Housing Target for 2023/24: 6.8%

Return on Capital Employed

Our Return on Capital Employed reduced to 1.2% from 2.0%. The decline in the overall operating surplus from £79.2m to £49.2m was the biggest reason for the reduction. In addition total assets less current liabilities increased slightly and stands at £4.5bn.

Performance Improvement:

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

Target for 2023/24: 2.5%

Our Additional Value for Money Metrics

People at our heart

Overall customer satisfaction

Although we finish the ‘Our Riverside Plan’ (ORP) period reporting a reduction from the previous year (an overall drop of 3.7% since the plan was launched that also reflects a wider sector trend), we are continuing to recover from significant challenges that impacted our ability to deliver the standard of services our customers expect. Although performance is not where we want it to be, we have delivered a range of improvement activity identified for this year, including the introduction of revised service standards, the completion of customer journey mapping for key services and the launch of a new Customer Engagement and Involvement strategy (see page 14). In this time, we have also strengthened our digital offer (see ‘Digital Participation’) and successfully completed a pilot that saw a centralised team deal with complaints and introduce a revised policy and procedures (in line with the Complaints Handling Code) to ensure that complaints are resolved quickly and with minimal customer effort.

Whilst this represents positive progress, it will take time for such initiatives to result in increased levels of satisfaction over the longer-term, and there is of course much that we also still need to do. Although performance in the final quarter of the year suggest that our position has stabilised somewhat, as a newly expanded Group we look forward with realistic assumptions around what we can hope to achieve. Our approach will continue to be centred around delivering improvement in the areas identified as the key drivers of performance, the ease by which customers have queries resolved, the standard of repairs and maintenance, and the ways in which we demonstrate that we are listening to and acting upon customer views.

Performance Improvement:

We will continue to drive improvement through a dedicated ‘Customer Experience’ strategy, working with customers to:

- Improve repairs diagnostic capability to ensure that the right operative attends with the right tools and materials to complete more right first time within target timescales.
- Continue to expand opportunities to self-serve queries that are routed to the correct team in order that they can be resolved quickly and effectively.
- Introduce a diverse range of methods for customers to have their voice heard, tailoring services accordingly and feeding back on how customers have influenced them.
- Establish a complaints handling ‘Centre of Excellence’, building upon lessons learned from the pilot to improve the experience of customers going through the complaints service.

Digital Participation (%)

There has been some growth in digital participation this year (and indeed since the start of the Our Riverside Plan period when we were at 11%) and reaching the 30% mark represents positive progress despite being some way short of our 60% target. Performance reached a peak in November 2022, driven by changes that made it easier for customers to access our contact channels via a redesigned website contact page, and there was a clear appetite for both our self-serve channel (MyRiverside) and live chat service during periods where people were experiencing extended call wait times. This, together with our online tenancy sign-up process, mobile app and chatbot service has helped us to achieve a healthy level of digital engagement, with just under half of all households now registered for MyRiverside (up from 35% in March 2022) and more than a third of those using our app (up from 28% in March 2022). At its peak in December 2022, our chatbot supported nearly a third of all cases logged to become the second most popular channel after telephone.

As well as enabling customers to contact us more easily, our digital channels are also showing signs of helping to boost levels of satisfaction with the service received compared with non-digital methods, particularly with repairs that customers were 3% happier with as we finished the year. As it stands, our digital offer is primarily aimed at social housing customers, for which the level of participation is much closer to 40%, and work is underway to extend digital services to customers living within our supported schemes and those in home ownership to help us achieve our target going forward. In addition to this, we also know that there are key improvement areas in which we must take action to drive performance and a range of initiatives will be delivered as part of our refreshed digital roadmap.

Performance Improvement:

- Focus on the specific needs of our customers to understand different digital experiences and identify appropriate improvement action, rather than presenting a 'one-size-fits all' approach.
- Increase capabilities on our self-serve channels beyond logging a repair or making a payment, with a specific focus on enhancing our Care & Support and Home Ownership offers that are currently more limited than social housing.
- Ensure that all queries that come through any of our digital channels are routed to the correct team in order that they can be resolved more quickly and effectively.

Homes for the future

Satisfaction with quality of home

Performance has improved in the year, up 0.6% from the baseline position and at the highest level since February 2022, representing positive progress. However, over the course of the Our Riverside Plan period, satisfaction has declined by 4% since March 2020, and is some way off target. We have continued to focus on improving the quality of our homes, investing c£138m over the past three years on planned and cyclical programmes, though this is lower than initial assumptions as a result of the pandemic where all but emergency repairs were placed on hold for a significant period. This has not prevented us from making significant headway with programmes to invest in room and communal area upgrades in our supported housing schemes, and complete our longstanding Retirement Living Investment programme, with works fully complete at 45 out of 60 sites.

We continue to scale up our resources to invest more heavily over the coming years as we seek to deliver widespread energy-efficiency upgrade works alongside a £9m three-year project to proactively identify and address damp and mould issues alongside standard repairs and planned programmes that will further improve the quality of our homes.

Performance Improvement:

- Continue to install smart, remote sensory devices in customers' homes to provide insight into energy use and performance, and highlight at an early stage where a property is experiencing, or is at risk of developing damp and mould problems.
- Reduce gaps in stock condition data through a more extensive programme of property surveys in order to develop long-term investment plans.
- Commence delivery of a £26m (part SHDF funded) programme of works to bring c1,100 properties up to a minimum Energy Performance Certificate (EPC) rating of C.

Affordable homes started (% of programme)

We finish the year having met our long-term commitment 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. Although a reduction from the previous year and indeed the point at which Our Riverside Plan was launched, this has been driven by an anticipated increase in the proportion of open market sale homes started by our commercial partners Prospect and Compendium, and through our Joint Venture at Stanton Cross. This reflects original assumptions in terms of delivery schedules where it was expected that the number of homes developed for sale would increase at times, resulting in a reduction in the proportion of affordable homes started within the overall programme. Over the long-term it is very unlikely that this will have a significant impact on our ability to meet this target.

Performance improvement: N/A

Places to thrive in

Satisfaction with area as a place to live

Performance has remained largely static during the year and the outcome at year-end represents a 2% reduction over the course of the Our Riverside Plan period. The nature of work in this area has a long-term focus, particularly in relation to intervention we are seeking to deliver in our neighbourhoods through a combination of large-scale regeneration programmes and more localised approaches. Steady progress has been made on our London estate renewal programme following complex consultation, ballot and planning processes which have had to accommodate significant changes to maintain viability, and our regeneration plans in Runcorn have also advanced with comprehensive masterplans developed with residents.

Despite sustained challenges in our operating environment that impacted our ability to deliver outcomes for customers at the scale we originally hoped, we have helped many people through our employment and training, money advice and affordable warmth support services. We continue to explore opportunities to deliver small/medium-scale environmental improvement projects, and a new community planning framework has been established in consultation with customers to identify local area-based initiatives that benefit people living in the areas in which we work.

Performance Improvement:

— Progress works on neighbourhood renewal sites in London and secure funding to deliver retrofit and placemaking activity in Runcorn.

— Maximise employment and training opportunities and other community benefits through our procurement processes, with significant employment and training opportunities generated for customers.

— Continue to identify and deliver improvement activity through bespoke Community and patch plans.

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. They are also a direct reflection of the short-term impact of our merger with One Housing, which has resulted in an immediate decline in the majority of our financially based vfm metrics. The merger has brought in significant additional costs relating to fire safety, historic commercial decisions and the alignment of accounting practices. Whilst these were expected, they have been exacerbated by the unfavorable economic conditions experienced across the whole sector, including unprecedented levels of cost inflation and steady increases to interest rates. The overall impact has been marked, however it is expected to be short-term, and our targets for next year reflect an expectation that performance will begin to improve given the underlying strength of the Group. 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. Services will be transformed through digital excellence, and this process will be accelerated by the merger.

— Has delivered more than 1,000 new homes in the financial year ending 31 March 2023. 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. The recent merger will improve the long-term financial strength of the Group by delivering real value for money benefits.

— Looks to deliver further efficiency by a systematic approach to integration following the merger, driving down costs through better working practices and effective procurement without compromising on service standards or quality and by maximising income. In the short-term there will be cost challenges linked to the merger that will be reflected in our results over the next few years.

— 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. Part of this commitment is tackling significant building safety works to higher blocks.

Our future

On the 31st March 2023, the assets and liabilities of One Housing Group transferred into The Riverside Group Limited via a Transfer of Engagements.

During 2023-24, we will start to deliver the aspirations of Forward Together, our newly launched Corporate Plan for 2023 – 2026 including 1,275 new homes.

There is no doubt that, initially, the merger changes the shape of our financial metrics. However, despite this we are confident that the short term challenges will lead to medium and longer term benefits as we deliver integration and complete the Fire Safety Programme.

Over the next two years we will drive at least £7.5m out of the cost base of the merged businesses.

Riverside remains a strong and robust organisation. 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 2022.

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 2023.

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 from members of its Board and details of whom are given on pages 4 to 5 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.

In December 2021, One Housing became part of The Riverside Group and in November 2022 the intention to accelerate the legal integration through a process known as a Transfer of Engagements was announced. Following consultation with One Housing residents and approval from the One Housing and Riverside Boards and One Housing shareholders, the Transfer of Engagements completed on 31 March 2023.

As of 1st April 2023, Riverside became the legal landlord of previous One Housing customers and the legal employer of staff at One Housing, with all assets and liabilities having transferred to Riverside. However, for the time being, the name 'One Housing, part of Riverside' will continue to be used as a trading name. This is a major milestone on the integration journey which is bringing the organisation together over the next few years. This will mean that together Riverside can deliver better, more cost-effective services to customers with common standards and processes.

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.

The Board of The Riverside Group Limited

The Board members of TRGL holding office during the period 1 April 2022 to 31 March 2023 are detailed below:

- Terrie Alafat CBE
- Carlos Gregorio Ashmore
- Caroline Corby
- Stewart Davenport (resigned 30 June 2022)
- Pauline Davis
- Ingrid Fife
- Keith Harkness (appointed 13 July 2023)
- Nigel Holland (appointed 1 July 2022)
- Olwen Lintott
- Erfana Mahmood
- Carol Matthews* CBE (co-opted member)
- Sandy Murray
- Rommel Pereira (resigned 20 April 2023)
- Sam Scott (appointed as a co-optee member 11 October 2021, board member 1 April 2022)

(*co-optee)

The Board is comprised of 11 non-executives, one of whom is a customer member, and the Group Chief Executive, who is a co-optee. A customer is also invited to attend Board meetings as an observer. This role was filled by Paula Simpson until October 2022 when she was succeeded by Brian Chiyama. With effect from 13 July 2023 Keith Harkness has been appointed as the Group Board Observer. Also in attendance at Board meetings are the Executive Directors and the Company Secretary.

Membership of the Board comprises 64% women, (2022: 67%), which compares to 51% in the wider population. Board members declaring themselves to have a disability is lower than the wider population and those declaring themselves as having ethnic minority backgrounds is higher than the wider population.

During the year payments made to Board members were £476k (2022: £426k), which represented 0.08% (2022: 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 2021 as part of the merger with One Housing Group using independent benchmarking data.

The Board (and its committees and subsidiary boards) 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. An independent specialist facilitated an appraisal of the Board in 2021 which involved customer feedback. Outcomes of the appraisal exercise were used as the basis for an action plan to enhance effectiveness.

In 2022, individual appraisals were also carried out to support Board and Committee members in reflecting on their individual performance and identifying opportunities for improvement.

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. Further extensions are only granted by exception and where there is clear business need.

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.

Board members are drawn from diverse backgrounds and are selected to ensure that they bring relevant experience, skills and understanding to the work 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 Riverside Group Limited rules allow attendance by telephone and video conference which facilitates efficient and effective governance. In person meetings are also held which facilitate rapport that is good for boards and committees, both between members, and between officers and members. 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 and the Group Development Committee, all of which are composed of non-executive members, and 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 10 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.	Sam Scott (Chair) (appointed 1 April 2022) Jackie Grannell Olwen Lintott Maria Milford (resigned 4 October 2022) Margi Kelly Gillian Singh Jim Strang Wayne Booth	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) Victor Andrews Sara Beamand Ian Campbell Pamela Davies (appointed 1 July 2022) Andy Deutsch (resigned 4 October 2022) Pauline Ford Hetal Parmar (resigned 31 May 2022) Michele Scattergood	Met five times in the year
Governance & Remuneration	To provide assurance and advice to the Group Board (and relevant subsidiary Boards) on the effectiveness of Group governance arrangements, and compliance against the adopted Code of Governance, all relevant law and regulation and Group governing instruments. The Committee considers nominations and appointments to Group Boards and Committees and approves or recommends approval of such to Group Board. The Committee is also responsible for matters of remuneration relating to staff, senior leadership and Non-Executive Directors and Committee Members.	Pauline Davis (Chair) Terrie Alafat CBE Caroline Corby	Met seven times in the year

Committee	Role	Members	Meetings
Group Audit	To provide assurance and advice to the Group Board (and relevant subsidiary Boards) on the effectiveness of risk management arrangements, the internal control framework, compliance with all legal, statutory and regulatory requirements and the integrity of the annual financial statements. The Committee also advises the Group Board on the appointment and effectiveness of the external auditor for the Riverside Group.	Rommel Pereira (Chair) (resigned 20 April 2023) Sandy Murray (Vice Chair) (interim Chair from April 2023) Maria Hallows Erfana Mahmood Pauline Ford Suki Jandu Lee Gibson	Met four times in the year
Group Treasury	To advise the Board on significant technical or complex treasury issues. To assist the Board in understanding the implications of treasury risk for the Group and ensuring that such risks are adequately mitigated. To make decisions on behalf of the Board with regards to day-to-day operational treasury matters that require higher level approvals, in accordance with the Delegated Authorities provided by the Board to the Committee for such activities.	Carlos Gregorio Ashmore (Chair) Devan Bala Nigel Perryman	Met three times in the year
Group Development	To assist the Group Board in approving certain development activities and in monitoring the performance of the Group's development, regeneration and sales programmes. This includes where this activity is via Joint Ventures or Special Project Vehicles. This is a new committee following the merger with One Housing Group.	Nigel Holland (Chair) (appointed 1 July 2022) Stewart Davenport (Chair until resigned 30 June 2022) Pauline Davis Jenny Coombs (resigned 20 July 2022) John Feeney (appointed 1 July 2022) Dale Meredith Paul Newbold Richard Nichols	Met eight times in the year

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 Development and Investment Appraisal Panel. This panel replaced the Investment Appraisal Committee following the merger with One Housing Group and the expansion of the panel's scope and 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 Panel 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 The Riverside Group Limited 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 2022/23 was the NHF Code of Governance 2020) has been completed. The Group complies with its Code of Governance, with the following exceptions:

- Two Group Board Members (Pauline Davis and Ingrid Fife) have exceeded the six year maximum tenure rule. Also Dale Meredith in his capacity as a member of the Group Development Committee, and Jackie Grannell who is a member of the Customer Experience Committee have also served in excess of six years. However, this does not represent a non-compliant position in that the Code allows for extension where there is a clear business need. It is considered that the business need has been established in each four instances given that the retention of these skills, knowledge and experience is vital to Riverside maintaining strong governance leadership and customer insight in light of regulatory change and the recent merger.
- The Board of Irvine Housing Association has retained a nine year maximum Board Member tenure and a retirement rotation system as set out in its Rules. It has also retained those Rules which set out the minimum and maximum board Membership which differ from the Code of Governance.
- The Board of Evolve Facility Services Limited is comprised of two Executive Directors whose terms of office are co-terminous with their appointment as Executive Directors.
- Two members of the Prospect (GB) Ltd. Board have left their position in the period (Carol Matthews and David Broadbent) and the decision was taken not to seek to identify replacements, resulting in four members remaining on the Board (two Executive Directors and two Non-Executive Directors), which is not in line with the recommendation that the Board should comprise a majority of Non-Executive Directors. However, the Articles of Association were updated and approved by the Prospect Board in 2021 and no such stipulation was specified in the Articles. In addition to the Constitution taking precedence, given the sector specific work overseen by the Prospect Board, and the extensive skill set of the existing members, it was felt that a more focused and streamlined Board membership would aid decision making and oversight of key activities.

Riverside is content that these exceptions do not compromise the governance of this organisation.

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

- Substantial work has been carried out to strengthen compliance with the adopted Code of Governance including the adoption of a suite of new governance policies and a review of TRGL's Governance Framework.
- An updated Code of Conduct and Service Member Agreement for all Board and Committee Members has been introduced and

within the year the Group Board has adopted the new NHF Code of Conduct 2022.

— A range of new role profiles for Chairs, Vice Chairs and Board/Committee Members has been developed.

— A Succession Strategy and Plan has been established.

— Streamlining of the Corporate Structure has continued.

— A central regulatory and statutory compliance function has been further developed to support the business.

— Membership of Boards and Committees has been strengthened through the recruitment of additional skilled and experienced colleagues.

— Group Board meetings have moved from remote video-conferencing, to a hybrid model in which 50% of Board meetings are in person and include site visits around the country in which the Board can meet with staff and customers.

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 2023 and to the date of approval of these financial statements. For the year ended 31 March 2023, 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 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.

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 help deliver these policy objectives we launched our brand-new ED&I Strategy this summer, which sets out the steps we will take over the next three years to further embed our long-term commitment. This reflects our recently refreshed organisational values, which now include the value "We are inclusive".

This commitment is driven by the Chair of our Board, who recently signed up to the National Housing Federation's Chairs' Challenge, which is a public commitment to achieving greater diversity and inclusion at Board level.

It is important that Riverside understands the composition of its Board and Committees, Leadership Team and wider workforce by the key protected characteristics, comparing this data with the profile of the population living in the communities we serve. We remain committed to being open and transparent by publishing this data, and the charts below show this comparison by gender, ethnicity, disability, sexual orientation, age and religion or belief. A more detailed review of our ED&I activities is set out in our Annual ED&I report.

Our new strategy's objectives and metrics provide a framework to drive improvement and reaffirm our commitment to improving the diversity of Riverside's leadership and governance, by establishing appropriate benchmarks for Board and Committee composition. We will use these to influence our recruitment processes, exploring opportunities to attract a more diverse range of candidates for vacancies and implementing support measures to upskill 'board ready' candidates for future vacancies that may arise in our governance structures.

This approach will also support the Group's continued compliance with the National Housing Federation's Code of Governance.

Gender – Riverside generally mirrors the wider population in all comparator groups apart from its wider workforce, of which 64% is female.

Ethnicity – Compared to the wider population, we have a similar proportion of colleagues from ethnically diverse communities across our workforce. Our governance community and Leadership Group is less ethnically diverse, and we are addressing this through our commitment to the Chairs' Challenge and guaranteed interview scheme for ethnic minority candidates for senior posts.

Disability – We have a significantly lower proportion of disabled people in our workforce, Leadership Team and governance community compared to the wider working age population, with proportions identifying a disability being closely associated to the age profile of the particular group. However, we still have a data gap for our wider workforce and continue to run campaigns to encourage colleagues to share their protected characteristics data, including disability.

Sexual orientation – Our workforce and Leadership Team have a higher proportion of lesbian, gay and bisexual people than the wider population, with lower levels of representation amongst our governance community. We continue to encourage colleagues to share data relating to all protected characteristics.

Age – Overall workforce is fairly evenly spread across the age groups (for working aged people), except for under 25s where representation is significantly lower than that in the wider population. Our Leadership Group has a more mature profile, with two thirds aged 45 or over, although over a quarter are aged between 35 and 44. Our governance community has an older profile again, with nearly two thirds being 55 or over, and only 7% below the age of 35.

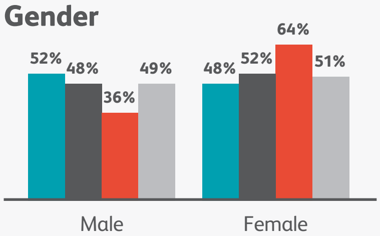
Religion or belief – From the data we hold, our Leadership Group and workforce are relatively diverse in terms of their religious identities, our governance community less so, being more likely to identify as Christian or having no religion.

Key Equality and Diversity Metrics

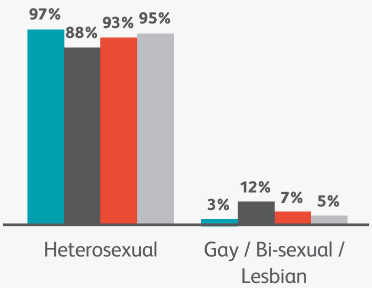
Legend

- Board & Committees
- Leadership Group
- Wider workforce
- Wider population

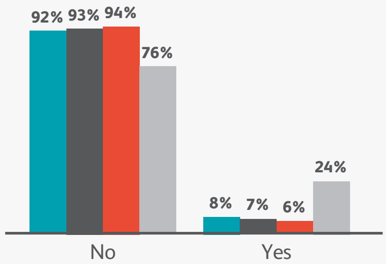
Gender



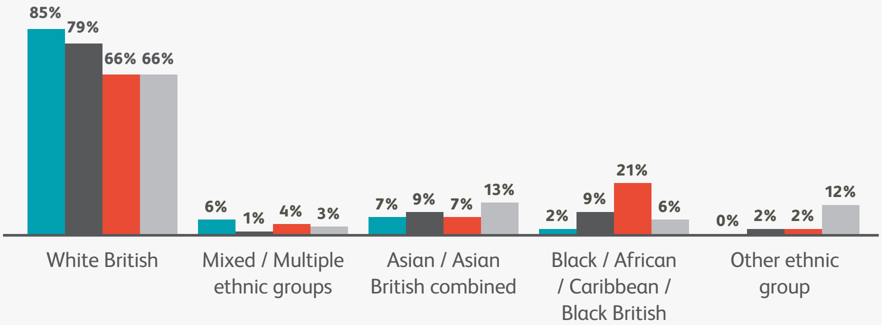
Sexual orientation



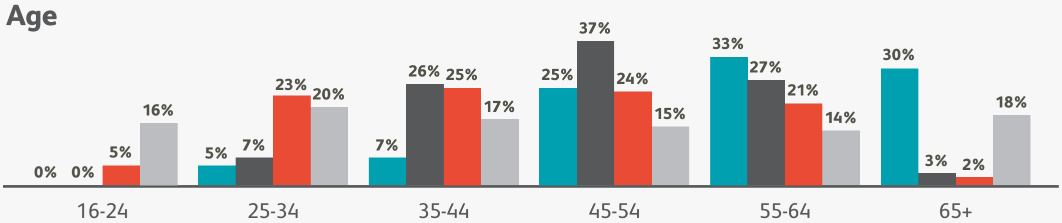
Disability



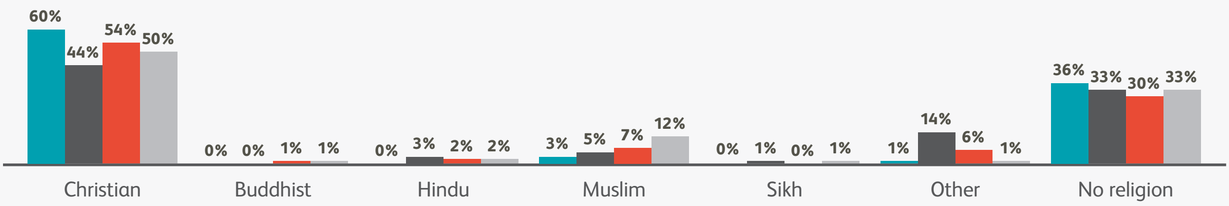
Ethnicity



Age



Religion



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

Riverside (including OHG) Commentary – Annual Report

Ethnicity and Gender Pay Gap

At Riverside, we are committed to supporting and promoting equality, diversity, and inclusion. We care passionately about our people and creating an environment where colleagues can realise their potential regardless of their protected characteristic.

Our ambition is that our diversity reflects the customers and communities we serve. Our ways of working and pay structures ensure colleagues are paid equally for the work they do.

Employers with over 250 employees are required by UK law to publish their gender pay gap annually, based on their payroll on a snapshot date of 5 April each year. The requirement is to publish this gap report within 12 months of the snapshot date. However, Riverside are keen to publish its results as soon as possible after the snapshot date.

In addition, although no legal requirement to do so, Riverside undertakes an ethnicity pay analysis on an annual basis at the same time and on the same calculation basis used for gender, we have been undertaking this analysis since 2019.

As an organisation, publishing and monitoring pay gaps will help us understand the reasons for any gap and consider what action we need to take to tackle the causes.

On 1st April 2023 there was a transfer of engagements from One Housing Group to the Riverside Group meaning this is the first year we will provide a combined view of both Gender and Ethnicity pay gaps. In 2022 we created a baseline report combining Riverside and One Housing Group's for us to compare against this year.

Gender Pay Gap 2023

At Riverside our (now combined) mean gender pay gap is 10.7 % and shows a median rate of 9.8 %, the mean has decreased from our 2022 baseline data of 14.4 % and the median has been maintained at 9.8 %. Our mean bonus pay gap is 30 % and median bonus pay gap is -14.2 %, we do not have a baseline comparison for bonus data. Females occupying the lower middle quartile roles have decreased slightly from the 2022 baseline with all other quartiles seeing an increase in female representation.

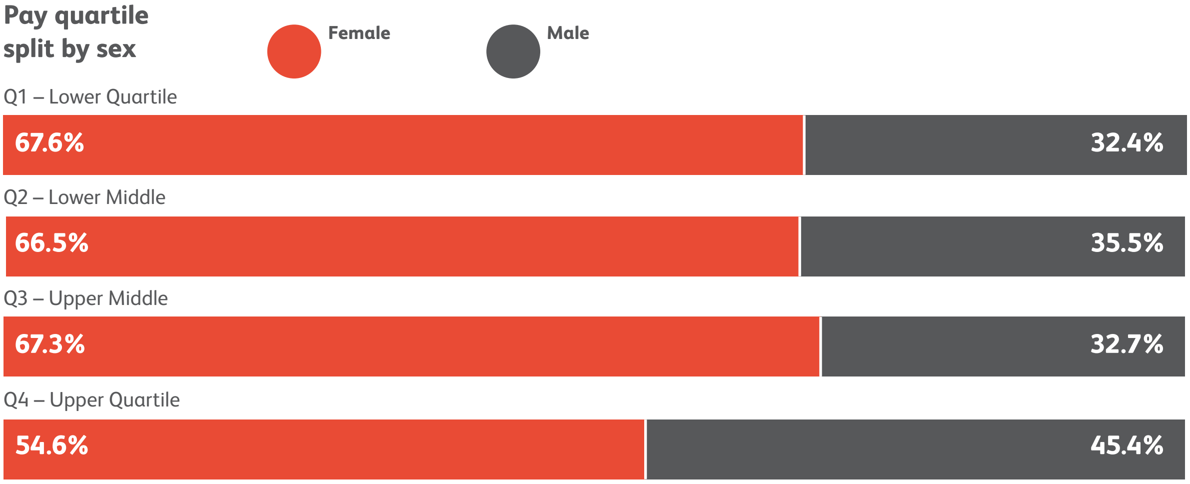
When looking at our representation of female colleagues, our split was 2,576 female (64 %) and 1,449 male (36 %), increasing slightly by 1 percentage point, when compared to the 2022 baseline. Although we have a much higher female representation when compared to ONS, this is typical of our industry and has remained broadly static since reporting began in 2017.

Our gender pay gap is not as a result of different rates of pay, but a high proportion of females across our workforce in lower quartile roles in Care & Support and an under-representation within our upper quartile roles.

We will continue to focus on:

- Improving the representation of females in upper quartile positions and removing any barriers to progression that we will drive through our colleague groups and new EDI and People Strategy.
- Promotion of flexible working practices, development opportunities and vacancies for all.

Pay quartile split by sex



Ethnicity Pay Gap 2023

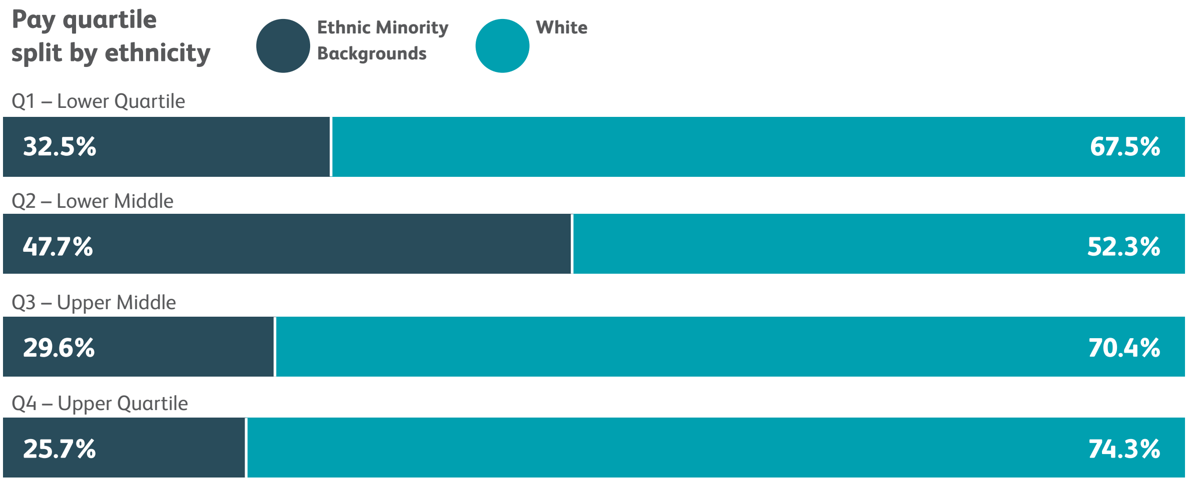
Our (now combined) mean ethnicity pay gap is 13 % which is static against our 2022 baseline data and shows a median rate of 18.5 %, which has increased from the 8.9 % in our baseline data. Our mean bonus pay gap is 60.5 % and the median bonus pay gap is 12.5 %, we do not have a baseline comparison for bonus data.

When looking at our representation of ethnically diverse colleagues, for those who have disclosed their ethnicity, our split was 2,393 white (66 %) and 1,227 Ethnic Minority (34 %) and has shifted by 1 percentage point in favour of Ethnic Minority colleagues, when compared to the 2022 baseline data. Representation has increased in all our top three quartiles and decreased in our lower quartile, we have seen an increase of 4.7 percentage point in our lower middle and circa 1 percentage point in our upper quartiles where we continue to target progression through our Ethnically Diverse Action Plan.

Similar to gender, our ethnicity pay gap is not as a result of different rates of pay, but a high proportion of ethnically diverse colleagues in our lower quartile roles in Care & Support and an under representation within our upper quartile roles.

We will continue to focus on:

- Listening to our colleagues to improve experience and provide opportunities for mentoring, growth and progression, working in partnership across housing and with our newly combined employee group EMPower to drive cultural change through our EDI and People Strategy.
- Continuing to target representation in our upper quartile roles with a particular focus on more senior roles and creating a pipeline of talent in our upper middle roles.
- Ensuring we are attracting diverse and talented colleagues to our organisation through our Talent Acquisition Strategy.



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.

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 2022. 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 Groups rules were updated in 2022, (registered with the FCA on 16th September 2022), one of the amendments made was to remove the requirement to hold an AGM each year.

Auditors

BDO were appointed auditors following a competitive tender exercise and are in year two of a maximum five year term.

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.

Disclosure of information to auditor

At the date of making this report each of the Group's members, as set out on page 5, confirm the following:

- So far as each member is aware, there is no relevant information needed by the Group's auditors in connection with preparing their report of which the Group's auditors are unaware.

- Each member has taken all the steps that they ought to have taken as a member in order to make themselves aware of any relevant information needed by the Group's auditors in connection with preparing their report and to establish that the Group's auditors are aware of that information

Sara Shanab
Secretary

07. Independent auditor's report

to The Riverside Group Limited

Opinion on the Financial Statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2023 and of the Group's and the Association's surplus for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been properly prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

We have audited the financial statements of The Riverside Group Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2023 which comprise the consolidated and Association statement of comprehensive income, the consolidated and Association statement of financial position, the consolidated and Association statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

Following the recommendation of the Audit Committee, we were appointed by the Board on 15 November 2021 to audit the financial statements for the year ending 31 March 2022 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 2 years, covering the years ending 31 March 2022 to 31 March 2023.

We remain independent of the Group and the Parent Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Association.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Board's assessment of the Group and the Parent Association's ability to continue to adopt the going concern basis of accounting included:

- We obtained management's assessment that supports the Board's conclusions with respect to the disclosures provided around going concern;
- We assessed the internal forecasting process to confirm the projections are prepared by appropriate personnel that are aware of the detailed figures in the forecast and also have a high level understanding of the Group's markets, strategy and profile in the customer base;
- We considered the forecasts prepared by management and challenged key assumptions based on our knowledge of the business. As referred to in the going concern accounting policy, management have modelled reasonably possible downside scenarios to incorporate the impact of Russia/Ukraine Crisis and cost of living increases. We have considered the appropriateness of the downside scenarios stated above and challenged management to confirm that they had suitably addressed the inputs, which are most susceptible to change, including those in respect of revenue, margins and cost savings;
- We challenged management on the suitability of the mitigating actions identified by management in their assessment and the quantum and period ascribed to these mitigating actions. Scenarios modelled by management include a stress test to analyse the current estimates of rent collection, performance of commercial investments, fire safety and compliance expenditure and maintenance and development spend that could be sustained without breaching banking covenants. We challenged the assumptions used and mitigating actions included within this scenario and reviewed the reverse stress test calculations;
- We obtained and assessed the availability of financing facilities, including the nature of the facilities, repayment terms and financial covenants. We considered management's financial covenant compliance calculations through to September 2024 and concluded on the consistency of such calculations with the ratios stated in relevant lender agreements; and
- We considered the adequacy of the disclosures in the financial statements against the requirements of the accounting standards and consistency of the disclosure against the going concern assessment performed.

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

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

Overview

Coverage	100% (2022: 98%) of Group surplus before tax 100% (2022: 100%) of Group revenue 100% (2022: 98%) of Group total assets		
Key audit matters		2023	2022
	The recoverable amount of property developed for sale is materially misstated.	✓	
	Accounting and disclosure in relation to the transaction with One Housing Group.		✓
	Accounting and disclosure in relation to the transaction with One Housing Group is no longer considered to be a key audit matter because the acquisition occurred in the prior year.		
Materiality	*Group financial statements as a whole* £5.8m (2022: £8.0m) based on 6% (2022: 6%) of adjusted operating surplus as defined by the Group's tightest lending covenant.		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Board that may have represented a risk of material misstatement.

Audit work on all components was performed by BDO UK both for the purposes of reporting on the individual financial statements and for group/consolidation purposes. All components were subject to a full scope audit. We identified two components which, in our view required an audit of their complete financial information due to their size or risk characteristics and were therefore considered to be significant components. The two significant components were the Association itself and Riverside Finance plc.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
The recoverable amount of property developed for sale is materially misstated **As explained in the accounting policies, properties developed for sale (note 14), including shared ownership first tranches and properties developed for outright sale, are measured at the lower of cost and net realisable value resulting in an amount recognised in the balance sheet of £96,520k**	For completed properties at the balance sheet date, an assessment is needed of an expected selling price. For properties in development at the balance sheet date, an assessment is needed of the expected selling price and costs to complete and sell. Due to the volume of property developed for sale (both complete and under construction) and the inherent estimation uncertainty in determining both sales proceeds and costs to complete we considered there to be a significant risk that the carrying amount of properties developed for sale is misstated and was therefore a key audit matter.	Our audit response involved the following: — We obtained management's assessment of the net realisable value of properties developed for sale, selecting a sample on which to perform detailed testing. Samples were chosen from the population of items that represented both developments under construction as well as completed developments at year end; — For a sample of expected proceeds, we agree the amounts involved to supporting documentation or compared the expected proceeds to similar developments in the same locality; — For a sample of properties under development, we obtained details of the expected costs to complete from the scheme budget for that development and agreed the budgeted contracted cost of the development to the latest contract documentation; — We compared the incurred expenditure to the estimated amount to ensure that the cost to complete estimate reflects actual costs; — For properties sold subsequent to year end, we traced to the sales proceeds and compared to the carrying value as at year end to ensure net realisable value is not below Cost; — We assessed the accuracy of cost forecasting by looking at outturn costs compared to budget on schemes that completed in the year. Key observations: We noted no material exceptions through performing these procedures.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent Association financial statements	
	2023 £m	2022 £m	2023 £m	2022 £m
Materiality	5.8	8.0	4.6	4.9
Basis for determining materiality	Based on 6% of adjusted operating surplus as defined by the Group's tightest lending covenants.			
Rationale for the benchmark applied	Management reports its performance to key stakeholders and monitors the business based adjusted operating surplus as defined by the loan covenants. Based on the toughest loan covenants definition, depreciation and profit on fixed asset disposal are added back, grants expensed and capitalised repairs are excluded. It is therefore appropriate to adjust materiality in order to respond to the risk of covenant breach.			
Performance materiality	3.8	5.2	3.0	3.2
Basis for determining performance materiality	Performance materiality was set at 65% of materiality.	Performance materiality was set at 65% of materiality.	Performance materiality was set at 65% of materiality.	Performance materiality was set at 65% of materiality.
Rationale for determining performance materiality	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and our understanding of the audit entity.			

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Association whose materiality is set out above, of which there was only one based on a percentage of 44% (2022: 33%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. The component materiality (other than parent) was £2.6m (2022: £2.6m). In the audit of the component, we further applied performance materiality levels of 65% (2022: 65%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Group Audit Committee that we would report to them all individual audit differences in excess of £116k (2022: £161k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the Association has not kept proper books of account;
- the Association has not maintained a satisfactory system of control over its transactions;
- 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.

Responsibilities of the Board

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Non-compliance witrh laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance, the Group Audit Committee and Internal Audit;
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations; and
- Review of Financial Conduct Authority Regulatory Permissions.

We considered the significant laws and regulations to be FRS 102, Co-operative and Community Benefit Societies Act 2014, Accounting Direction for Private Registered Providers of Social Housing 2022, UK tax legislation and the Financial Services and Markets Act 2000 (FSMA).

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be data protection, Financial Conduct Authority Regulatory Permissions and health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance and internal auditor regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management's incentives and opportunities for fraudulent manipulation in relation to posting inappropriate journal entries to revenue or capitalised major expenditure.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Involvement of forensic specialists in the audit to challenge our risk assessment and the assumptions we were making over the areas fraud would most likely be perpetrated;
- Assessing significant estimates made by management for bias in particular around pension assumptions and impairment; and
- Considering the IT controls around the journal posting and the impact control limitations could have on the validity of data available and the testing conducted.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

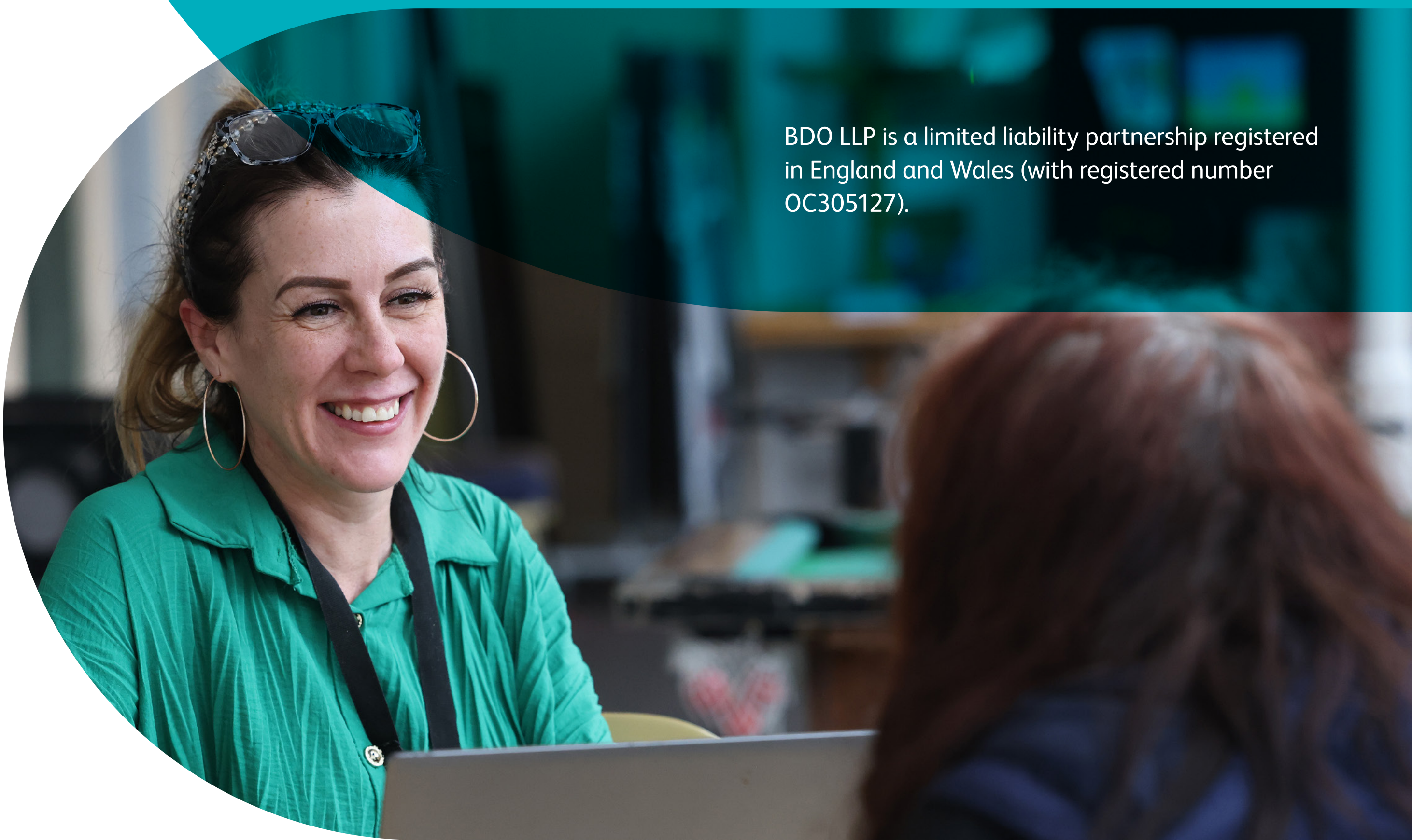
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by,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

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

Use of our report

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

Hamid Ghafoor
BDO LLP
Statutory Auditor
Liverpool, United Kingdom



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

08. Group and Association statements

Consolidated statement of comprehensive income

for the year ended 31 March 2023

	Notes	2023 £'000	Restated 2022 £'000
Turnover	2	625,405	448,141
Operating costs	2	(593,608)	(390,087)
Gain on the sale of fixed assets	6	17,447	21,147
Operating surplus	2	**49,244**	**79,201**
Share of operating (loss)/profit in joint ventures	12	2,868	6,407
Interest receivable and other income	7	6,307	9,695
Interest payable and similar charges	8	(73,462)	(52,542)
Movement in fair value of financial instruments	31	16,235	13,047
Movement in fair value of investment properties	12	(3,364)	4,504
Profit on gift of net assets	33	—	641,999
Amortisation on gift		—	407
Gain on disposal of a subsidiary	12	(489)	—
Surplus on ordinary activities before tax	9	**(2,661)**	**702,718**
Taxation	10	3,530	(1,795)
Surplus for the year after tax		**869**	**700,923**
Other comprehensive income			
(Loss)/gain recognised on cashflow hedges		8,514	8,733
Actuarial (loss)/gain on pension schemes	25	(1,317)	13,871
Total comprehensive(expenditure)/income for the year		**8,066**	**723,527**
Total comprehensive income for the year attributable to			
Owners of the parent		8,067	723,535
Non-controlling interest		(1)	(8)
		8,066	**723,527**

All of the above results derive from continuing operations. The notes on pages 66 to 139 form an integral part of the financial statements.

The profit on the gift of net assets and gain on sale of fixed assets contain a prior year restatement. See Note 32 on page 137.

Consolidated statement of financial position

for year ended 31 March 2023	Notes	2023 £'000	Restated 2022 £'000
Non current assets			
Tangible assets:			
Housing properties	11	4,042,702	3,859,780
Other tangible fixed assets	11	62,068	49,725
Intangible assets	11	45,928	48,296
		4,150,698	**3,957,801**
Investments			
Investment in joint ventures	12	98,071	91,009
Investment properties	12	192,090	198,239
Other investments	12	2,395	2,338
Homebuy equity loans	12	1,346	1,451
		4,444,600	**4,250,838**
Debtors: amounts receivable after more than one year	13	84,995	75,948
Total non current assets		**4,529,595**	**4,326,786**
Current assets			
Investments	12	67,796	47,072
Trade and other debtors	13	98,983	110,997
Properties for sale	14	96,520	85,675
Cash and cash equivalents		32,037	69,755
		295,336	**313,499**
Current liabilities			
Creditors: amounts falling due within one year	15	(359,484)	(270,442)
Net current (liabilities)/assets		**(64,148)**	**43,057**
Total assets less current liabilities		**4,465,447**	**4,369,843**
Non current liabilities			
Creditors: amounts falling due after more than one year	16	(3,102,423)	(3,004,620)
Deferred income	19	(347)	(769)
Provisions for liabilities			
Pension liabilities	27	(18,362)	(26,066)
Other provisions	27	(4,235)	(6,374)
		(3,125,367)	**(3,037,829)**
Total net assets		**1,340,080**	**1,332,014**
Capital and reserves			
Non-equity share capital		—	—
Cashflow hedge reserve (see statement of reserves)		4,541	(3,973)
Income and expenditure reserve		1,335,539	1,335,987
		1,340,080	**1,332,014**

Consolidated statement of financial position – continued

as at 31 March 2023	2023 £'000	Restated 2022 £'000
Equity attributable to		
Owners of the parent	1,339,976	1,331,909
Non-controlling interest (see statement of reserves)	104	105
Total Equity	**1,340,080**	**1,332,014**

Note 11 Other tangible fixed assets and Intangible assets, note 15 Creditors: amounts falling due within one year, Note 16 Creditors: amounts falling due after more than one year and the equity attributable to owners of the parent and non controlling interest contain a prior year restatement. See Note 32 on page 137.

The financial statements on pages 58 to 139 were approved by the Board on 27 September 2023 and were signed on its behalf by:

Terrie Alafat CBE, Group Chair

Ingrid Fife, Board Member

Sara Shanab, Secretary

The notes on pages 66 to 139 form an integral part of the financial statements.

Consolidated statement of changes in reserves

	Cash flow hedge reserve	Income expenditure reserve £'000	Minority interest £'000	Total reserves £'000
Balance as at 1 April 2022 - Restated	**(3,973)**	**1,335,882**	**105**	**1,332,014**
Surplus for the year	—	869	—	869
Other comprehensive income				
Effective position of changes in fair value of cash flow hedges	8,514	—	—	8,514
Actuarial losses on pension schemes	—	(1,317)	—	(1,317)
Non-controlling interest	—	1	(1)	—
At 31 March 2023	**4,541**	**1,335,435**	**104**	**1,340,080**

Restated	Cash flow hedge reserve	Income expenditure reserve £'000	Minority interest £'000	Total reserves £'000
Balance as at 1 April 2021	**(12,706)**	**621,158**	**—**	**608,452**
Arising as a result of acquisition	—	—	97	97
Surplus for the year	—	700,923	—	700,923
Transfer to/from reserves	—	25	—	25
Revaluation reserve	—	10	—	10
Other comprehensive income				
Effective position of changes in fair value of cash flow hedges	8,733	—	—	8,733
Actuarial gain on pension schemes	—	13,871	—	13,871
Non-controlling interest	—	(105)	8	(97)
At 31 March 2022 - Restated	**(3,973)**	**1,335,882**	**105**	**1,332,014**

The 2022 position has been restated to correct the following prior year error:

Income and Expenditure Reserve has been restated to reflect changes to the Gain on the Gift of Net Assets and gain on sale of fixed assets. See Note 32 'Prior Year Restatement' on page 137.

Consolidated statement of cash flows

for the year ended 31 March 2023	2023 £'000	Restated 2022 £'000
Net inflow from operating activities before tax and interest (note 21)	**117,979**	**54,594**
Tax paid	—	(11)
Interest paid	(86,071)	(51,784)
Net cash generated from operating activities	**31,908**	**(45,865)**
Cashflow from investing activities		
Interest received	5,973	5,333
Cash received for disposal of fixed assets	88,246	97,696
Cash paid for housing construction of fixed assets	(260,822)	(191,097)
Cash paid for fixed assets	(32,124)	(24,279)
Cash flow for fixed asset investments	7	(87)
Expenditure on capitalised improvements	(93,462)	(22,165)
Social Housing Grant received	80,283	38,564
Investment in joint ventures	(7,062)	(2,579)
Proceeds from disposal of joint ventures	—	6,350
Cash arising from acquisition of subsidiary	—	36,753
Decrease/(increase) in short term deposits	(20,724)	(5,470)
Net cash outflow from investing activities	**(239,685)**	**(66,314)**
Financing activities		
Loans raised	286,824	167,459
Loan principal repayments	(116,775)	(60,346)
Finance lease	10	20
Net cash inflow from financing	**170,059**	**107,133**
(Decrease)/Increase in cash	**(37,718)**	**48,951**
Opening cash balance	69,755	20,804
Movement in cash/cash equivalents	(37,718)	48,951
Closing cash balance	**32,037**	**69,755**

The notes on pages 66 to 139 form an integral part of the financial statements.

In the prior year cashflow statement, cash expended on additions to current assets had been incorrectly treated as all movements on debtors. However, given a proportion of the cashflow related to properties held for sale which are essentially stock items, these amounts (£61,302k) should have been disclosed as a seperate line in the Operating Cashflows. Note 21 have been restated to correct this error.

Further within Note 21, there is a reduction on gain on sale of fixed assets of £26,182k being the reduction of a released fair value movement on properties sold post acquisition. The other side of this movement effects the increases on debtors within Note 21.

There is a restatement to amortisation and depreciation as a result of the movement from Tangible and Intangibles. Further, there has been a restatement to profit on sales of properties post acquisition. See Note 32 on page 137 for details.

Association statement of comprehensive income

for the year ended 31 March 2023	Notes	2023 £'000	2022 £'000
Turnover	2	367,475	347,184
Operating costs	2	(312,597)	(287,199)
Gain on the sale of fixed assets	6	12,182	7,562
Operating surplus	2	**67,060**	**67,547**
Interest receivable and other income	7	3,003	2,619
Interest payable and similar charges	8	(47,136)	(37,999)
Movement in fair value of financial instruments	31	(1,251)	(66)
Movement in fair value of investment properties		—	133
Gift aid		4,062	3,031
Surplus on ordinary activities before tax	9	**25,738**	**35,265**
Taxation	10	—	—
Surplus for the year after tax		**25,738**	**35,265**
Other comprehensive income			
(Loss)/gain recognised on cash flow hedges		8,514	8,733
Actuarial (loss)/gain on pension schemes	25	(526)	9,962
Total comprehensive income for the year		**33,726**	**53,960**

All of the above results derive from continuing operations.

The notes on pages 66 to 139 form an integral part of the financial statements.

Association statement of financial position

for the year ended 31 March 2023

	Notes	2023 £'000	2022 £'000
Non current assets			
Tangible assets:			
Housing properties	11	3,939,466	2,210,387
Other tangible fixed assets	11	61,512	42,257
Intangible assets	11	45,928	23,152
		4,046,906	**2,275,796**
Investments			
Investment properties	12	56,859	1,497
Other investments	12	240,157	96,911
Homebuy equity loans	12	204	204
		4,344,126	**2,374,408**
Debtors: amounts receivable after more than one year	13	52,960	25,237
Total non current assets		**4,397,086**	**2,399,645**
Current assets			
Investments	12	65,471	45,683
Trade and other debtors	13	78,460	46,187
Properties for sale	14	65,338	17,679
Cash and cash equivalents		23,762	13,486
		233,031	**123,035**
Current liabilities			
Creditors: amounts falling due within one year	15	(383,425)	(163,209)
Net current liabilities		**(150,394)**	**(40,174)**
Total assets less current liabilities		**4,246,692**	**2,359,471**
Non current liabilities			
Creditors: amounts falling due after more than one year	16	(2,897,791)	(1,703,120)
Provisions for liabilities:			
Pension liabilities	27	(18,362)	(19,451)
Other provisions	27	(4,235)	(1,442)
		(2,920,388)	**(1,724,013)**
Total net assets		**1,326,304**	**635,458**

Association statement of financial position – continued

	Notes	2023 £'000	2022 £'000
Capital and reserves			
Cashflow hedge reserve (statement of reserves)		4,541	(3,973)
Income and expenditure reserve		1,321,763	639,431
		1,326,304	**635,458**

The financial statements on pages 58 to 139 were approved by the Board on 27 September 2023 and were signed on its behalf by:

Terrie Alafat CBE, Group Chair

Ingrid Fife, Board Member

Sara Shanab, Secretary

The notes on pages 66 to 139 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 2022	**(3,973)**	**639,431**	**635,458**
Surplus for the year	—	25,738	25,738
Group reconstruction (note 33)	—	657,120	657,120
Other comprehensive income			
Effective position of changes in fair value of cash flow hedges	8,514	—	8,514
Actuarial losses on pension schemes	—	(526)	(526)
At 31 March 2023	**4,541**	**1,321,763**	**1,326,304**

On 31 March 2023, One Housing Group (OHG) transferred its assets and liabilities to The Riverside Group Limited via a Transfer of Engagements. The Association accounted for this as a Group reconstruction and recognised £657.12m being OHG's reserves at the transfer date.

For a breakdown of the assets and liabilities received on Group reconstruction see note 33 on page 139.

	hedge reserve £'000	Cash flow expenditure reserve £'000	Income Total reserves £'000
Balance as at 1 April 2021	**(12,706)**	**594,169**	**581,463**
Surplus for the year	—	35,265	35,265
Transfer to/from reserves	—	25	25
Revaluation reserve	—	10	10
Other comprehensive income			
Effective position of changes in fair value of cash flow hedges	8,733	—	8,733
Actuarial gain on pension schemes	—	9,962	9,962
At 31 March 2022	**(3,973)**	**639,431**	**635,458**

09. Notes to the financial statements

Year ended 31 March 2023
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 2022.

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 a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed on page 67.

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 business plan which is updated and approved on an annual basis. The most recent business plan was approved in May 2023 by the board. As well as considering the impact of a number of scenarios the Group business plan is rigorously stress tested through matrix single variant stress testing and multi-variant stress testing scenarios. Included within the multi-variant stress testing are a number of specific scenarios that test the Groups resilience to continue to cope with the impact of the Russia/Ukraine crisis, inflationary and deflationary scenarios, and a complete market collapse amongst others. In these scenarios as part of Riverside's risk management approach, a number of mitigations would be implemented to ensure compliance with all loan covenants. The Group has five tiers of mitigations ranging from those that have an immediate impact, through to those that would take up to two years to implement.

The Board, after reviewing the Group budget for 2024 and the Group's medium-term position as detailed in the business plan including changes arising from the scenarios above, is of the opinion that, taking account of severe but plausible downsides, the Group and Association have adequate resources to continue in business for the foreseeable future.

The Board believe the Group and Association has sufficient funding in place and expect the Group to be compliant 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 71.

— **Impairment of non-financial assets**
An impairment review of the Group's land, properties and investments is undertaken when an impairment indicator is believed to have been triggered. The impact of the 2023 impairment review is disclosed in Note 9.

— **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 25.

Business Combinations

Where there is a business combination that is in substance a gift, any excess of the fair value of the assets received over the fair value of the liabilities assumed is recognised as a gain in the statement of comprehensive income, below operating surplus. The gain represents the gift of the value of one entity to another and shall be recognised as income. Where the fair value of the liabilities exceeds the fair value of the assets, the loss represents the net obligation assumed and shall be recognised as an expense in the statement of comprehensive income, below operating surplus.

Costs directly attributable to the execution of business combinations that are in substance a gift are recognised within the overall gain or loss on the gift of net assets. On 1 December 2021 One Housing Group Limited joined the Riverside Group, becoming a 100% subsidiary for nil consideration. The fair value of the net assets received of £642m was recognised in the Statement of Comprehensive Income.

On 31st of March 2023 Riverside Group conducted a transfer of engagement to subsume the assets and liabilities of One Housing Group and TPHA. This transactionis within the Group boundary with no change in ultimate control of the transferring business, therefore merger accounting principles can be applied such that the assets and liabilities of the business are transferred at the book values. Where a group reconstruction of this nature takes place relatively close to the transferring entity joining the group the bookvalues recognised in the Group financial statements can be used to effect the transfer of engagement. As the entity is choosing to apply theHybrid Accounting approach, they have recognised the credit for the transaction direct to the reserves. Further comparative financial information is not restated with the group reconstruction taking effect from the transfer of engagement date. Suitable adjustments shall be made to achieve the uniformity of accounting policies.

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, 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. This would be accounted for on an accruals basis with invoices being raised after the period has ended.

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 a creditor or debtor 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, Homes England, and the Greater London Authority, together with other income and income from the first tranche sale of shared ownership and other properties developed for outright sale. Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from first tranche and market sales is recognised at the point of legal completion of the sale. First tranche sales and open market sales are sales of inventory and are recognised in the Statement of Comprehensive Income in the period to which they relate. Turnover from grants is recognised when the conditions for receipt of agreed grant funding have been met, either in full or amortised over its useful life.

Operating segments

As we have publicly traded securities within the Group, we are required to disclose information about our operating segments under IFRS 8. Segmental information is disclosed in notes 2 and 3 and as part of the analysis of housing properties in note 11.

Information about income, expenditure and assets attributable to material operating segments are presented on the basis of the nature and function of housing assets held by the Group rather than geographical location. As permitted by IFRS 8 this is appropriate on the basis of the similarity of the service provided, the nature of the risks associated, the type and class of customer and the nature of the regulatory environment across all of the geographical locations in which the Group operates. The Board does not routinely receive segmental information disaggregated by geographical location.

Principal pension accounting policies

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 the statement of comprehensive income as a cost within surplus on ordinary activities before tax, and under the heading actuarial gains and losses on pension schemes. Contributions from the employer are recorded through the cash flow statement and as a contribution to scheme assets.

The Group also contributes to two defined contribution pension schemes. Contributions are being invested in a master trust provided by Legal & General, through the Our Riverside Retirement Plan. Under a defined contribution plan the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Riverside also makes contributions into SHPS.

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.

The carrying value of any resulting pension scheme asset is restricted to the extent that the group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

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.

Investments in subsidiaries

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 comprehensive 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 comprehensive income for the period.

Joint ventures

An entity is treated as a joint venture where the Group or Association 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.

Intangible assets

Intangible assets relate to items capitalised in respect of software and IT projects.

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

Other tangible fixed assets

Other tangible fixed assets relate to leased offices, fixtures and fittings and IT equipment and are stated at cost less accumulated depreciation.

Depreciation of other tangible fixed assets

Depreciation on other tangible fixed assets 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	5 - 10
Care and support scheme fixtures and fittings	3 - 25
IT equipment	3 - 5
Leasehold improvements	Over the term of the lease

Housing property

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.

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

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.

Depreciation of housing property

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 – 125
Structure – rehabilitated	up to 50
Kitchens	20
Bathrooms	30
Roofs	60 – 80
Commercial boilers	40
Individual boilers	15
Full heating system	30 – 40
Windows and doors	25 – 40
Lift	25 – 30
Electrical wiring	30 – 45
External wall render	20
Cladding	50
Common parts	50

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

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.

Impairment of non-financial assets

An impairment review is undertaken at least annually, or more frequently if deemed necessary 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.

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.

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.

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.

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 England 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.

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-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.

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.

Current asset investments

Current asset investments include cash on deposit in the money market invested for periods of generally greater than three months and charged accounts which are illiquid. 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.

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, cost of sales, operating expenditure and operating surplus

	Group 2023			
	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Operating surplus £'000
Social housing activities				
Lettings (note 3)	500,422	—	(474,002)	26,420
Other social housing activities				
First tranche low-cost home ownership	19,437	(18,198)	—	1,239
Management services	9,764	—	(17,084)	(7,320)
Other	21,113	—	(9,807)	11,306
	550,736	**(18,198)**	**(500,893)**	**31,645**
Non-social housing activities				
Turnover from non social-housing lettings	12,702	—	(5,318)	7,384
Non-social housing property built for sale	48,866	(45,201)	—	3,665
Nursing homes	13,101	—	(23,998)	(10,897)
	74,669	**(45,201)**	**(29,316)**	**152**
Total	**625,405**	**(63,399)**	**(530,209)**	**31,797**
Gain on sale of fixed assets (see note 6)				17,447
Operating surplus				**49,244**

Cost of sales and operating expenditure are combined as operating expenditure as disclosed in the statement of comprehensive income.

2 Turnover, cost of sales, operating expenditure and operating surplus – continued

	Group 2022			
	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Operating surplus £'000
Social housing activities				
Lettings (note 3)	382,243	—	(335,347)	46,896
Other social housing activities				
First tranche low-cost home ownership	14,796	(12,396)	—	2,400
Management services	2,259	—	(6,706)	(4,447)
Other	18,168	—	(4,365)	13,803
	417,466	**(12,396)**	**(346,418)**	**58,652**
Non-social housing activities				
Turnover from non social housing lettings	6,545	—	(1,753)	4,792
Non-social housing property built for sale	20,582	(21,275)	—	(693)
Nursing homes	3,548	—	(8,245)	(4,697)
	30,675	**(21,275)**	**(9,998)**	**(598)**
Total	**448,141**	**(33,671)**	**(356,416)**	**58,054**
Gain on sale of fixed assets (see note 6)				21,147
Operating surplus				**79,201**

2 Turnover, cost of sales, operating expenditure and operating surplus

	Association 2023			
	Turnover £'000	**Cost of sales £'000**	**Operating expenditure £'000**	**Operating surplus £'000**
Social housing activities				
Lettings (note 3)	332,869	—	(296,531)	36,338
Other social housing activities				
First tranche low-cost home ownership	14,807	(13,368)	—	1,439
Management services	845	—	(351)	494
Other	16,014	—	(1,422)	14,592
	364,535	**(13,368)**	**(298,304)**	**52,863**
Non-social housing activities				
Turnover from non social housing lettings	2,940	—	(925)	2,015
	2,940	—	(925)	2,015
Total	**367,475**	**(13,368)**	**(299,229)**	**54,878**
Gain on sale of fixed assets (see note 6)				12,182
Operating surplus				**67,060**

Cost of sales and operating expenditure are combined as operating expenditure as disclosed in the statement of comprehensive income.

2 Turnover, cost of sales, operating expenditure and operating surplus – continued

	Association 2022			
	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Operating surplus £'000
Social housing activities				
Lettings (note 3)	315,632	—	(274,543)	41,089
Other social housing activities				
First tranche low-cost home ownership	12,901	(11,524)	—	1,377
Management services	692	—	(207)	485
Other	15,082	—	(131)	14,951
	344,307	**(11,524)**	**(274,881)**	**57,902**
Non-social housing activities				
Turnover from non social housing lettings	2,877	—	(794)	2,083
	2,877	—	(794)	2,083
Total	**347,184**	**(11,524)**	**(275,675)**	**59,985**
Gain on sale of fixed assets (see note 6)				7,562
Operating surplus				**67,547**

3 Turnover and operating expenditure from social housing lettings

	Group					
	General needs housing £'000	**Supported housing £'000**	**Shared ownership £'000**	**Other £'000**	**2023 Total £'000**	**Restated 2022 Total £'000**
Income						
Rent receivable net of identifiable service charges	269,817	50,859	22,354	3,088	346,118	269,160
Income for support services	655	49,766	—	—	50,421	38,510
Service charge income	17,832	47,864	5,260	249	71,205	49,460
Net rental income	**288,304**	**148,489**	**27,614**	**3,337**	**467,744**	**357,130**
Other revenue grants	241	36	20,653	—	20,930	11,712
Amortised government grants	5,534	4,948	1,024	242	11,748	13,372
Government grants taken to income	—	—	—	—	—	29
Turnover from social housing lettings	**294,079**	**153,473**	**49,291**	**3,579**	**500,422**	**382,243**
Operating expenditure						
Management	(35,112)	(34,052)	(1,013)	(281)	(70,458)	(40,590)
Service charge costs and support services	(56,289)	(92,823)	(4,319)	(342)	(153,773)	(125,833)
Routine maintenance	(44,071)	(17,682)	(2,963)	(425)	(65,141)	(43,926)
Planned maintenance	(32,840)	(3,984)	(262)	(195)	(37,281)	(31,077)
Major repairs expenditure	(30,541)	(2,084)	(31,413)	(491)	(64,529)	(40,405)
Bad debts	(3,565)	(2,501)	(293)	(27)	(6,386)	(2,907)
Depreciation	(54,904)	(14,579)	(1,501)	(674)	(71,658)	(51,041)
Impairment of housing properties	(4,545)	—	—	—	(4,545)	(7)
Lease costs	(69)	(126)	(36)	—	(231)	439
Operating costs on lettings	**(261,936)**	**(167,831)**	**(41,800)**	**(2,435)**	**(474,002)**	**(335,347)**
Operating surplus on social housing lettings	**32,143**	**(14,358)**	**7,491**	**1,144**	**26,420**	**46,896**
Void loss	(1,810)	(5,879)	(12)	—	(7,701)	(7,550)

In the current year the calculation of void losses has been corrected to include those losses within net rental income. The impact on 2022 would have been £0.4m increase on losses if it had been corrected.

The operating expenditure within this disclosure includes an apportionment for overheads.

3 Turnover and operating expenditure from social housing lettings – continued

	Association					
	General needs housing £'000	Supported housing £'000	Shared ownership £'000	Other £'000	2023 Total £'000	Restated 2022 Total £'000
Income						
Rent receivable net of identifiable service charges	193,977	41,213	8,379	147	243,716	228,862
Income for support services	654	30,811	—	—	31,465	30,903
Service charge income	6,796	39,263	2	210	46,271	44,691
Net rental income	**201,427**	**111,287**	**8,381**	**357**	**321,452**	**304,456**
Other revenue grants	—	—	—	—	—	11
Amortisation of government grants	7,221	3,773	423	—	11,417	11,165
Government grants taken to income	—	—	—	—	—	—
Turnover from social housing lettings	**208,648**	**115,060**	**8,804**	**357**	**332,869**	**315,632**
Operating expenditure						
Management	(24,413)	(9,354)	—	(159)	(33,926)	(26,027)
Service charge costs and support services	(32,097)	(83,165)	(358)	(39)	(115,659)	(113,091)
Routine maintenance	(47,704)	(14,654)	(1,080)	(55)	(63,493)	(56,994)
Planned maintenance	(17,113)	(3,597)	(31)	(127)	(20,868)	(19,607)
Major repairs expenditure	(11,693)	(1,110)	19	(211)	(12,995)	(13,310)
Bad debts	(3,445)	(1,199)	(153)	—	(4,797)	(2,845)
Depreciation	(33,301)	(9,990)	(1,501)	(1)	(44,793)	(42,662)
Impairment of housing properties	—	—	—	—	—	(7)
Operating costs on lettings	**(169,766)**	**(123,069)**	**(3,104)**	**(592)**	**(296,531)**	**(274,543)**
Operating surplus on social housing lettings	**38,882**	**(8,009)**	**5,700**	**(235)**	**36,338**	**41,089**
Void loss	(1,721)	(5,879)	(12)	—	(7,612)	(7,513)

In the current year the calculation of void losses has been corrected to include those losses within net rental income. The impact on 2022 would have been £1.0m increase on losses if it had been corrected.

The operating expenditure within this disclosure includes an apportionment for overheads.

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 2022.

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	
	2023 £’000	**2022 £’000**
Emoluments (including pension contributions and benefits in kind)	1,868	1,335
Highest paid Director – Group Chief Executive Emoluments (excluding pension contributions)	296	264
Expenses reimbursed to Directors not chargeable to income tax	3	2

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	**2023 £’000**	**2022 £’000**
Carol Matthews CBE	296	264
Richard Hill	275	—
Cris McGuinness	259	227
Anthony Blows	214	—
Patrick New	177	172
Ian Gregg	177	158
John Glenton	156	155
Joanne Lucy	—	120

The emoluments above exclude the following pension payments:
Four of the Directors received pensions payments of £52k (2022: £63k) and three of them received cash in lieu of pension payments of £82k (2022: £46k). 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.

4 Directors' and senior staff emoluments – continued

Non-Executive Directors	2023 £'000	2022 £'000
Terrie Alafat CBE	32	31
Pauline Davis	23	20
Caroline Corby	23	—
Ingrid Fife	18	16
Sandy Murray	15	14
Carlos Gregorio Ashmore	15	15
Rommel Pereira	15	5
Sam Scott	15	7
Erfana Mahmood	12	11
Olwen Lintott	12	4
Peter White	—	9
Lisa Tennant[1]	—	5
Clarine Stenfert[1]	—	2

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:

	2023	2022
£60,001 — £70,000	124	105
£70,001 — £80,000	81	61
£80,001 — £90,000	50	19
£90,001 — £100,000	13	17
£100,001 — £110,000	9	9
£110,001 — £120,000	9	8
£120,001 — £130,000	7	7
£130,001 — £140,000	6	2
£140,001 — £150,000	2	4
£150,001 — £160,000	2	2
£160,001 — £170,000	3	1
£170,001 — £180,000	2	1
£180,001 — £190,000	1	1
£190,001 — £200,000	1	—
£210,001 — £220,000	—	1
£220,001 — £230,000	1	—
	311	**238**

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	
	2023 Number	**2022 Number**
Full time equivalent	4,121	3,418

	2023 £'000	**2022 £'000**
Staff costs (for the above persons)		
Wages and salaries	156,752	119,505
Social security costs	15,870	11,324
Other pension costs	9,252	7,140
	181,874	**137,969**

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.

The total amount of severance and redundancy payments made during the year was £1.5m (2022: £0.8m).

	Association	
	2023 Number	**2022 Number**
Full time equivalent	2,093	2,289

	2023 £'000	**2022 £'000**
Staff costs (for the above persons)		
Wages and salaries	81,408	80,403
Social security costs	8,229	7,606
Other pension costs	5,378	5,203
	95,015	**93,212**

The total amount of severance and redundancy payments made during the year was £0.8m (2022:£0.6m).

6 Gain on the sale of fixed assets

	Group 2023 £'000	Restated 2022 £'000
Proceeds of sales	96,138	65,943
Cost of sales	(78,691)	(44,796)
Surplus on sale of property	**17,447**	**21,147**

The prior year cost of sale figure has been restated by £26.18m to reflect post acquisition property disposals at their fair values. See note 32 on page 137.

	Association 2023 £'000	2022 £'000
Proceeds of sales	23,530	18,476
Cost of sales	(11,348)	(10,914)
Surplus on sale of property	**12,182**	**7,562**

Surplus on sale of property includes shared ownership staircasing sales surplus of £1.45m (2022: £1.97m).

7 Interest receivable and other income

	Group 2023 £'000	2022 £'000
Bank and other interest receivable	6,525	5,213
Income from listed investments	(218)	4,482
	6,307	**9,695**

	Association 2023 £'000	2022 £'000
Bank and other interest receivable	2,212	1,985
Income from listed investments	(212)	78
Intercompany interest from subsidiaries	1,003	556
	3,003	**2,619**

8 Interest payable and similar charges

	Group	
	2023 **£'000**	**2022** **£'000**
Bank loans and overdrafts	45,564	28,737
Other loans	22,843	21,613
Other interest payable	2,663	(1,398)
Pension costs	613	660
Finance costs	1,779	2,382
Derivatives	—	1,600
Interest capitalised on the construction of housing property	—	(1,052)
	73,462	**52,542**

	Association	
	2023 **£'000**	**2022** **£'000**
Bank loans and overdrafts	21,753	14,769
Other loans	20,580	19,369
Other interest payable	2,648	1,471
Pension costs	459	660
Finance costs	1,696	1,730
	47,136	**37,999**

9 Surplus on ordinary activities

	Group 2023 £'000	Restated 2022 £'000
Surplus on ordinary activities is stated after charging:		
Depreciation for the year		
Housing properties (note 11)	66,700	48,533
Other tangible fixed assets (note 11)	8,871	6,471
Amortisation of government grant (note 16)	(11,956)	(11,459)
Amortisation of intangibles (note 11)	13,569	7,984
Impairment charge/(credit) for the year		
Housing properties (note 11)	4,545	—
Released on disposal (note 11)	—	7
Investment properties and properties awaiting sale	120	(90)
Impairment of investment in subsidiary	418	(2,510)
Impairment of joint ventures	9,130	—
Auditors' remuneration		
For audit services	515	470
For non-audit services		
— other	6	70
Operating lease rentals		
Land and buildings	7,601	7,346
Other	1,223	1,885

As a result of an error in the prior year accounts the above 2022 expenditure for operating lease rentals was shown incorrectly as £202,719k. The correct figure was £7,346k which was actually posted to the ledger and impacted on the Surplus. The disclosure has been updated.

Further, as a result of the correction of the prior year error in classification of Tangible and Intangible assets, there is an above correction of resulting depreciation and amortisation from these assets. This results in an increase of amortisation of £4.2m and corresponding reduction in depreciation of £4.2m. See note 32 on page 137.

	Association 2023 £'000	2022 £'000
Surplus on ordinary activities is stated after crediting:		
Depreciation for the year		
Housing properties (note 11)	41,797	40,715
Other tangible fixed assets (note 11)	4,803	4,069
Amortisation of government grant (note 16)	(11,653)	(11,164)
Amortisation of intangibles (note 11)	13,569	3,800
Impairment charge/(credit) for the year		
Released on disposal (note 11)	—	7
Investment properties and properties awaiting sale	—	(90)
Auditors' remuneration		
For audit services	135	120
For non-audit services		
— other	6	4
Operating lease rentals		
Land and buildings	7,046	1,450
Other	1,214	228

10 Tax on surplus on ordinary activities

	Group 2023 £'000	Group 2022 £'000
Analysis of charge in period		
Current tax charge	—	5
Deferred tax charge	(3,530)	1,790
Total tax charge	**(3,530)**	**1,795**

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:

	2023 £'000	Restated 2022 £'000
(Deficit)/surplus on ordinary activities before tax	(2,661)	702,718
(Deficit)/surplus on ordinary activities at standard rate of corporation tax in the UK of 19 % (2022: 19 %)	(506)	133,516
Expenses not deductible for tax purposes	79,199	5,338
Loss exempt from tax due to charitable exemption	(78,029)	(12,515)
Movements in fair value on acquisition of subsidiary	—	(117,005)
Gains/revaluations	(1,566)	—
Adjustments to prior year	5,230	—
Prior year deferred tax	—	6
Movements in deferred tax	—	(16)
Movements in fair value of financial instruments	—	(3,528)
Movement in investment properties	—	(830)
(Creation)/use losses and group reliefs	2	52
Affect on profit from Joint Ventures	(535)	(3,712)
Rate change	(265)	489
Total charge	**(3,530)**	**1,795**

Deferred taxation
The movement in the year is as follows:

	2023 £'000	2022 £'000
At the beginning of the year	1,347	(448)
Charge for the year	3,530	1,795
Movements in deferred tax treatment	(5,230)	—
At the end of the year	**(352)**	**1,347**

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	
	2023 **£'000**	**2022** **£'000**
Profit on ordinary activities before tax	25,738	35,265
Profit on ordinary activities at standard rate of corporation tax in the UK of 19 % (2022: 19 %)	4,890	6,700
Profits exempt from tax as a result of charitable exemption	(4,890)	(6,700)
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 2022 – Restated	3,721,666	193,141	412,558	68,837	4,396,202
Schemes completed	105,266	(105,266)	28,163	(28,163)	—
Additions	10,718	144,029	399	84,963	240,109
Improvements to existing properties	84,143	—	167	—	84,310
Disposal of properties	(59,384)	—	(21,648)	—	(81,032)
Accelerated replacement of components	(1,186)	—	—	—	(1,186)
At 31 March 2023	**3,861,223**	**231,904**	**419,639**	**125,637**	**4,638,403**
Depreciation and impairment					
At 1 April 2022	528,062	—	8,360	—	536,422
Charge for the year	65,251	—	1,449	—	66,700
Eliminated in respect of disposals and components	(11,770)	—	(196)	—	(11,966)
Impairment charge	4,545	—	—	—	4,545
At 31 March 2023	**586,088**	**—**	**9,613**	**—**	**595,701**
Net book value at 31 March 2023	**3,275,135**	**231,904**	**410,026**	**125,637**	**4,042,702**
Net book value at 31 March 2022 – Restated	3,193,604	193,141	404,198	68,837	3,859,780

The 2022 position has been restated to correct a prior year error:

Social Housing Held for Letting has been increased by £19,634k as at 31 March 2022 to restate the fair value of housing properties, to correct errors in the external valuation report which incorrectly removed properties owned by OHG. A further correction was made to remove the fair value of properties disposed of post acquisition. See Note 32 on page 137.

The housing property portfolio for the Group is assessed for indicators of impairment at each reporting date. Where indicators are identified, a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated with the recoverable amounts. The carrying amount is taken to be cost less accumulated depreciation, net of amortised grant. The recoverable amount is taken to be the higher of fair value less costs to sell or value in use in respect of their service potential. For social housing assets, EUV-SH is used as a measure for fair value, and depreciated replacement cost is an appropriate measure of value in use. An impairment loss is recognised in the Statement of Comprehensive Income. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised immediately in the Statement of Comprehensive Income. The Riverside Group Limited considers that both property and location of housing property assets represent separate cash generating units (CGU') when assessing for impairment in accordance with the requirements of FRS102 and SORP 2018. CGU's are distinguishable at cost centre level. During the year, the Group have recognised an impairment loss of £4.5m (2022: £7k) in respect of four general needs housing schemes.

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 2022 – Restated	41,996	12,133	5,462	59,591
Additions	20,736	194	467	21,397
Disposals	(352)	(25)	(1,873)	(2,250)
Reclassification	27	—	(27)	—
At 31 March 2023	**62,407**	**12,302**	**4,029**	**78,738**
Depreciation and impairment				
At 1 April 2022 – Restated	2,129	3,116	4,621	9,866
Charge for the year	6,570	1,417	884	8,871
Eliminated in respect of disposals	(169)	(25)	(1,873)	(2,067)
Reclassification	(2,514)	2,531	(17)	—
At 31 March 2023	**6,016**	**7,039**	**3,615**	**16,670**
Net book value at 31 March 2023	**56,391**	**5,263**	**414**	**62,068**
Net book value at 31 March 2022 – Restated	39,867	9,017	841	49,725

The 2022 position has been restated to correct a prior year error: Fixtures, Vehicles and Computer Equipment has been reduced by £25,144k being £34,789k cost and £9,645k depreciation as at 31 March 2022, as software assets without physical substance have been reclassified to Intangible Assets from Tangible Assets. See Note 32 on page 137.

As a result of the Transfer of Engagement on 31 March 2023, the assets of former Group subsidiary 'One Housing Group' transferred to the Association as part of the Group reconstruction.

11 Fixed assets – continued

Intangible fixed assets – Group

	2023		
	Completed £000	Work in Progress £000	Totals £'000
Cost			
At 1 April 2022 – Restated	55,746	11,301	67,047
Additions	5,001	5,726	10,727
Disposals	(3,720)	—	(3,720)
At 31 March 2023	**57,027**	**17,027**	**74,054**
Amortisation			
At 1 April 2022 – Restated	18,751	—	18,751
Charge for the year	13,095	—	13,095
Eliminated in respect of disposals	(3,720)	—	(3,720)
At 31 March 2023	**28,126**	**—**	**28,126**
Net book value at 31 March 2023	**28,901**	**17,027**	**45,928**
Net book value at 31 March 2022 – Restated	36,995	11,301	48,296

	Restated 2022		
	Completed £000	Work in Progress £000	Totals £'000
Cost			
At 1 April 2021	19,164	7,524	26,688
Additions	—	7,064	7,064
Disposals	(1,494)	—	(1,494)
Transfers	3,287	(3,287)	—
Arising on acquisition	34,789	—	34,789
At 31 March 2022	**55,746**	**11,301**	**67,047**
Amortisation			
At 1 April 2021	6,801	—	6,801
Charge for the year	3,800	—	3,800
Eliminated in respect of disposals	(1,495)	—	(1,495)
Arising on acquisition	9,645	—	9,645
At 31 March 2022	**18,751**	**—**	**18,751**
Net book value at 31 March 2022	**36,995**	**11,301**	**48,296**

The 2022 position has been restated to correct a prior year error: Intangible Assets – at 31 March 2022 have been increased by £25,144k, being £34,789k cost and £9,645k amortisation as software assets without physical substance have been reclassified to Intangible Assets from Other Tangible Assets. See Note 32 on page 137.

11 Fixed assets – continued

Intangible fixed assets – Association

	Completed £000	2023 Work in Progress £000	Totals £'000
Cost			
At 1 April 2022 – Restated	55,746	11,301	67,047
Additions	5,001	5,726	10,727
Disposals	(3,720)	—	(3,720)
At 31 March 2023	**57,027**	**17,027**	**74,054**
Amortisation			
At 1 April 2022 – Restated	18,751	—	18,751
Charge for the year	13,569	—	13,569
Eliminated in respect of disposals	(4,194)	—	(4,194)
At 31 March 2023	**28,126**	**—**	**28,126**
Net book value at 31 March 2023	**28,901**	**17,027**	**45,928**
Net book value at 31 March 2022 - Restated	11,851	11,301	23,152

	Completed £000	2022 Work in Progress £000	Totals £'000
Cost			
At 1 April 2021	19,164	7,524	26,688
Additions	—	7,064	7,064
Disposals	(1,494)	—	(1,494)
Transfers	3,287	(3,287)	—
At 31 March 2022	**20,957**	**11,301**	**32,258**
Amortisation			
At 1 April 2021	6,801	—	6,801
Charge for the year	3,800	—	3,800
Eliminated in respect of disposals	(1,495)	—	(1,495)
At 31 March 2022	**9,106**	**—**	**9,106**
Net book value at 31 March 2022	**11,851**	**11,301**	**23,152**

The 2022 position has been restated to correct a prior year error: Intangible Assets – at 31 March 2022 have been increased by £25,144k being £34,789k cost and £9,645k amortisation as software assets without physical substance have been reclassified to Intangible Assets from Other Tangible Assets. See Note 32 on page 137.

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 2022	2,449,630	101,102	153,872	22,325	2,726,929
Schemes completed	86,671	(86,671)	25,388	(25,388)	—
Additions	6,848	81,690	399	52,274	141,211
Improvements to existing properties	56,149	—	167	—	56,316
Disposal of properties	(12,553)	—	(5,279)	—	(17,832)
Accelerated replacement of components	(628)	—	—	—	(628)
Arising on Group reconstruction	1,144,511	112,373	263,985	87,379	1,608,248
At 31 March 2023	**3,730,628**	**208,494**	**438,532**	**136,590**	**4,514,244**
Depreciation and impairment					
At 1 April 2022	509,537	—	7,005	—	516,542
Charge for the year	40,348	—	1,449	—	41,797
Eliminated in respect of disposals and components	(5,325)	—	(196)	—	(5,521)
Arising on Group reconstruction	21,960	—	—	—	21,960
At 31 March 2023	**566,520**	**—**	**8,258**	**—**	**574,778**
Net book value at 31 March 2023	**3,164,108**	**208,494**	**430,274**	**136,590**	**3,939,466**
Net book value at 31 March 2022	1,940,093	101,102	146,867	22,325	2,210,387

As a result of the Transfer of Engagement on 31 March 2023, the assets of former Group subsidiary 'One Housing Group' transferred to the Association as part of the Group reconstruction. See Note 33 on page 139.

£9.1m (2022: £9.5m) non-capitalised improvements, have been charged to the income and expenditure account.

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 2022	43,395	7,255	8,692	59,342
Additions	20,662	—	468	21,130
Disposals	(352)	(25)	(1,866)	(2,243)
Reclassification	5,767	—	(5,767)	—
Arising on Group reconstruction	9,755	4,141	2,488	16,384
At 31 March 2023	**79,227**	**11,371**	**4,015**	**94,613**
Depreciation and impairment				
At 1 April 2022	8,981	2,611	5,493	17,085
Charge for the year	3,939	115	749	4,803
Eliminated in respect of disposals	(169)	(25)	(1,866)	(2,060)
Reclassification	3,088	—	(3,088)	—
Arising on Group reconstruction	7,583	3,374	2,316	13,273
At 31 March 2023	**23,422**	**6,075**	**3,604**	**33,101**
Net book value at 31 March 2023	**55,805**	**5,296**	**411**	**61,512**
Net book value at 31 March 2022	34,414	4,644	3,199	42,257

As a result of the Transfer of Engagement on 31 March 2023, the assets of former Group subsidiary 'One Housing Group' transferred to the Association as part of the Group reconstruction. See Note 33 on page 139.

11 Fixed assets – continued

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

	Group 2023 £'000	Group Restated 2022 £'000
Housing Properties		
Freehold	4,042,693	3,859,771
Long leasehold	9	9
	4,042,702	**3,859,780**
Offices		
Freehold	3,897	7,296
Long leasehold	1,366	1,722
	5,263	**9,018**

Social Housing Held for Letting has been increased by £19,634k as at 1 April 2022 to restate the fair value of housing properties, being the restatement of the fair value of properties excluded from the external valuation in error, the removal of the fair value of properties not owned by OHG, and to reflect post acquisition movements from the disposal of housing property assets. See Note 32 on page 137.

	Association 2023 £'000	Association Restated 2022 £'000
Housing Properties		
Freehold	3,939,457	2,210,378
Long leasehold	9	9
	3,939,466	**2,210,387**
Offices		
Freehold	3,897	4,552
Long leasehold	1,399	92
	5,296	**4,644**

Prior year has been restated to show the correct freehold value.

12 Investments

A. Fixed assets - Investments in subsidiaries

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 2006	Strategic urban regeneration and development
Donald Bates Charity[2]	Charitable Trust	Management of sheltered housing
ECHG (Harrow) Homes plc[2]	Private company limited by shares under the Companies Act 2006	Property investment
ECHG (Kensington & Chelsea) Homes plc[2]	Private company limited by shares under the Companies Act 2006	Property investment
ECHG (No. 1) Limited[3]	A charitable Registered Society under the Co-operative and Community Benefit Societies Act 2014	Property investment
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 Act 2014	Registered provider of social housing
Prospect (GB) Limited	Company incorporated and limited by shares under the Companies Act 2006	Property development and investment
Riverside Consultancy Services Limited	Company incorporated and limited by shares under the Companies Act 2006	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 2006	Construction and management of Extra Care homes
Riverside Regeneration Limited	Company incorporated and limited by shares under the Companies Act 2006	Investment in Stanton Cross LLP
Riverside Regeneration (Lambeth) Limited	Company incorporated and limited by shares under the Companies Act 2006	Urban regeneration initiatives
Riverside Regeneration (Bromley) Limited	Company incorporated and limited by shares under the Companies Act 2006	Urban regeneration initiatives
Riverside Regeneration (London) Limited	Company incorporated and limited by shares under the Companies Act 2006	Urban regeneration initiatives
Riverside Regeneration (Southwark) Limited	Company incorporated and limited by shares under the Companies Act 2006	Urban regeneration initiatives
Citystyle Living Limited	Private company limited by shares under the Companies Act 2006	Strategic urban regeneration
Citystyle Living (Nunhead Lane) Limited	Private company limited by shares under the Companies Act 2006	Strategic urban regeneration
Citystyle Living (Close) Limited	Private company limited by shares under the Companies Act 2006	Strategic urban regeneration
Citystyle Living (St Ann's) Limited	Private company limited by shares under the Companies Act 2006	Strategic urban regeneration
Citystyle Living (Kidwells THA) Limited	Private company limited by shares under the Companies Act 2006	Strategic urban regeneration

12 Investments – continued

Name of undertaking	Nature of undertaking	Principal activity
Citystyle Living (Wenlock Road) Limited	Private company limited by shares under the Companies Act 2006	Strategic urban regeneration
Citystyle Living (High Road Haringey 624 THA) Limited	Private company limited by shares under the Companies Act 2006	Strategic urban regeneration
Citystyle Living (Acton Town Hall) Limited under the Companies Act 2006	Private company limited by shares	Strategic urban regeneration
Citystyle Living (Victoria Quarter) Limited	Private company limited by shares under the Companies Act 2006	Strategic urban regeneration
Citystyle Living (Belmont) Limited	Private company limited by shares under the Companies Act 2006	Strategic urban regeneration
Citystyle Living (North End Farm) Limited	Private company limited by shares under the Companies Act 2006	Strategic urban regeneration
Citystyle Living (Goldhawk) Limited	Private company limited by shares under the Companies Act 2006	Strategic urban regeneration
CHA Ventures Limited	Private company limited by shares under the Companies Act 2006	Design and build services
One Housing Foundation	Company limited by guarantee and a charity registered with the Charity Commission	Charitable foundation
One Housing Investment Limited	Private company limited by shares under the Companies Act 2006	Strategic urban regeneration
Renovo Facilities and Services Limited[4]	Private company limited by shares under the Companies Act 2006	Property Maintenance

Key to numbering

1 Entity is 50% owned by The Riverside Group Limited.
2 Entity is dormant.
3 Company is dormant and an application made to the FCA to dissolve.
4 Entity is owned 51% by The Riverside Group Limited.

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

During the year The Riverside Group transferred the Corporate Trusteeship of St Michael's Housing Trust to Park Lodge. The gain on this disposal was £489k as noted on the consolidated statement of comprehensive income.

12 Investments – continued

	Group 2023 £'000	Group 2022 £'000
Fixed assets		
Other	2,395	2,338
Investment in joint ventures (see (i) below)	98,071	91,009
	100,466	**93,347**
Investment properties (see (ii) below)	192,090	198,239
Homebuy equity loans	1,346	1,451
	293,902	**293,037**
Current assets		
PFI cash funds	30,390	26,900
Client sinking funds	31,049	14,111
Money market account	6,357	6,061
	67,796	**47,072**
Total investments	**361,968**	**340,109**

	Group 2023 £'000	Group 2022 £'000
(i) Group share of net assets and liabilities of joint ventures		
Compendium Group Limited	3,968	3,658
Stanton Cross Developments LLP	42,176	39,081
Regeneration Lambeth Limited	3,928	8,908
Regeneration Bromley (Pike Close) LLP	2,824	920
Regeneration Bromley (Calverley Close) LLP	1,201	522
Regeneration Southwark LLP	1,125	—
New Ladderswood LLP	13,435	6,970
Dollar Bay Developments LLP	—	471
New Granville LLP	21,139	12,679
Citystyle Fairview VQ LLP	8,275	17,800
	98,071	**91,008**

Share of operting (loss)/profits in joint ventures

The Riverside Group Limited (Association) invested in Compendium Group Limited, its share of profit for the year £0.53m

Riverside Regeneration Limited invested in Stanton Cross Development LLP, its share of profit for the year £2.40m.

Riverside Regeneration Lambeth invested in Lambeth Regeneration LLP.

Riverside Regeneration Bromley Limited invested in Pike Close, its share of loss for the year £0.04m and Calverley Close, loss for the year £0.04m.

CHA Ventures invested in New Ladderswood LLP and New Granville LLP, its share of loss for the year £2.60m.

The loss on joint ventures above relate to early stages of development with the joint venture partners and future profits are anticipated.

Citystyle Fairview Victoria Quarter Limited invested in Citystyle Living (Victoria Quarter) LLP, its share of loss for the year £0.87m.

Total group share of operating (loss)/profit for the year was £2,868k.

12 Investments – continued

	Association 2023 £'000	Association 2022 £'000
Fixed assets		
Other	2,208	1,989
Investment in subsidiaries	236,664	93,637
Investment in joint ventures	1,285	1,285
	240,157	**96,911**
Investment properties (see (ii) below)	56,859	1,497
Homebuy equity loans	204	204
	297,220	**98,612**
Current assets		
PFI reserves	28,066	25,511
Client sinking funds	31,051	14,111
Money market account	6,354	6,061
	65,471	**45,683**
Total investments	**362,691**	**144,295**

The value of investment in subsidiaries in the Association has increased in the year following the Group reconstruction. Investments in historic One Housing Group subsidiaries were included in the Group in the prior year and eliminated on consolidation. Following the Transfer of Engagements, all historic subsidiaries of OHG are now subsidiaries of the Association. See Note 33 on page 139.

	Group 2023 £'000	Group 2022 £'000
(ii) Investment properties		
Valuation at 1 April 2022	198,239	1,364
Revaluation	(3,364)	4,504
Reclassification	(350)	—
Disposals	(1,268)	—
Transfer to housing properties	(1,167)	—
Arising on acquisition	—	192,371
Valuation at 31 March 2023	**192,090**	**198,239**

	Association 2023 £'000	Association 2022 £'000
(ii) Investment properties		
Valuation at 1 April 2022	1,497	1,364
Revaluation	—	133
Arising on acquisition	55,362	—
Valuation at 31 March 2023	**56,859**	**1,497**

13 Debtors

	Group 2023 £'000	Group 2022 £'000
Amounts falling due after more than one year:		
Improvement programmes	3,000	3,494
PFI finance debtor	71,995	72,454
Other debtors	10,000	—
	84,995	**75,948**
Amounts falling due within one year:		
Rent and service charge arrears	39,732	41,282
Less: provision for bad and doubtful debts	(22,540)	(10,773)
Net rental debtors	**17,192**	**30,509**
Social housing grant receivable		
Other debtors	14,099	42,677
Prepayments and accrued income	45,422	37,417
Amount due from joint venture	22,270	394
Total amounts falling due within one year	**98,983**	**110,997**

Included in debtors due after more than one year is £1.4m (2022: £1.4m) 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.

	Association 2023 £'000	Association 2022 £'000
Amounts falling due after more than one year:		
Improvement programmes	3,000	3,494
Intra group debtors	27,656	9,018
PFI finance debtor	12,304	12,725
Other debtors	10,000	—
	52,960	**25,237**
Amounts falling due within one year:		
Rent and service charge arrears	37,985	25,632
Less: provision for bad and doubtful debts	(21,588)	(10,249)
Net rental debtors	**16,397**	**15,383**
Other debtors	17,709	18,584
Prepayments and accrued income	44,354	12,220
Total amounts falling due within one year	**78,460**	**46,187**

14 Properties for sale

	Group	
	2023 £'000	2022 £'000
Properties under construction – outright sales	16,687	33,951
Properties under construction – shared ownership	62,268	29,475
Completed properties – outright sales	6,708	5,605
Completed properties – shared ownership	10,857	16,644
	96,520	**85,675**

	Association	
	2023 £'000	2022 £'000
Properties under construction – shared ownership	54,481	7,840
Completed properties – shared ownership	10,857	9,839
	65,338	**17,679**

15 Creditors: amounts falling due within one year

	Group 2023 £'000	Restated 2022 £'000
Bank and other loans (see note 17)	168,661	59,090
Trade creditors	13,190	27,823
Rent and service charges received in advance	18,836	22,095
Social Housing Grant received in advance	11,321	22,919
Other creditors	20,750	28,443
Recycled Capital Grant Fund (see note 16a)	13,399	2,845
Accruals and deferred income	101,283	94,066
Deferred capital grant	11,956	11,459
Obligations under finance lease	88	80
Fair value of derivatives	—	1,622
	359,484	**270,042**

The 2022 position has been restated to correct the following prior year error:

Social Housing Grant received in advance has been increased by £17,579k to recognise grant repayable to the Greater London Authority (GLA). This was not unamortised capital grant held in relation to housing properties and therefore should not have been eliminated at acquisition. See Note 32 on page 137.

	Association 2023 £'000	2022 £'000
Bank and other loans (see note 17)	165,924	43,200
Trade creditors	14,581	8,844
Rent and service charges received in advance	17,914	11,651
Social Housing Grant received in advance	11,222	5,242
Other creditors	23,521	9,668
Recycled Capital Grant Fund (see note 16a)	13,399	2,845
Accruals and deferred income	88,594	43,671
Intra group creditors	36,529	25,222
Deferred capital grant	11,653	11,164
Obligations under finance lease	88	80
Fair value of derivatives	—	1,622
	383,425	**163,209**

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 transaction 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	
	2023 £'000	Restated 2022 £'000
Long term loans (see note 17)	2,177,105	2,114,345
Recycled Capital Grant Fund (see note 16a)	17,986	16,098
Deferred Capital Grant (note 16b)	1,130,589	1,051,546
Accumulated amortisation of deferred capital grant	(253,117)	(242,737)
Amortisation of deferred capital grant due in one year	(11,956)	(11,459)
Fair value derivatives	(2,939)	2,702
Derivatives not designated as hedges	7,744	39,563
Obligations under finance lease	1,323	1,321
Sinking and cyclical funds	34,342	31,895
Grant on homebuy	1,346	1,346
	3,102,423	**3,004,620**

The 2022 position has been restated to correct a prior year error:

Deferred Capital Grant has been increased by £21,729k to reflect post acquisition movements from disposal of housing properties. In the Group, Deferred Capital Grant was eliminated on the acquisition of One Housing Group, therefore on disposal of post acquisition housing properties, no further elimination of deferred capital grant was required. See Note 32 on page 137.

	Association	
	2023 £'000	Restated 2022 £'000
Long term loans (see note 17)	2,014,602	947,271
Recycled Capital Grant Fund (see note 16a)	17,986	4,183
Deferred Capital Grant (note 16b)	1,085,118	983,361
Accumulated amortisation of deferred capital grant	(248,934)	(238,830)
Amortisation of deferred capital grant due in one year	(11,653)	(11,164)
Fair value derivatives	(2,939)	2,702
Derivatives not designated as hedges	7,744	—
Obligations under finance lease	1,323	1,321
Sinking and cyclical funds	34,340	14,072
Grant on homebuy	204	204
	2,897,791	**1,703,120**

Long term loans are secured by fixed charges on properties.

In the prior year, Bond Premium of £6,925k was incorrectly disclosed as Deferred Income. This amount has now been correctly allocated to the Loan balance to which it relates, reducing Deferred income to £769k and increasing the Loan balance to £947,271k. The correction is shown in Notes 16, 16b, 17 and 19. See Note 32 on page 137.

16a Creditors: analysis of recycled capital grant fund

	Group 2023 £'000	Group 2022 £'000
Recycled Capital Grant Fund		
Opening balance	18,943	7,139
Inputs to RCGF:		
Grants recycled	20,561	3,769
Interest accrued	346	80
Recycling of grant:		
Newbuild	(5,214)	(2,666)
Transferred to creditors	(3,251)	(3,459)
Arising on acquisition	—	14,080
Closing balance	**31,385**	**18,943**

£11.9m is potentially due for repayment to Homes England and is recognised within 'creditors: amounts falling due within one year', £1.5m is due to be utilised within the year.

	Association 2023 £'000	Association 2022 £'000
Recycled Capital Grant Fund		
Opening balance	7,027	7,139
Inputs to RCGF:		
Grants recycled	20,561	2,501
Interest accrued	346	54
Recycling of grant:		
Newbuild	(5,214)	(2,667)
Transferred to creditors	(3,251)	—
Arising on acquisition	—	—
Arising on Group reconstruction	11,916	—
Closing balance	**31,385**	**7,027**

16b Deferred Capital Grant

	Group 2023 £'000	Restated 2022 £'000
Deferred capital grant		
At start of the year	1,051,547	1,001,377
Grant received in the year	81,914	57,210
Disposals	(2,872)	(7,040)
As at 31 March 2023	**1,130,589**	**1,051,547**
Amortisation at start of the year	(242,736)	(233,270)
Released to income	(11,956)	(11,459)
Released to disposals	1,575	1,993
As at 31 March 2023	**(253,117)**	**(242,736)**

Amount expected to be used within the next 12 months £11.9m.
Amounts expected to be used after more than 12 months £1.1bn.

The 2022 position has been restated to correct a prior year error:

£21.7m in total of capital grant has been restated. This represents £11.4m of capital grant attaching to properties disposed of post acquisition and £10.5m relating to incorrectly removed capital grant from the acquisition of TPHA by OHG. See Note 32 on page 137.

	Association 2023 £'000	2022 £'000
Deferred capital grant		
At start of the year	983,361	968,053
Grant received in the year	58,899	22,348
Disposals	(5,030)	(7,040)
Arising on Group reconstruction	47,888	—
As at 31 March 2023	**1,085,118**	**983,361**
Amortisation at start of the year	(238,830)	(229,659)
Released to income	(11,653)	(11,164)
Released to disposals	1,549	1,993
As at 31 March 2022	**(248,934)**	**(238,830)**

Amounts due to be released within one year £11.6m.
Amounts due to be released after more than one year £1.1bn.

17 Debt analysis

	Group	
	2023 £'000	Restated 2022 £'000
Due within one year		
Bank loans	145,453	53,580
Other loans	19,132	5,510
Local authority loans	4,076	—
Total due within one year	**168,661**	**59,090**
Due after more than one year		
Bank loans	1,183,942	1,153,053
Local authority loans	229,283	118,515
Other loans	431,357	512,053
Less finance costs capitalised	(15,555)	(17,033)
	1,829,027	**1,766,588**
Bond	338,000	338,000
Premium/Discount on issue	12,761	13,307
Bond issue costs	(2,683)	(3,550)
Net bond balance	**348,078**	**347,757**
Total due after more than one year	**2,177,105**	**2,114,345**

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 0.3 % and 3.0 %. Split of debt is fixed rate 69 % and variable rate 31 %. The instalments fall to be repaid in the periods 2023 to 2051.

Other loans are repayable in instalments at fixed rates of interest of between 2.56 % and 9.66 %. The instalments fall to be repaid in the periods 2022 to 2053.

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

Weighted average cost of borrowing for the Group is 4.57 %.

FRS 102 s17.32 (a) The entity shall disclose the existence and carrying amounts of property, plant and equipment to which the entity has restricted title or that is pledged as security for liabilities.

	2023 £'000	Restated 2022 £'000
Debt maturity profile		
In one year or less	168,661	59,090
Between one and two years	236,773	138,915
Between two and five years	469,440	395,914
In five years or more	1,476,620	1,586,792
	2,351,494	**2,180,711**
Less:		
Loans due in one year or less	(168,661)	(59,090)
Finance costs capitalised	(18,489)	(20,583)
Discount on issue of bond	12,761	13,307
	2,177,105	**2,114,345**

17 Debt analysis – continued

	Association 2023 £'000	Restated 2022 £'000
Due within one year		
Bank loans	145,453	41,789
Other loans	16,395	1,411
Local authority loans	4,076	—
Total due within one year	**165,924**	**43,200**
Due after more than one year		
Bank loans	1,153,847	467,670
Local authority loans	229,283	25
Other loans	298,455	222,903
Less finance costs capitalised	(15,061)	(6,271)
	1,666,524	**684,327**
Intra group creditor – Bond	338,000	250,000
Intra group creditor – Premium/(Discount) on issue	12,761	15,627
Intra group creditor – Bond issue costs	(2,683)	(2,683)
Net bond balance	**348,078**	**262,944**
Total due after more than one year	**2,014,602**	**947,271**

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

Bank loans are repaid in instalments at a combination of fixed and variable rates of interest inclusive of lending margins of between 0.3 % and 2.25 %. Split of debt is fixed rate 65.8 % and variable rate 34.2 %. The instalments fall to be repaid in the periods 2023 to 2051.

Other loans are repayable in instalments at fixed rates of interest of between 2.56 % and 9.63 %. The instalments fall to be repaid in the periods 2023 to 2053.

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

Waited average cost of borrowing for the Association is 4.28 %.

	2023 £'000	Restated 2022 £'000
Debt maturity profile		
In one year or less	165,924	43,200
Between one and two years	234,463	28,372
Between two and five years	385,482	169,246
In five years or more	1,399,640	742,981
	2,185,509	**983,799**
Less:		
Loans due in one year or less	(165,924)	(43,200)
Finance costs capitalised	(17,744)	(8,955)
Discount on issue of bond	12,761	15,627
	2,014,602	**947,271**

17 Debt analysis – continued

The 2022 position for Group and Association has been restated to correct the following prior year error:

In the prior year, Bond Premium of £6,925k was incorrectly disclosed as Deferred Income. This amount has now been correctly allocated to the Loan balance to which it relates, reducing Deferred income to £769k and increasing the Loan balance to £947,271k. The correction is shown in Notes 16, 16b, 17 and 19. See Note 32 on page 137.

17a Borrowing facilities

Borrowing facilities
Undrawn committed borrowing facilities at 31 March 2023 were as follows:

	Group	
	2023 £'000	**2022 £'000**
Expiring in one year or less	55,000	37,000
Expiring between one and five years	173,000	252,810
Expiring in more than five years	100,000	175,000
	328,000	**464,810**

In the financial year ended 31 March 2023, all undrawn committed borrowing facilities were fully secured (2022: £0m of undrawn facilities remained to be secured before the facility could be utilised).

	Association	
	2023 £'000	**2022 £'000**
Expiring in one year or less	55,000	37,000
Expiring between one and two years	168,000	154,000
Expiring in more than two years	100,000	125,000
	323,000	**316,000**

In the financial year ended 31 March 2023, all undrawn committed borrowing facilities were fully secured (2022: £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 2023 £'000	Group Restated 2022 £'000	Association 2023 £'000	Association Restated 2022 £'000
Assets at fair value through profit or loss				
Fixed asset investments (Note 12)	100,466	93,347	240,157	96,911
Assets measured at amortised cost				
Fixed asset investments (Note 12)	1,346	1,451	204	204
Current asset investments (Note 12)	67,796	47,072	65,471	45,683
Debtors (Note 13)	63,561	73,580	44,106	33,967
Cash and cash equivalents	32,037	69,755	23,762	13,486
Liabilities measured at amortised cost				
Loans (Notes 15, 16 and 17)	(2,345,766)	(2,173,435)	(2,180,526)	(990,471)
Trade creditors (Notes 15 and 16)	(151,120)	(175,129)	(141,671)	(76,536)
Derivatives				
Designated as hedges (Note 16)	2,939	(2,702)	2,939	(2,702)
Other	(7,744)	(39,563)	(7,744)	(39,563)
	(2,236,485)	**(2,105,624)**	**(1,953,302)**	**(919,021)**

Prior year has been restated to align with other notes, please see Note 32 on page 137.

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. On the acquisition of One Housing Group Limited, derivative financial instruments were acquired by the Riverside Group at fair value. Centrus Financial Advisors Limited were retained by the Riverside Group to value derivatives at fair value using a discounted cash flow methodology.

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.

18 Financial instruments and risk management – continued

C. Hedge accounting
Periods in which the forecast cash flows associated with standalone interest rate swaps are expected to occur.

	Group 2023		Association 2023	
	£'000 Receivable	£'000 Payable	£'000 Receivable	£'000 Payable
Interest rate swaps				
In one year or less	159	(3,273)	159	(3,273)
Between one and two years	3,863	(6,872)	3,863	(6,872)
Between two and three years	8,625	(7,271)	8,625	(7,271)
Between three and five years	12,387	(12,237)	12,387	(12,237)
In five years or more	22,858	(30,871)	22,858	(30,871)
Total	**47,892**	**(60,524)**	**47,892**	**(60,524)**

	Group and Association	
	2023 £'000	2022 £'000
Nominal values of the above		
Interest rate swaps	191,953	120,455
Total	**191,953**	**120,455**

Risk
The main risks arising from the Groups financial instruments are liquidity risk, interest rate risk, market risk and the risks associated with the credit worthiness of financial counterparties.

As at 31st March 2023, the Group held derivative positions via interest swaps totalling £98.0m under a hedge accounting relationship for £98.4m of the floating rate debt portfolio, Following the transfer of engagements, The Riverside Group Limited replaced One Housing Group as the interest rate swap counterparty for £93.6m of standalone derivative contracts, to hedge £96.5m of the former One Housing Group floating rate debt portfolio. The Group Treasury Policy stipulates that the proportion of fixed rate debt, at all times, will be above 60 %. At the year end the swap and fixed rate positions for the expanded Group indicated a debt mix showing 69.0 % of debt as fixed or hedged via derivative contracts.

For the £191.6m of swaps with various counterparties the maturity dates run up to and include July 2037 with fixed rates in a range from 1.14 % to 5.54 %. The weighted average duration of derivative positions is 5.9 years.

The Riverside Group will maintain policy limits for debt mix via additional fixed rate debt instruments in the form of loans or derivatives. The credit movement in the fair value of derivatives to the statement of comprehensive income is £8.5m (2022: £8.6m).

18 Financial instruments and risk management – continued

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.
Interest rate benchmark reform has been completed in the previous year and so:

FRS 102 requires that an entity shall disclose information on the nature and extent of risks arising from financial instruments subject to interest rate benchmark reform, how the entity manages those risks and the entity's progress in completing the transition from interest rate benchmarks to alternative benchmark rates.

Variable rates during the year included borrowings linked to SONIA. 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.

18 Financial instruments and risk management – continued

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

	Group	
	2023 £'000	Restated 2022 £'000
Opening balance	769	—
Additions to deferred income	3,012	8,984
Release of deferred income	(3,434)	(8,215)
Closing balance	**347**	**769**

Deferred income relating to Prospect (GB) Limited consists of income for the construction of schemes that are not yet at revenue recognition point.

The 2022 position for Group and Association has been restated to correct the following prior year error:

In the prior year, Bond Premium of £6,925k was incorrectly disclosed as Deferred Income. This amount has now been correctly allocated to the Loan balance to which it relates, reducing Deferred income to £769k and increasing the Loan balance to £947,271k. The correction is shown in Notes 16, 16b, 17 and 32.

20 Share capital

	Group and Association 2023 £	2022 £
Opening balance as at 1 April 2022	23	36
Appointed in year	2	6
Resigned in year	(13)	(19)
Closing balance as at 31 March 2023	**12**	**23**

The share capital of the Association consists of shares with a nominal value of £1 each, which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. When a shareholder ceases to be a member, that share is cancelled and the amount paid thereon becomes the property of the association. Therefore, all shareholdings relate to non-equity interests.

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

	Group 2023 £'000	Restated 2022 £'000
Operating surplus	49,244	105,383
Depreciation	73,504	50,820
Decrease/(increase) in other debtors and prepayments	(6,817)	(5,623)
(Decrease)/increase in other creditors and accruals	20,973	(2,459)
Defined benefit costs less employer contributions	(9,634)	(8,277)
Stock movement	(11,383)	(54,230)
Increase/(decrease) in rent arrears	13,317	(8,905)
Gain on sale of fixed assets	(17,447)	(21,147)
Amortisation of grant	(11,956)	(11,459)
Amortisation of intangibles	13,095	7,984
Impairment	5,083	2,507
Net cash from operating activities	**117,979**	**54,594**

In the prior year cashflow statement, cash expended on additions to current assets had been incorrectly treated as all movements on debtors. However, given a proportion of the cashflow related to properties held for sale which are essentially stock items, these amounts (£47,158k) should have been disclosed as a separate line in the Operating Cashflows. Note 21 have been restated to correct this error.

Further within note 21, there is a reduction on gain on sale of fixed assets of £26,182k being the reduction of a released fair value movement on properties sold post acquisition. The other side of this movement effects the increases on debtors within note 21.

There is a restatement to amortisation and depreciation as a result of the movement from Tangible and Intangibles. Further, there has been a restatement to profit on sales of properties post acquisition. See Note 32 on page 137 for details.

22 Analysis of net debt

	Group			
	Restated 1 April 2022 £'000	Cash flows £'000	Other changes £'000	31 March 2023 £'000
Cash at bank and in hand	69,755	(37,718)	—	32,037
Loans due within one year (see note 15)	(59,090)	(109,571)	—	(168,661)
Loans due after one year (see note 17)	(2,114,345)	(60,479)	(2,281)	(2,177,105)
Finance lease in year (see note 16)	(1,401)	10	(20)	(1,411)
Total	**(2,105,081)**	**(207,758)**	**(2,301)**	**(2,315,140)**

The restatement relates to the prior year bond premium of £6,925k which was incorrectly disclosed as deferred income. The balance has now been correctly allocated to the loan balance to which it relates.

23 Capital commitments

	Group	
	2023 £'000	2022 £'000
Capital expenditure that has been contracted for but which has not been provided for in the financial statements	623,791	770,752
Capital expenditure that has been authorised by the Board but which has not yet been contracted for	154,242	325,115

	Association	
	2023 £'000	2022 £'000
Capital expenditure that has been contracted for but which has not been provided for in the financial statements	529,844	353,597
Capital expenditure that has been authorised by the Board but which has not yet been contracted for	154,242	5,579

This expenditure will be financed from both the existing undrawn revolving credit facilities provided by ten of our core lenders and a further capital raising planned in financial year 2023-24 for up to £400.0m secured via a portion of unencumbered stock from our housing stock portfolio.

24 Financial commitments

At 31 March 2023 commitments under non-cancellable operating leases were as follows:

	Group			
	2023		2022	
	Land & buildings £'000	Other £,000	Land & buildings £'000	Other £,000
Not greater than one year	7,703	942	7,620	909
Between one and five years	23,833	390	29,060	959
Later than five years	168,795	101	166,039	17
	200,331	**1,433**	**202,719**	**1,885**

	Association			
	2023		2022	
	Land & buildings £'000	Other £,000	Land & buildings £'000	Other £,000
Not greater than one year	7,156	925	589	119
Between one and five years	22,409	389	861	109
Later than five years	168,746	101	—	—
	198,311	**1,415**	**1,450**	**228**

At 31 March 2023 commitments under finance leases were as follows:

	Group and Association	
	2023 £'000	2022 £'000
Not greater than one year	88	80
Between one and five years	157	155
Later than five years	1,166	1,166
	1,411	**1,401**

25 Pension information

At 31 March 2023 The Riverside Group Limited recognised the following pension provision for Deficit Funding Liabilities:

	Group	
	2023 £'000	2022 £'000
Summary of pension liabilities		
Riverside Group Pension Scheme	—	—
Riverside (Ex SHPS) defined benefit scheme	(12,577)	(19,442)
Social housing pension scheme – Defined benefit	(8,578)	(8,155)
LGPS – Tower Hamlets	2,798	1,599
LGPS – Lewisham	—	(60)
Growth plan	(5)	(8)
Total provision (note 27)	**(18,362)**	**(26,066)**

	Association	
	2023 £'000	2022 £'000
Summary of pension liabilities		
Riverside (Ex SHPS) defined benefit scheme	(12,577)	(19,442)
Social housing pension scheme – Defined benefit	(8,578)	—
LGPS – Tower Hamlets	2,798	—
Growth plan	(5)	(8)
Total provision (note 27)	**(18,362)**	**(19,450)**

During the year the following amounts were recognised within Other Comprehensive Income for the year for the actuarial gain/loss on the pension scheme.

	Group	
	2023 £'000	2022 £'000
Reconciliation of remeasurement through statement of other comprehensive income		
Riverside Group Pension Scheme	(2,920)	2,158
Riverside (Ex SHPS) DB Scheme	2,394	7,778
Social Housing Pension Scheme (OHG)	(1,952)	3,311
LGPS – Tower Hamlets (OHG)	1,161	598
Growth Plan (Impact)	—	26
Total remeasurement in OCI	**(1,317)**	**13,871**

	Association	
	2023 £'000	2022 £'000
Reconciliation of remeasurement through statement of other comprehensive income		
Riverside Group Pension Scheme	(2,920)	2,158
Riverside (Ex SHPS) DB Scheme	2,394	7,778
Growth Plan (Impact)	—	26
Total remeasurement in OCI	**(526)**	**9,962**

Information on seperate Pension Schemes can be found on pages 117 to 130.

25 Pension information – continued

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 6 years, starting from 1 April 2021. The Group therefore expects to pay £3.0million in contributions to the RGPS during the accounting year beginning 1 April 2023.

The next actuarial valuation is due as at 31 March 2023.

All expenses in relation to running the RGPS were paid in addition by the Group up to 31 December 2022. From 1 January 2023 all expenses are met directly from the RGPS.

	2023	**2022**
Rate of discount on scheme liabilities	4.7%	2.7%
Retail price inflation	3.2%	3.5%
Consumer price inflation	2.8%	3.2%
Pension increases:		
— Pre 1 February 2002 accrual	3.1%	3.4%
— Pre 5 April 2006 accrual	3.1%	3.4%
— Post 5 April 2006 accrual	2.2%	2.3%
Life expectancy at age 65:		
— Male current pensioner	21.6	22.2
— Female current pensioner	24.0	24.7
— Male future pensioner	22.9	23.5
— Female future pensioner	25.5	26.1

	2023 £'000	**2022 £'000**
Fair value of assets	133,637	187,391
Present value of liabilities	(117,549)	(169,233)
Irrecoverable surplus	(16,088)	(18,158)
Deficit in the scheme	**—**	**—**

25 Pension information – continued

The market value of the assets of the scheme and the expected long term rates of return at 31 March 2023 were:

	2023 £'000	2022 £'000
Market value		
Equities	12,908	64,709
Insured policy	8,531	10,603
LDI Portfolio	76,868	21,259
Gilts	—	14,006
Cash	11,328	9,313
Other	24,002	67,501
Total	**133,637**	**187,391**

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.

	2023 £'000	2022 £'000
Amounts recognised in profit and loss (SOCI)		
Administration expenses	(80)	—
Interest on assets	4,517	3,514
Interest on liabilities	(4,517)	(3,585)
Amount recognised in SOCI	**(80)**	**(71)**
Amount recognised in Other Comprehensive Income (OCI)		
Return on scheme assets excluding amount included in net interest	(57,305)	8,787
Actuarial gains/(losses)	52,315	11,529
Adjustment for restrictions on the asset recognised	2,070	(18,158)
Remeasurement of the net liability	**(2,920)**	**2,158**
Total defined benefit/(cost)	**(3,000)**	**2,087**

25 Pension information – continued

	2023 £'000	2022 £'000
Movement in deficit during year		
Deficit in scheme at beginning of the year	—	(4,946)
Movement in year:		
Contributions from the employer	3,000	2,859
Administration expenses	(80)	—
Net interest expense	—	(71)
Return on assets excluding amount included in net interest	(57,305)	8,787
Actuarial gains/(losses)	52,315	11,529
Change in the effect of the asset limit	2,070	(18,158)
Deficit in scheme at end of the year	**—**	**—**

	2023 £'000	2022 £'000
The return on scheme assets		
Interest income	4,517	3,514
Return on scheme assets excluding amount included in net interest	(57,305)	8,787
	(52,788)	**12,301**

25 Pension information – continued

	2023 £'000	2022 £'000
Reconciliation of assets		
Assets at beginning of period	187,391	176,320
Employer contributions	3,000	2,859
Benefits paid	(3,886)	(4,089)
Interest income	4,517	3,514
Administration expenses	(80)	—
Return on scheme assets excluding amounts included in net interest	(57,305)	8,787
Assets at end of year	**133,637**	**187,391**
Reconciliation of liabilities		
Projected benefit obligation at the beginning of period	(169,233)	(181,266)
Interest expense	(4,517)	(3,585)
Benefits paid	3,886	4,089
Actuarial gains/(losses)	52,315	11,529
Projected benefit obligation at end of year	**(117,549)**	**(169,233)**

25 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 (SHPS). 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. On 1 April 2021 there was a further bulk transfer from SHPS in respect of former Impact Housing members.

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 was carried out as at 30 September 2020. This valuation revealed a funding shortfall of £28.8 million. Following this valuation, the Employer agreed a deficit recovery plan with the Trustee. The Group therefore expects to pay £5.0 million in contributions to the Ex SHPS Scheme during the accounting year beginning 1 April 2023.

The next actuarial valuation is due as at 30 September 2023.

All expenses in relation to running the Ex SHPS Scheme are paid in addition by the Group.

The Group were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before the end of 2024 at the earliest. It was estimated that this could potentially increase the value of the Scheme liabilities by £5.4m. The Group note that this estimate has been calculated as at 31 May 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

	2023	**2022**
Rate of discount on scheme liabilities	4.7%	2.7%
Retail price inflation	3.2%	3.5%
Consumer price inflation	2.8%	3.2%
Life expectancy at age 65		
— Male current pensioner	21.0	21.2
— Female current pensioner	23.4	23.6
— Male future pensioner	22.3	22.5
— Female future pensioner	24.9	25.1

	2023 £'000	**2022 £'000**
Fair value of assets	76,918	110,368
Present value of liabilities	(89,495)	(129,810)
Deficit in the schemes	**(12,577)**	**(19,442)**

25 Pension information – continued

	2023 £'000	2022 £'000
Reconciliation of opening and closing balances of the defined benefit obligation		
Defined benefit obligation at the start of period	(129,810)	(108,495)
Bulk transfer of Impact Housing	—	(27,157)
Interest expense	(3,458)	(2,685)
Actuarial gains/(losses) due to scheme experience	(6,884)	(3,462)
Actuarial gains/(losses) due to changes in demographic assumptions	3,878	(45)
Actuarial gains/(losses) due to changes in financial assumptions	43,290	9,381
Benefits paid and expenses	3,489	2,653
Defined benefit obligation at the end of period	**(89,495)**	**(129,810)**

	2023 £'000	2022 £'000
Reconciliation of opening and closing balances of the fair value of plan assets		
Fair Value of plan assets at the start of period	110,368	83,753
Bulk transfer of Impact Housing	—	21,127
Interest income	2,999	2,093
Expenses	(280)	(144)
Experience of plan assets (excluding amounts included in interest income)	(37,890)	1,904
Contributions by the employer	5,210	4,288
Benefits paid and expenses	(3,489)	(2,653)
Fair value of plan assets at the end of period	**76,918**	**110,368**

Defined benefit costs recognised in Statement of Comprehensive Income		
Scheme expenses	280	144
Net Interest expense	459	592
Defined benefit cost recognised in statement of comprehensive income	**739**	**736**

Defined benefit costs recognised in Other Comprehensive Income (OCI)		
Experienced on plan assets (excluding amounts included in net interest cost)	(37,890)	1,904
Experienced gains and (losses) arising on the plan liabilities	(6,884)	(3,462)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	3,878	(45)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation	43,290	9,381
Total amount recognised in Other Comprehensive Income (OCI) – gain/(loss)	**2,394**	**7,778**

25 Pension information – continued

	2023 £'000	2022 £'000
Assets		
Equity	1,806	13,014
Bonds	6,679	20,873
Property	6,363	7,545
Cash	2,544	1,724
Other	7,618	30,617
LDI	37,802	36,595
Liquid alternatives	6,276	—
Private credit	7,830	—
Total assets	**76,918**	**110,368**

25 Pension information – continued

(iii) The Social Housing Pension Scheme – Defined Benefit Scheme
Up to 31 March 20023 the Group participates in the defined benefit section of the Social Housing Pension Scheme (SHPS) in respect of members employed by One Housing Group (which became a subsidiary of the Riverside Group on 1 December 2021). The Group has closed SHPS to future accrual. With effect from 1 April 2023 a standalone scheme within TPT known as the OHG ex SHPS Scheme was created and following the Transfer of Engagements Riverside Group Limited became the employer to the scheme.

SHPS is a UK registered trust-based pension scheme. SHPS is a multi-employer scheme with around 500 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 2020. This valuation revealed a total scheme deficit of £1,560m. To eliminate this funding shortfall, the Employer has agreed to pay contributions of £1,726,287 per year from 1 April 2022. The payments will increase by 5.5% each year, with the first increase on 1 April 2023, and payments are due until 31 March 2028. The Group therefore expects to pay £1,821,233 in contributions to the SHPS DB Scheme during the accounting year beginning 1 April 2023.

The Group were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before the end of 2024 at the earliest. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this. Any changes in the value of liabilities will be reflected through the OHG ex SHPS Scheme.

	2023	2022
Rate of discount on scheme liabilities	4.70%	2.70%
Retail price inflation	3.20%	3.50%
Consumer price inflation	2.80%	3.20%
Salary Growth	2.77%	3.17%
Life expectancy at age 65:		
— Male current pensioner	21.0	21.1
— Female current pensioner	23.4	23.7
— Male future pensioner	22.2	22.4
— Female future pensioner	24.9	25.2

25 Pension information – continued

	2023 £'000	2022 £'000
Reconciliation of liabilities		
At 1 April	(60,246)	(27,157)
Transfer of Impact Housing out	—	27,157
Acquisition of One Housing Group	—	(62,600)
Expenses	(34)	(35)
Interest cost	(1,610)	(1,356)
Benefits paid	1,164	1,362
Re-measurements – change in financial assumptions	18,187	3,728
Re-measurements – experience	(675)	(2,289)
Re-measurements – demographic assumptions	99	944
At 31 March	**(43,115)**	**(60,246)**

	2023 £'000	2022 £'000
Reconciliation of assets		
At 1 April	52,091	21,127
Transfer of Impact Housing out	—	(21,127)
Acquisition of One Housing Group	—	49,968
Interest income on plan assets	1,413	1,095
Employer contributions	1,760	1,462
Benefits paid and expenses	(1,164)	(1,362)
Experience on plan assets – gain/(losses)	(19,563)	928
At 31 March	**34,537**	**52,091**

	2023 £'000	2022 £'000
Fair value plan of assets	34,537	52,091
Present value of plan liabilities	(43,115)	(60,246)
	(8,578)	**(8,155)**

	2023 £'000	2022 £'000
Defined benefit costs recognised in statement of Comprehensive Income		
Included in administrative expenses:		
Expenses	34	35
Net interest expense	197	261
	231	**296**

25 Pension information – continued

	2023 £'000	2022 £'000
Defined benefit costs recognised in Other Comprehensive Income (OCI)		
Remeasurement – change in financial assumptions gain/(losses)	18,187	3,728
Remeasurement – experience on plan liabilities gain/(losses)	(675)	(2,289)
Remeasurement – demographic assumptions gain/(losses)	99	944
Experience on plan assets gain/(losses)	(19,563)	928
	(1,952)	**3,311**

	2023 £'000	20212 £'000
Assets		
Global Equity	644	9,997
Absolute Return	374	2,090
Distressed Opportunities	1,045	1,864
Credit Relative Value	1,304	1,731
Alternative Risk Premiums	64	1,718
Emerging Markets Debt	185	1,516
Risk Sharing	2,543	1,715
Insurance-Linked Securities	872	1,214
Property	1,487	1,407
Infrastructure	3,945	3,711
Private Debt	1,537	1,335
Opportunistic Illiquid Credit	1,478	1,750
High Yield	121	449
Opportunistic credit	2	185
Cash	249	177
Corporate Bond Fund	—	3,475
Long Lease Property	1,042	1,340
Secured Income	1,585	1,941
Liability Driven Investment	15,906	14,535
Currency hedging	66	(204)
Net Current Assets	88	145
Total assets	**34,537**	**52,091**

25 Pension information – continued

(iv) Tower Hamlets Pension Fund
The Group participates in the London Borough of Tower Hamlets Pension Fund (THPF). The THPF is a multi-employer Local Government Pension Scheme that provides defined benefits.

The employees in this scheme have been TUPE'd from local authorities and the Group has closed the THPF to new members.

The Group makes contributions of 41.1 % of salaries in respect of accrual.

	2023	2022
Rate of discount on scheme liabilities	4.75%	2.70%
Salary Growth	3.00%	3.40%
Consumer price inflation	3.00%	3.20%
Allowance for commutation of pension for cash at retirement (post 2008 service)	60%	75%
Life expectancy at age 65:		
— Male current pensioner	20.1	21.5
— Female current pensioner	23.4	23.7
— Male future pensioner	21.7	22.7
— Female future pensioner	24.9	25.5

	2023 £'000	2022 £'000
Reconciliation of liabilities		
At 1 April	(8,371)	(8,858)
Expenses	(65)	(68)
Interest cost	(223)	(176)
Benefits paid	274	179
Employee contributions	(9)	—
Re-measurements – change in financial assumptions	2,674	521
Re-measurements – experience	(611)	(18)
Re-measurements – demographic assumptions	7	49
At 31 March	**(6,324)**	**(8,371)**

	2023 £'000	2022 £'000
Reconciliation of assets		
At 1 April	9,970	9,787
Interest income on plan assets	266	194
Employer contributions	60	58
Employee contributions	9	—
Benefits paid and expenses	(274)	(179)
Experience on plan assets – gain/(loss)	(909)	110
At 31 March	**9,122**	**9,970**

25 Pension information – continued

	2023 £'000	2022 £'000
Fair value plan of assets	9,122	9,970
Present value of plan liabilities	(6,324)	(8,371)
	2,798	**1,599**

	2023 £'000	2022 £'000
Defined benefit costs recognised in statement of Comprehensive Income		
Included in administrative expenses:		
Expenses	(65)	(68)
Net interest expense	43	18
	(22)	**(50)**

	2023 £'000	2022 £'000
Defined benefit costs recognised in Other Comprehensive Income (OCI)		
Re-measurments – change in financial assumptions gain/(losses)	2,674	457
Re-measurments – experience on plan liabilities gain/(losses)	(604)	(18)
Re-measurments – demographic assumptions gain/(losses)	—	49
Experience on plan assets gain/(losses)	(706)	110
Other experience	(203)	—
	1,161	**598**

	2023 £'000	2022 £'000
Assets		
Equities	7,754	8,474
Bonds	456	499
Property	730	897
Cash	182	100
	9,122	**9,970**

25 Pension information – continued

V) Other defined benefit schemes
During the year the Group also made contributions of £2,987 to the Growth Plan run by TPT Retirement Solutions. The Group will pay £2,987 to the Growth Plan in the year from 1 April 2023.

The Group paid an exit payment of £60k to the Lewisham Pension Fund during the year.

The Group also made an exit payment of £467k to the Strathclyde Pension Fund during the year.

VI) Defined contribution pension schemes
The Group also contributes to two defined contribution pension schemes. Contributions were invested in a Legal & General master trust through the Our Riverside Retirement Plan and Riverside also made contributions into SHPS by virtue of contributions made by OHG.

The total Group contributions to defined contribution schemes for the year was £8.2m (2022: £6.2m).

26 Contingent liabilities

Government grants associated with housing properties acquired from stock transfers are recognised as a contingent liability. As these properties were included at fair value on acquisition, any fall in value for which the grant is compensating has already been reflected in the valuation and therefore no capital grant liability is disclosed within creditors. In the event of the housing properties being disposed, The Riverside Group Limited is responsible for the repayment or recycling of the grant.

	2023 £m	**Restated 2022 £m**
Carlisle, 2017	0.4	0.4
Accent Group, 2017	8.6	8.6
The Hyde Group, 2018	12.6	12.6
The Hyde Group, 2020	12.5	12.5
Clarion Housing Association, 2020	12.5	12.6
Guinness Homes, 2021	17.9	17.9

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 (2022: £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.

27 Provisions for liabilities and charges

		Group	
		2023	**2022**
		£'000	**£'000**
Improvement programmes	(i)	4,235	6,374
Pension liabilities	(ii)	18,362	26,066
At 31 March 2023		**22,597**	**32,440**

		Association	
		2023	**2022**
		£'000	**£'000**
Improvement programmes	(i)	4,235	1,442
Pension liabilities	(ii)	18,362	19,451
At 31 March 2022		**22,597**	**20,893**

(i) Improvement programmes
A provision of £4.2m (2022: £6.4m) 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.

28 Donations

	Group and Association	
	2023	**2022**
	£'000	**£'000**
Donations	2,635	77
	2,635	**77**

The donations disclosed in this note are payable from The Riverside Group to external parties.

£2.625m of these donations went to the Riverside Foundation.

All donations were paid in the year.

29 Accommodation in management and development

	Group 2023 Number	Group 2022 Number	Association 2023 Number	Association 2022 Number
Social housing units owned and/or managed (excluding leasehold units)				
Social rent general needs housing	42,291	42,621	39,848	32,150
Affordable rent general needs housing	9,899	9,486	9,899	8,272
Social rent supported housing and housing for older people	10,684	10,843	10,684	9,884
Affordable rent supported housing and housing for older people	239	237	239	237
Low cost home ownership	4,777	4,784	4,777	2,643
Care homes	379	387	379	350
Other social housing	296	266	296	266
Total social housing owned and/or managed	**68,565**	**68,624**	**66,122**	**53,802**
Total social housing units managed but not owned	1,621	1,637	1,621	1,637
Total social housing units owned	**66,944**	**66,987**	**64,501**	**52,165**
Total social housing units owned but not managed	1,560	1,586	1,560	1,586
Total social housing units managed	**67,005**	**67,038**	**64,562**	**52,216**
Non-social rental housing units (excluding leasehold units)				
Total non-social rental housing units owned	1,226	1,229	1,226	354
Total non-social housing units owned and/or managed	**1,226**	**1,229**	**1,226**	**354**
Leasehold units				
Social leasehold units owned	5,189	5,150	5,189	1,590
Additional social leasehold units managed but not owned	50	50	50	50
Total social leasehold units owned and/or managed	**5,239**	**5,200**	**5,239**	**1,640**
Non-social leasehold units owned	1,586	1,589	1,586	1,589
Additional non-social leasehold units owned and/or managed	32	33	32	33
Total non-social leasehold units owned and/or managed	**1,618**	**1,622**	**1,618**	**1,622**
Total social owned	72,133	72,137	69,690	53,755
Total social managed	1,671	1,687	1,671	1,687
Total non-social	2,844	2,851	2,844	1,976
Total stock	**76,648**	**76,675**	**74,205**	**57,418**
Accommodation in development at the year end	1,277	1,217	1,277	1,217

30 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:

	2023 £'000	2022 £'000
Total of transactions between entities		
Evolve Facility Services Limited	(412)	(2,837)
Irvine Housing Association Limited	9,448	42
Prospect (GB) Limited	9,156	(3,609)
Riverside Consultancy Services Limited	29,554	36,460
Riverside Finance PLC	2,343	266
Riverside Estuary Ltd	155	(237)
St Michael's Trust	—	197
Riverside Foundation	(274)	(418)
Eventide	—	—
Eleanor Godfrey Crittal	(56)	(32)
Naylands	—	—
Donald Bates	—	—
Riverside Regeneration Limited	(2,985)	3,596
Riverside Regeneration (Lambeth) Limited	3,107	1,314
Riverside Regeneration (London) Limited	3	—
Riverside Regeneration (Bromley) Limited	3,318	1,751
Riverside Regeneration (Southwark) Limited	88	—
The Compendium Group Limited	1,177	(731)
The Riverside Group Pension Scheme Contributions (note 25)	—	—
Local Government Pension Scheme Contributions (note 25)	3,000	2,859
Social Housing Defined Benefit Scheme Contributions (note 25)	—	68
One Housing Group	—	20
One Housing Foundation	61	—
CHA Ventures Limited	(4,237)	—
Citystyle Living Limited	(2,778)	—
Citystyle (Site A Nunhead Lane) Living Limited	(547)	—
Citystyle Living (Belmont) Limited	(888)	—
Citystyle Living (North End Farm) Limited	(252)	—
Citystyle Living (High Road Haringey 624 THA) Limited	(4)	—
Citystyle Living (Victoria Quarter) Limited	(7,969)	—
Citystyle Living (Polo) Limited	(1)	—
Citystyle Living (Acton Town Hall) Limited	(20)	—
Citystyle Living (Close) Limited	—	—
Citystyle Living (Goldhawk Road) Limited	(16)	—
Citystyle Living (Sutton Court Road) Limited	2,308	—
Citystyle Living (Shakespeare Orchard) Limited	2	—
Citystyle Living (Bangor Wharf) Limited	(65)	—
Renovo Facilities and Services Limited	191	—
Citystyle Living (St Ann's) Limited	111	—
Citystyle Living (Kidwells THA) Limited	1	—
Citystyle Living (Wenlock Road) Limited	1	—
One Housing Investment Limited	(3,611)	—
The Riverside Group Total	**39,909**	**38,709**

30 Related party transactions – continued

	2023 £'000	2022 £'000
Outstanding balances due (to)/from related entities		
Evolve Facility Services Limited	(8,386)	(7,974)
Irvine Housing Association Limited	13,492	4,044
Prospect (GB) Limited	4,316	(4,840)
Riverside Consultancy Services Limited	—	—
Riverside Finance plc	(259,487)	(261,830)
Riverside Estuary Ltd	5,537	5,382
St Michael's Housing Trust	—	(5)
Riverside Foundation	58	332
Eventide Homes Trust	(248)	(248)
Eleanor Godfrey Crittall Charity	(728)	(672)
Naylands (51-58)Limited	—	(4)
Donald Bates Charity	(119)	(119)
The Compendium Group Limited	4,866	3,689
Riverside Regeneration Limited	42,567	45,552
Riverside Regeneration (Lambeth) Limited	2,879	(228)
Riverside Regeneration (London) Limited	—	(3)
Riverside Regeneration (Bromley) Limited	5,069	1,751
Riverside Regeneration (Southwalk) Limited	87	—
One Housing Group Limited	—	20
One Housing Foundation	13	—
CHA Ventures Limited	(5,693)	—
Citystyle Living Limited	74	—
Citystyle (Site A Nunhead Lane) Living Limited	(570)	—
Citystyle Living (Belmont) Limited	(761)	—
Citystyle Living (North End Farm) Limited	(271)	—
Citystyle Living (Victoria Quarter) Limited	(2,807)	—
Citystyle Living (Polo) Limited	2,333	—
Citystyle Living (Acton Town Hall) Limited	184	—
Citystyle Living (Close) Limited	1	—
Citystyle Living (Goldhawk Road) Limited	(14)	—
Citystyle Living (Sutton Court Road) Limited	1,882	—
Citystyle Living (Shakespeare Orchard) Limited	2	—
Citystyle Living (Bangor Wharf) Limited	2,321	—
Camden Development Partnership LLP	197	—
Renovo Facilities and Services Limited	401	—
Citystyle Living (St Ann's) Limited	101	—
Citystyle Living (Kidwells THA) Limited	1	—
One Housing Investment Limited	—	—
The Riverside Group Total	**(192,703)**	**(215,153)**

In line with accounting guidance transactions are disclosed with direct subsidiaries in the prior year OHG was the only direct subsidiary of OHG. Following the transfer of engagement in the current year OHG no longer exists and as such we have disclosed the transactions between Riverside and the now direct subsidiaries which were previously subsidiaries of OHG.

31 Movement in fair value of financial instruments

	Group	
	2023 £'000	2022 £'000
Fair value of derivatives	17,486	13,113
Fair value of ineffective cash flow hedge	(1,251)	(66)
Total movement	**16,235**	**13,047**

	Association	
	2023 £'000	2022 £'000
Fair value of derivatives	—	—
Fair value of ineffective cash flow hedge	(1,251)	(66)
Total movement	**(1,251)**	**(66)**

32 Prior year restatements

The restatements apply to The Statement of Comprehensive Income, The Statement of Financial Position and the Statement of Cashflows. Of the statements, only those lines shown in this disclosure below have been restated, no other restatements were required.

Statement of Financial Position – restatement	Note	2022 £'000	2022 Restated £'000	Prior year adjustment £'000
Tangible assets				
Housing properties (B)	11	3,879,414	3,859,780	(19,634)
Other tangible fixed assets (A)	11	74,869	49,725	(25,144)
Intangible fixed assets (A)	11	23,152	48,296	25,144
Creditors: amounts falling due within one year (B)	15	(252,863)	(270,442)	(17,579)
Creditors: amounts falling due after more than one year (B)	16	(2,975,967)	(3,004,620)	(28,654)
Deferred income (D)	19	(7,694)	(769)	6,925
Income and expenditure reserve (B)		1,394,928	1,335,987	(58,941)
Equity attributable to				
Owners of the parent (B & C)		1,285,589	1,331,909	46,320
Non-controlling interest (C)		105,366	105	(105,261)

Statement of Comprehensive Income – restatement	Note	2022 £'000	2022 Restated £'000	Prior year adjustment £'000
Gain on the sale of fixed assets (B)	6	47,329	21,147	(26,182)
Profit on gift of net assets (B)		674,758	641,999	(32,759)

Cash flow (note 21)	2022 £'000	2022 Restated £'000	Prior year adjustment £'000
Depreciation (A)	55,004	50,820	(4,184)
Increase/(Decrease) debtors and prepayments (A & B)	(26,599)	(5,623)	20,976
Gain on sale of fixed assets (B)	(47,329)	(21,147)	26,182
Amortisation of intangibles (A)	3,800	7,984	4,184
Stock movement (A)	(7,072)	(54,230)	(47,158)

32 Prior year restatement – continued

The Group's Statement of Financial Position and Statement of Comprehensive Income for 2022 has been restated for the following errors:

A. Reclassification of Other Fixed Assets
£25.14m of information system assets specifically the development of the housing management system are without physical substance and therefore should have been recognised as intangible Assets.

As a result of the movement from Tangible to Intangibles, the resulting depreciation now needs to be moved to amortisation. This results in an increase of amortisation of £4.2m and a corresponding decrease in depreciation of £4.2m.

In the prior year cashflow statement, cash expended on additions to current assets had been incorrectly treated as all movements on debtors. However, given a proportion of the cashflow related to properties held for sale which are essentially stock items, these amounts (£47,158k) should have been disclosed as a separate line in the Operating Cashflows. Note 21 have been restated to correct this error.

Further within note 21, there is a reduction on gain on sale of fixed assets of £26,182k being the reduction of a released fair value movement on properties sold post acquisition. The other side of this movement effects the increases on debtors within note 21.

B. Movements on Fair Value Related to the Acquisition of One Housing Group
There is a £32.76m reduction on the 'Profit on the Gift of Net Assets' and a £26.19m reduction on Sale of Fixed Assets connected to the prior year acquisition of One Housing Group.

The corrections are set out below:

Profit on the Gift of Net Assets
— £35.49m increase for properties that were incorrectly excluded from the Fair Value exercise.
— £31.71m decrease for properties incorrectly included within the Fair Value exercise.
— £8.47m decrease to housing properties for fair values that were double counted due to initially being fair valued in OHG on the acquisition of TPHA.
— Overall this is a reduction in Housing Properties of £4.69m.

The Social housing Grants are then adjusted as follows:
— £17.58m increase to reinstate Greater London Authority Grant incorrectly assumed to be attached to transferring properties.
— £10.45m increase in Social Housing Grants to remove double counted fair value adjustment due to initial fair value adjustment made in One Housing Group for the acquisition of TPHA.
— Overall this is an increase in Grants of £28.03m

The impact overall to the prior year Profit on the Gift of Net Assets is £32.76m.

Sale of Fixed Assets
— £14.94m decrease in housing properties to reflect the removal of the uplifted fair value element of One Housing Group properties sold by the new expanded group post its acquisition of One Housing Group.
— £11.23m increase in Social Housing grant to reflect the recognition of the obligation to recycle or repay grant attaching to One Housing Group properties sold by the new expanded group post its acquisition of One Housing Group.

The impact overall to the prior year Profit on sale of Fixed Assets is a reduction of £26.18m.

Overall for the two adjustments to Housing Properties are reduced by £19.63m.

C. Transposition Error of Minority Interest
In the prior year Statement of Financial Position, the non-controlling interest was presented as £105m instead of £105k, with a corresponding error in the Equity attributable to the owners of the Parent.

D. Deferred income
In the prior year, Bond Premium of £6,925k was incorrectly disclosed as Deferred Income. This amount has now been correctly allocated to the Loan balance to which it relates, reducing Deferred income to £769k and increasing the Loan balance to £947,271k. Notes 16, 16b, 17 and 19 have been corrected.

E. Operating lease rentals
In Note 9 Surplus on ordinary activities, the prior year balance for operating lease rentals was shown incorrectly as £202,719k. The correct figure was £7,346k which was actually posted to the ledger and impacted on the Surplus. The disclosure has been updated at Note 9.

33 Transfer of engagement

On 31 March 2023, the trade and assets of subsidiary undertakings One Housing and TPHA were transferred to Riverside under a Transfer of Engagement.

The following assets and liabilities were transferred and included in the respective lines of the statement of financial position for Riverside.

As the transfer was completed as part of a Group reconstruction, merger accounting principles were adopted and the assets and liabilities were transferred at their respective book values from the Group financial statements, with these entities only having joined the Group in December 2021.

The comparative financial information of the entity has not been restated and the results of the combined entity will only be reported from the transfer of engagement date onward.

On the basis that the values for the assets and liabilities in the Group are at fair value as at 1 December 2021 (the date of the acquisition), it would appear more meaningful to recognise the assets of the Transfer of Engagement at these values rather than the historic book value in OHG's individual accounts. This is a judgement made by management in line with the guidance for Group Reconstructions.

The value of the gain on gifts on net assets at 1 December 2021 was £641,999k.

	2023 **£'000**
Tangible fixed assets - housing	1,585,743
Tangible fixed assets - other	25,225
Debtors	299,841
Cash	17,004
Creditors	(1,270,694)
Transferred to revenue reserves	**657,119**

34 Post balance sheet event

Carol Matthews CBE (Chief Executive Officer) has announced that she will retire from the Riverside Group in 2024.

Get in touch or find out more

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