

Financial Statements

for the year ended 31 March 2020

Riverside Estuary Limited

Registered Charity Number: 1152095

Registered Company Number: 4025897

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Financial Statements

for the year ended 31 March 2020

Riverside Estuary Limited

Registered Charity Number: 1152095

Registered Company Number: 4025897

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Trustees, Principal Office and Professional Advisors

Trustees

Christopher Billinge (appointed 11 July 2019)
Judith Crowther
Andy Deutsch
Ingrid Fife
Simon Ketteridge (resigned 11 July 2019)

Contact Correspondent

Sara Shanab

Principal Office

2 Estuary Boulevard
Estuary Commerce Park
Liverpool
L24 8RF

Legal Status

The Charity was registered with the Charity Commission on 20 May 2018. The Charity is responsible for the construction and management of 316 Extra Care apartments in Hull delivered via a 25 year Private Finance Initiative (PFI) contract.

Principal Bankers

Sumitomo Mitsui Banking Corporation Europe Limited
99 Queen Victoria Street
London
EC4V 4EH

Principal Solicitors

Brabners Chaffe Street
Horton House
Exchange Flags
Liverpool
L2 3YL

Registered Auditors

KPMG LLP
1 Sovereign Street
Leeds
LS1 4DA

Company Secretary

Anne-Marie Owens (resigned 10 July 2019)
Sara Shanab (appointed 11 July 2019)

Registered Charity Number

1152095

Registered Company Number

4025897

Strategic Report

The trustees present their strategic report for the year ended 31 March 2020.

Principal activity and objective

The principal activity of the company is the construction and management of 316 Extra Care apartments in Hull, delivered via a 25 year PFI contract.

The charitable objective is to provide housing, accommodation and assistance to help house people with associated needs in appropriate facilities and to provide amenities for poor people or for the relief of aged, disabled (whether physically or mentally) or chronically sick people.

Public benefit statement

The trustees have conducted a comprehensive review of the stated objectives of the Charity and are satisfied that all of these are capable of being delivered for the public benefit.

They have further reviewed all the activities of the Charity tested against the charitable objectives of the Charity, firstly to ensure that they fall within its charitable objectives and secondly to test each activity is being delivered in a manner which can be construed as being for the public benefit.

The trustees are satisfied that there are no activities conducted or promoted by the Charity that are not open to all people falling within a defined class or category within the broad parameters or objectives of the Charity and that each activity falls within the statutory definition of being for the public benefit.

Business and financial review

The results for the period are detailed in the statement of financial activities on page 9.

The company was awarded the PFI contract on 17 December 2014 and has raised £67m of private finance to fund the construction which commenced during January 2015. The construction was completed in 2017 and all the units handed over to operational management by 10 August 2017.

Now that the schemes are operational, unitary charge and rental income receivable will repay the loan and fund the operating costs over the 25 year life of the contract.

The trustees consider the level of activity to be satisfactory and are confident about prospects for the future.

To achieve the charitable objective, now that the units are constructed their management must follow the terms of the PFI contract. The 316 Extra Care apartments will provide housing, accommodation and assistance to help house people with associated needs in appropriate facilities and will also provide wider amenities for use by the community, particularly to help the poor, aged, disabled (whether physically or mentally) or chronically sick individuals.

Subsequent Events

During year ended 31 March 2020 a global pandemic was declared and on the evening of 23 March 2020 the UK Government declared a national lockdown. Riverside Estuary Limited complied with the requirements and has considered the impact of the event at year end and into 2020/21.

Principal risks and uncertainties

Although the management of the business and the execution of the Company's strategy are subject to a number of risks, the majority of the risks in the PFI contract have been passed down to subcontractors and service providers.

The remaining business risks and uncertainties affecting the company are considered to relate to:

- Quality of build and its impact on future lifecycle maintenance; and
- Failure of facilities or housing management sub-contractors to meet performance standards.

The trustees recognises these risks and manage them using a number of risk mitigation strategies

The risks are outlined above and no other risks are foreseen.

Future developments

The construction phase was completed in August 2017; following which the company transitioned to operational management of the buildings through to the conclusion of the PFI contract.

Strategic Report (continued)

The Directors have considered the impact of COVID-19 and determined that it is unlikely to have a material impact on the Company's Going Concern assessment as we determine housing to be a first order priority industry. Despite the current situation in relation to COVID-19, the Group's financial position is strong, it has a number of mitigating actions available if required and is expected not to be damaged significantly by the impact of COVID-19.

Report of the Trustees

The trustees of Riverside Estuary Limited present their report and the audited financial statements for the year ended 31 March 2020.

The information with respect to trustees, officers and advisors set out on page 3 forms part of this report. The financial statements comply with the charity's Articles of Association, applicable Accounting Standards in the United Kingdom and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014, Charities Act 2011 and FRS 102.

Trustees

The Articles of Association provide that Riverside Estuary Limited shall appoint no fewer than four nor more than six trustees.

The trustees at the date of this report are detailed on page 3. Other than those stated, all held office throughout the period 1 April 2019 to 31 March 2020.

Remuneration

The trustees of Riverside Estuary Limited receive no remuneration for their work. Any expenses are donated by The Riverside Group Limited.

Statement of Trustees' responsibilities in respect of the Trustees' Annual Report and the financial statements

The trustees are responsible for preparing the Strategic Report, the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law they have are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

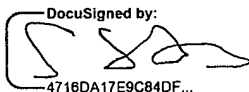
Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the trustees are 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 have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charitable company'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 they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

Disclosure of information to auditor

The trustees who held office at the date of approval of this Trustees' Annual Report confirm that, so far as they are each aware, there is no relevant audit information of which the charity's auditor is unaware; and each trustee has taken all the steps that he/ she ought to have taken as a trustee to make himself/ herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

DocuSigned by:

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By order of the Trustees
Sara Shanab

29 July 2020

Report of the Independent Auditor

Independent auditor's report to the Trustees of Riverside Estuary Limited

Opinion

We have audited the financial statements of Riverside Estuary Limited ("the charitable company") for the year ended 31 March 2020 which comprise the statement of financial activities, statement of financial position and related notes, including the principal accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

The impact of uncertainties due to the UK exiting the European Union on our audit

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the trustees' conclusions, we considered the inherent risks to the charitable company's business model, including the impact of Brexit, and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the charitable company will continue in operation.

Other information

The trustees are responsible for the other information, which comprises the Strategic Report and the Report of the Trustees. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Report of the Independent Auditor (continued)

Independent auditor's report to the Trustees of Riverside Estuary Limited

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Strategic Report and the Report of the Trustees is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company'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 they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company'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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



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Clare Partridge (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 Sovereign Square

Sovereign Street

Leeds

LS1 4DA

11/08/2020

Statement of Financial Activities

For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Income resources			
Income resources from generated funds		1,823	1,600
Investment income		3,364	3,544
Total incoming resources		<u>5,187</u>	<u>5,144</u>
Resources expended			
Charitable activities		(1,767)	(1,425)
		<u>(1,767)</u>	<u>(1,425)</u>
Costs of generating funds			
Investment management costs	3	(3,102)	(3,218)
		<u>(3,102)</u>	<u>(3,218)</u>
Total resources expended		<u>(4,869)</u>	<u>(4,643)</u>
Net income/(expenditure) for the year		318	501
Restricted reserves brought forward		2,297	1,796
Restricted reserves as at 31 March 2020		<u>2,615</u>	<u>2,297</u>


The notes on pages 11 to 14 form an integral part of these financial statements.

Statement of Financial Position

For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Current assets			
Investments	4	3,171	2,937
Debtors	5	-	1,863
Financial Assets	6	66,958	68,855
		70,129	73,655
Liabilities			
Creditors: amounts falling due within 1 year	7	(3,118)	(4,597)
Net current assets		67,011	69,058
Creditors: amounts falling due after 1 year	8	(64,396)	(66,761)
Net Assets		2,615	2,297
Capital and reserves			
Restricted income funds	9	2,615	2,297
Unrestricted income funds	9	-	-
		2,615	2,297

The financial statements on pages 9 to 14 were approved by the Board of Trustees on 22 July 2020 and signed on its behalf on 29 July 2020 by

DocuSigned by:

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Ingrid Fife
 Chair

The notes on pages 11 to 14 form an integral part of these financial statements.

Registered Charity Number: 1152095
 Registered Company Number: 4025897

Notes to the Financial Statements

for the year ended 31 March 2020

1 Principal accounting policies

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention. They have also been prepared in accordance with applicable Accounting and Financial Reporting Standards in the United Kingdom and comply with the Statement of Recommended Practice: Accounting and Reporting by Charities SORP (FRS 102). The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), Financial Reporting Standard applicable in UK and Republic of Ireland (FRS 102) and the Charities Act 2011 and has applied the exemptions available under the Charities SORP.

Basis of preparation

Going concern

The charity's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business and Financial Review on page 4. The trustees have reviewed the performance of the Charity during 2019/20 as set out in these accounts and, after taking account of possible changes that can reasonably be envisaged in trading performance, have considered the cash flow forecasts and future liquidity requirements of the Charity.

As a consequence, the trustees believe that the company is well placed to manage its business risks successfully. The trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future.

The trustees, after reviewing the charity budgets for 2020/21 and the group's medium term financial position as detailed in the 30-year business plan including changes arising from the Covid-19 pandemic, is of the opinion that, taking account of severe but plausible downsides, the group and charity have adequate resources to continue in business for the foreseeable future. The trustees therefore continues to adopt the going concern basis in preparing the annual financial statements.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. Due to the nature of the charity and its operations, the estimation of uncertainty included in the accounts is low.

Incoming resources

All incoming resources are recognised once the charity has entitlement to the resources, it is certain that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

A margin is applied to costs charged to the profit and loss account to calculate the turnover credited to profit and loss account. This margin is calculated as total income receivable less all service costs and operating costs payable over the concession period.

Resources expended

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the Charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category.

Loan issue cost and interest payable

The cost of raising loans is amortised over the period of the loan.

The deferred cost is added to the liability and included within creditors: amounts falling due after more than one year, in accordance with FRS 102 paragraph 11.13.

Loan interest payable is charged to the statement of comprehensive income account at the relevant rates based on the carrying amount of the debt.

Notes to the Financial Statements (continued)

for the year ended 31 March 2020

Charged bank accounts

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

Financial Assets

Costs incurred in construction have been accounted for under FRS 102 'Reporting the Substance of Transactions' and classified as charitable activities. Costs comprise direct payments to the contractor, attributable initial project costs and interest costs incurred over the construction period on borrowings to fund construction.

The financial assets are repaid over the concession period and revenue is apportioned between a deemed interest charge and turnover. This deemed interest charge is based upon the value of the financial debt outstanding and is included within interest receivable.

Governance and support costs

All staff related costs including governance and the allocation of overheads are absorbed by The Riverside Group Limited.

Related party transactions and trustees' remuneration

There were no payments made to trustees for emoluments or expenses throughout the year ended 31 March 2020.

Cash flow statement

The Charity has taken advantage of the exemption under Charities SORP, FRS 102, whereby small entities are not required to publish a cash flow statement.

Restricted funds

All funds received are dependent upon PFI contracts and are therefore restricted to the scheme.

Debtors and creditors

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

Taxation

Riverside Estuary Limited is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2012 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 of the Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2 Audit Fee

The audit fee of £3,150 has been paid by The Riverside Group Limited.

3 Investment management costs

	2020 £'000	2019 £'000
Payable on bank loans	2,468	2,557
Payable on other loans	634	661
	<u>3,102</u>	<u>3,218</u>

Notes to the Financial Statements (continued)

for the year ended 31 March 2020

4 Investments

	2020 £'000	2019 £'000
Charged bank accounts	3,171	2,937
	<u>3,171</u>	<u>2,937</u>

5 Debtors

	2020 £'000	2019 £'000
Other debtors	-	1,863
	<u>-</u>	<u>1,863</u>

6 Financial Assets

	2020 £'000	2019 £'000
Financial Assets	66,958	68,855
	<u>66,958</u>	<u>68,855</u>

The financial assets relate to the PFI construction and amounts are measured at amortised cost and recoverable through service revenues over the remaining 22 years of the contract.

7 Creditors due within 1 year

	2020 £'000	2019 £'000
Amounts due to group undertakings	573	560
Accruals	31	1,563
Bank loans	2,514	2,474
	<u>3,118</u>	<u>4,597</u>

Notes to the Financial Statements (continued)

for the year ended 31 March 2020

8 Creditors due after more than 1 year

	2020 £'000	2019 £'000
Bank Loans	59,317	61,613
Other Loans	5,079	5,148
	64,396	66,761
Creditors due after more than one year fall due for repayment as follows		
Between two and five years	10,540	10,566
In five years or more	53,856	56,195
	64,396	66,761

9 Funds

Financial activities

	2020 £'000	2019 £'000
At 1 April 2019	2,297	1,796
Restricted income funds	5,187	5,144
Unrestricted income funds	-	-
Restricted resources expended	(4,869)	(4,643)
Unrestricted resources expended	-	-
As at 31 March 2020	2,615	2,297

There is one fund which is to be used solely to fund the construction and management of the 316 Extra Care apartments in Hull.

10 Parent company and related party disclosures

The Charity has taken exemption under section 28.4 Charities SORP (FRS102) from the requirement for disclosure of related party transactions on the grounds it is a wholly owned subsidiary of The Riverside Group Limited (incorporated in the UK). The consolidated financial statements of the Group are available to the public and may be obtained from the Company's registered office at 2 Estuary Boulevard, Estuary Commerce Park, Liverpool L24 8RF.

The Riverside Group Limited is registered under the Co-operative Community Benefit Societies Act 2014 and is registered with the Homes and Communities Agency as a Private Registered Provider of Social Housing, registered number L4552.