Keniston

KENISTON HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2018

Registered Society under the Co-operative and Community Benefits Societies Act 2014 No. 19475R
Registered Social Landlord No. L1965

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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OFFICERS AND PROFESSIONAL ADVISERS

BOARD	Simone Bailey Shehla Husain Seema Jassi Barry Luhmann (Chair: Audit & Risk Committee) Julian Miles (Chair) Sally Rice Sheila Sackey Peter Voisey Lucy Worrall
CHIEF EXECUTIVE	Jonathan Card
COMPANY SECRETARY	Andrew Shiatis
BANKERS	National Westminster Bank Plc 235 High Street Orpington Kent BR6 0NS
AUDITORS	Nexia Smith & Williamson 25 Moorgate London EC2R 6AY
REGISTERED OFFICE	13 Artington Close Farnborough Orpington Kent BR6 7UL
STATUTORY REGISTRATIONS	Registered Society under the Co-operative and Community Benefit Societies Act No. 19475R Registered Social Landlord No. L1965

REPORT OF THE BOARD OF KENISTON HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2018

The Board is pleased to present its report together with the audited Financial Statements for the year ended 31 March 2018.

Principal activities

The principal activity of the Association is the provision and management of affordable rented accommodation for people in housing need.

The Association's vision is to deliver:

- **Better Homes**: Keeping its homes safe and well-maintained, now and into the future;
- **Better Services**: Delivering good quality, cost-effective services and putting residents at the heart of what it does; and
- **Better Neighbourhoods**: Remaining a responsible, caring and personal landlord that creates sustainable neighbourhoods and supports communities.

Review of the business

The financial results for the year ended 31 March 2018 show a satisfactory position and are broadly in line with budget.

The Association made a surplus of £1,752,782 (2017: £1,070,439) for the year, on a turnover of £5,241,929 (2017: £5,266,852). Total capital and reserves are £16,066,461 (2017: £14,313,683).

After taking account of investments in housing properties, the Association's assets before deducting long term loans and other long term creditors total £41,896,508 (2017: £40,961,669).

In August 2017, the Association sold the lease for one of its flats within Southwark for £456,336 (net of expenses). The Association currently retains the freehold for this site. The proceeds from this sale will be used by the Association to help deliver more affordable rented accommodation for people in housing need.

In February 2018, the Association completed the purchase of a leasehold property at its Nethewode Court scheme, for £156,204. The Association already owns the freehold for this site and, following this purchase, 41 of the 44 units within the scheme are now under its management.

During the year, the Association has considered and will continue to consider the recommendations and good practice guidance, together with any changes in regulations, emerging as a result of the Grenfell fire which occurred in June 2017. Although compliant with all current requirements, the Association has put in place additional, or will be enhancing safety measures across its schemes.

Contracts started during the year include:

- Stock re-investment works to 154 properties, totalling £499,272.
- External redecoration works covering 135 properties totalling £158,377.
- Adaptations to 19 properties for people with disabilities.
- Replacement of existing communal area lighting at 1 scheme with new modern LED low energy lighting.
- Various other improvement works to 6 scheme sites totalling £34,712.

Post Balance Sheet Events

In June 2018, the Association sold the lease of an additional flat within Southwark for £327,225 (net of expenses). The Association currently retains the freehold for this site. The proceeds from this sale will be used by the Association to help deliver more affordable rented accommodation for people in housing need.

Composition of the Board

The Board currently comprises 8 non-executive members and normally meets with the Management Team 5 times a year. Additionally, the Finance Director is elected as Company Secretary.

The Board has a formal schedule of matters reserved for its decision, which includes overall strategy and future development, allocation of financial resources, risk management, acquisitions and disposals, approval of major financial transactions, annual budgets, annual results, appointment of the Chief Executive and various policies including treasury management.

Responsibility for the Association's day to day operations is delegated to the Management Team who report through the Chief Executive.

The Audit & Risk Committee meets twice a year in order to discuss matters relating to risk, internal controls and internal and external audits.

The Complaints Panel only meets when there is a requirement to do so. There was no requirement for this panel to meet during the year.

The members of the Board of the Association, who have served during the year, are as follows:

Simone Bailey	
Shehla Husain	
Seema Jassi	
Barry Luhmann	
Julian Miles	
Anthony Mills	(resigned 2 October 2017)
Sally Rice	(appointed 19 July 2018)
Sheila Sackey	
Peter Voisey	
Lucy Worrall	

The members of the Board are expected to:

- Uphold the values and objectives of the Association;
- Uphold the Association's core policies (including those for equal opportunities);
- Prepare for and attend meetings of the Board;
- Participate in meetings, contributing expertise where applicable;
- Contribute to and share responsibility for the Board's decisions;
- Attend training sessions, conferences or other events to enhance their skills and their contribution to the Board;
- Represent the Association on occasion;
- Welcome new members to the Board;
- Declare any relevant interest;
- Respect confidentiality of information; and
- Uphold the Association's Code of Governance.

Composition of the Board (continued)

Once an appointment has been approved by the Board, each member of the Board holds one fully paid share of £1 in the Association. As with all registered societies under the Co-operative and Community Benefit Societies Act 2014, profits are not distributable to Shareholders.

The Management Team

The senior staff of the Association, who have served during the year, are as follows:

Vivienne Astall	Housing Services Director
Jonathan Card	Chief Executive
Tony Coward	Property Services Director
Andrew Shiatis	Finance Director

The senior staff hold no interest in the Association's share capital. They act as executives within the authority delegated by the Board. The detailed scrutiny and performance, the development of policy and procedures and expenditure approvals within budget are carried out by the Management Team in conjunction with other staff and advisers. The Management Team normally meets once every two weeks.

Employees

The Association has continued its practice of keeping employees informed on matters affecting them and on the progress of the Association. This is carried out in a number of ways, including formal and informal briefings and team meetings.

It is the policy of the Association that training, career development and promotion opportunities should be available to all employees. Approximately 148 training sessions were provided for 34 staff during the year at a total cost of approximately £15,394 (2017: £12,560). Appropriate training is also made available to all members of the Board.

Applications for employment by disabled persons are given full and fair consideration for all vacancies, having regard to their particular aptitude and abilities. In the event of employees becoming disabled, the policy is to make every effort to retain them in order that their employment within the organisation may continue.

The Association holds the Silver Award for Investors in People.

Equality and Diversity

The Association operates an Equality and Diversity Policy in all areas of its work, including the recruitment, training and development of staff and also in the delivery of its services in a way which is seen to be fair.

Donations

The Association made small charitable donations of money to other organisations supporting local communities in which the Association works or for the homeless.

Insurance

Insurance policies are maintained by the Association for all buildings, certain areas of risk and for members of the Board and for all staff against liabilities in relation to the Association.

Corporate Governance and Regulatory Code

The Board has adopted the principles of the National Housing Federation's (NHF) Excellence in Governance (2015) and Code of Conduct 2012; good practice codes for board members of Housing Associations. The Board is committed to integrity and accountability in the stewardship of the Association's affairs and considers that the Association has largely complied throughout the period under review with the provisions of the NHF's Code of Governance ("the Code"). The areas where it considers that the Association has not been in full compliance throughout the period under review are as follows:

- The Code requires an annual appraisal of individual board members. The Board has moved from a process of self-evaluation to a system of appraisals by the Chair following a self-assessment by each member of the Board (incorporating a skills audit). The appraisals were not completed for all Board members as of the end of last year but have now been completed for all remaining members during the current year.
- The Code requires that the Board must appoint a Company Secretary (or a person with that function) with a clear accountability to the Board, to advise it on compliance with the organisation's constitution, this code and other statutory or regulatory requirements. Whilst the Finance Director acts as Company Secretary for most matters, the Chief Executive currently fulfils the role of providing advice to the Board on compliance.
- The Association has a separate Audit & Risk Committee as required by the Code. The Code also requires that the voting members of the committee responsible for audit must not include the Chair of the Board. This requirement was overlooked within the initial terms of reference of the Audit & Risk Committee but was rectified as of June 2017. It should be noted that this voting right was never exercised by the Chair of the Board.

The Association's compliance with the Homes & Communities Agency's Governance and Financial Viability Standard is reviewed each July with the Board. Other than as noted above, the Association has complied with this standard.

Internal Controls

The Board is ultimately responsible for the Association's system of internal control and for reviewing its effectiveness, with the Audit & Risk Committee, a sub-committee of the Board, taking the role of overseeing internal control assurance activities. However, it is recognised that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms there is an on-going process for identifying, evaluating and managing the significant risks faced by the Association that has been in place for the year under review and up to the date of approval of the Financial Statements and that this process is regularly reviewed by the Board.

The Board has reviewed the effectiveness of the system of internal control by reviewing the evidence of controls, the Risk Management policy and the procedures in place over the year. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks are managed.

The Risk Management policy includes the need for managing on-going viability, especially to fund stock reinvestment works and development of new homes, the avoidance of high impact risks, balancing growth and existing service provision, insurance; and the use of internal and external auditors.

Internal Controls (continued)

The Management Team are responsible for the identification and evaluation of significant risks applicable to their areas of business, together with the design and operation of suitable internal controls. These risks are assessed on an on-going basis and may be associated with a variety of internal or external sources, including control breakdowns, disruption in information systems, competition, natural catastrophe, regulatory requirements and failure to achieve business critical objectives.

A thirty year financial plan is prepared to ensure that the Association's finances remain viable and this is stress tested using various significant risk scenarios.

Independent internal auditors also provide a degree of assurance as to the operation and validity of the systems of internal control. An annual programme of internal audit derived from an audit needs assessment includes reviewing the risk identification procedures and control processes implemented by the Management Team. Internal auditors have continued the programme of reviews during the year and the internal audit reports with management responses have been presented to the Audit & Risk Committee and summarised to the Board. Planned corrective actions are monitored for timely completion.

The Chief Executive also reports to the Board on behalf of the Management Team on significant changes in the business and the external environment which affect significant risks. The Finance Director provides the Board with quarterly financial information and the Management Team include key performance and risk indicators within their quarterly reports to the Board. Performance measures on key areas of activity are also reported to the Board quarterly.

Value for Money

Approach to Value for Money

Value for Money is about achieving an optimal balance of economy, efficiency and effectiveness, in order to achieve the optimal benefit from available resources, while managing risks and ensuring long term viability.

The Association's approach is to have policies and procedures which provide an accountable, day to day framework for the economic, effective and efficient delivery of its services and which also enable the achievement of future on-going value for money improvements.

The Association's governance structure supports how it ensures the achievement of value for money across the organisation. The Board approves the Association's value for money report as set out in these Financial Statements. Every board report considers the value for money implications of its topic and the Audit & Risk Committee acts on behalf of the Board to ensure that the Association obtains appropriate assurance through the internal and external audit functions.

To help achieve value for money, the Association is focused on having the right people to provide the right level of service at the right cost. Staff need to be properly trained to do their work and have the right resources to enable them to carry out their roles effectively.

REPORT OF THE BOARD OF KENISTON HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2018 (continued)

Value for Money (continued)

Performance and targets for next year

The Association analyses its cost and performance across a range of activities, comparing trends over time and with two peer groups, regionally with the London Smaller Housing Association's benchmarking group (BM320) which comprises 15 comparable small London based associations and nationally with the National Small Housing Associations data (SPBM) comprising approximately 140 organisations. A summary of the results of this exercise are set out below. This shows areas where, to achieve the optimum combination of cost and quality, the Association is performing well and areas that the Association may need to focus on.

Measure	Keniston 2016-17	Keniston 2017-18	Peer Group median	Peer Group Quartile (note 2)	National smalls median	National Smalls Quartile (note 2)	Keniston TARGET 2018-19
			2016-17		2016-17		
Business Health							
Operating margin (overall) (note 1)	24.4%	28.5%	22.2%	1	25%	2	-
Operating margin (social housing) (note 1)	25.8%	29.5%	23.3%	1	25.9%	2	-
EBITDA MRI Interest Cover (note 1)	771%	797%	999%	3	241%	1	-
Headline social housing cost/ unit (note1)	4,704	4,004	5,219	1	4,315	2	-
Business Process							
Occupancy GN	99.8%	99.8%	99.4%	2	99.5%	2	99.8%
Current arrears as % of rent due (all tenants)	3.2%	3.5%	3.5%	2	2.7%	3	3.4%
Repairs fixed on first visit	91%	94%	99%	3	92%	2	92%
Average days to complete all responsive repairs	6.6	5.9	6.6	1	6.6	2	6.2
Cost per property p.a - Housing Management/ £	348	358	422	2	386	2	-
Cost per property p.a - Responsive repairs & voids/ £	745	711	794	2	654	3	-
Cost per property p.a - Major & cyclical works/ £	1,776	1,318	1,263	3	896	4	-
Homes							
Return on capital employed (ROCE) (note 1)	3.1%	4.6%	4.7%	3	3.5%	1	
Average relet time - GN (days)	17	17	23	2	17	2	17
Average relet time - HfOP (days)	12	15	52	1	23	2	17
Services							
Satisfaction with overall services - GN	94%	94%	86%	1	89%	2	Q1
Satisfaction with overall services - HfOP	97%	97%	92%	1	90%	1	Q1
Satisfaction with responsive repairs	94%	93%	92%	2	97%	3	95%
Satisfaction with estate services	93%	94%	87%	1	87%	1	95%
Growth and capacity							
New supply % social housing units (note1)	0.0%	<1%	-	-	-	-	-
New supply % non-social housing units (note 1)	0.0%	0.0%	-	-	-	-	-
Reinvestment in supply of properties (note 1)	2.7%	2.4%	-	-	2.4%	2	-
Gearing % (net debt calculation)	(4.3)%	(8.1)%	11.2%	-	27.0%	-	-
People							
Staff Turnover	5.2%	5.0%	-	-	-	-	-
Average days lost to sickness	12.9	13..9	6.0	4	6.0	4	8.1

Key

GN - General Needs

HfOP - Housing for Older People

1 The Regulatory Standard metrics

2 Quartile data compares the most recent data for Keniston with the most recent peer group data. Datasets may therefore not be the same year.

1	Keniston's performance is within the first / top quartile compared to the benchmark data available
2	Keniston's performance is within the second quartile compared to the benchmark data available
3	Keniston's performance is within the third quartile compared to the benchmark data available
4	Keniston's performance is within the fourth / bottom quartile compared to the benchmark data available

Value for Money (continued)

Performing well

- Satisfaction with the Association's overall service remains high. While the Association's 3-yearly survey will not be updated until later in 2018, satisfaction feedback during the year on responsive repairs at 93% (2017: 94%) and estate services at 94% (2017: 93%) remains high.

- Performance on re-letting void properties remains better than average at 15 days (2017: 12 days) for housing for older persons compared to both regional and national benchmarks. Performance on re-letting void properties for general needs at 17 days (2017: 17 days) remains better than average compared to the regional benchmark and in line with average compared to the national benchmark.

- Income collection (measured as rent collected against total due) at 101.1% (2017: 99.6%) has improved and is now better than average.

- Reactive repairs continue to perform well with average completion at 5.9 days (2017: 6.6 days) and with repairs within target time at 97% (2017: 95%). Repairs completed at the first visit at 94% (2017: 91%) has improved to the level at which further improvements will be marginal.

- Costs for a number of service areas are competitive. Using the Regulator's measure of headline social housing, the Association's cost per unit at £4,004 (2017: £4,704) is lower than average against both benchmarking groups. Housing management costs are lower than average against both benchmark groups whilst responsive repairs and void management costs are lower than the regional benchmark but higher than the national benchmark.

Areas to focus on

- Staff sickness levels remain high with an average number of days lost due to sickness of 13.9 (2017: 12.9). The increase from last year is primarily attributable to the continued long term sickness for two staff members. The Management Team continues to focus on the management of absenteeism.

- In order to help achieve its strategic objectives a satisfied and productive workforce is important to Keniston and as such the Association is conducting a staff survey during 2018 in order to help manage its human resources more effectively.

- Costs of major works or planned investment remains high. The Association intends to audit its approach to procurement in the coming year, to be confident that it is obtaining value for money from its planned investment works. The reduction in 2017-18 compared to previous years is mainly attributable to fluctuations in the size of the investment programme and is expected to increase once again for 2018-19.

- Although the Association is currently measuring satisfaction with planned maintenance on a project by project basis, for 2019 onwards it will be collating this information as an overall satisfaction rate to compare against its newly assigned target of 95%.

- There has been a slight increase in rent arrears by 0.3% over the year, primarily as a result of ongoing welfare reform and the Association is continuing to focus on finding the most effective ways to collect arrears.

Value for Money (continued)

Strategy for delivering homes which meet a range of needs

During the year the Board approved the Association's development strategy which sets out an approach to deliver 100 new homes over the next 5 years. This growth ambition will be associated with the development or acquisition of new homes that will be genuinely affordable for residents. The focus will be on homes to rent but it is accepted that a more diverse housing offering, that will include homes for shared ownership, would be needed to help achieve these development aspirations.

Conclusion

In the light of all the above, having considered the Association's performance and the high levels of resident satisfaction, the conclusion drawn is that the Association can demonstrate its compliance with the regulatory standard on Value for Money.

Going Concern

After reviewing the Association's budget for the next financial year and its long term projections, the Board has a reasonable expectation that the Association has adequate resources to continue in operation for the foreseeable future. The Association therefore continues to adopt the going concern basis in preparing the Financial Statements.

Auditor

A resolution to reappoint the auditor, Nexia Smith and Williamson will be proposed at the next Board Meeting.

Disclosure of Information to the Auditor

In the case of each person who was a member of the Board at the time this report was approved:

- so far as that member was aware, there was no relevant available information of which the Association's auditor was unaware; and
- that member had taken all steps that he or she ought to have taken as a member of the Board to make himself or herself aware of any relevant audit information and to establish that the Association's auditor was aware of that information.

By order of the Board

Julian P. Miles

Julian Miles
Chair

Date: 19 July 2018

STATEMENT OF BOARD RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for preparing the Financial Statements in accordance with applicable law and regulations.

The Board has elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The Co-operative and Community Benefit Societies Act 2014 and Housing and Regeneration Act require the Board to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of 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; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and its assets and liabilities and to enable them to ensure that the 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 2015. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The Board is also responsible for the maintenance and integrity of the corporate and financial information which is included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Nexia Smith & Williamson

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENISTON HOUSING ASSOCIATION LIMITED

Opinion

We have audited the Financial Statements of Keniston Housing Association Limited (the 'Association') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Capital and Reserves, the Statement of Cash Flows and the 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with section 87 of 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 Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

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 are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board's use of the going concern basis of accounting in the preparation of the Financial Statements is not appropriate; or
- the Board has not disclosed in the Financial Statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Financial Statements are authorised for issue.

Other information

The other information comprises the information included in the Financial Statements, other than the Financial Statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENISTON HOUSING ASSOCIATION LIMITED (CONTINUED)

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the Financial Statements are not in agreement with the 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 the Board's Responsibilities set out on page 11, 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 controls as the Board determines 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 is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

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

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

Nexia Smith & Williamson

25 Moorgate
London
EC2R 6AY

Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

Date: 23 July 2018

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018 (INCOME AND EXPENDITURE ACCOUNT)

	Notes	2018 £	2017 £
Turnover	2,3	5,241,929	5,266,852
Operating expenditure	3	(3,764,655)	(3,997,297)
Surplus on disposal of social housing properties	3,9	452,399	-
Operating surplus	3	1,929,673	1,269,555
Interest receivable and finance income		19,819	17,939
Interest payable	6	(185,710)	(200,055)
Other finance costs	7	(11,000)	(17,000)
Surplus for the year	8	1,752,782	1,070,439
Other comprehensive income		-	-
Total comprehensive income for the year		1,752,782	1,070,439

The Association's activities are all classified as continuing.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018 (BALANCE SHEET)

	Notes	2018 £	2017 £
Fixed assets			
Housing properties	11	37,558,602	37,894,338
Other fixed assets	12	362,941	408,239
		37,921,543	38,302,577
Current assets			
Debtors	13	218,438	326,361
Cash and cash equivalents		5,272,391	4,095,829
		5,490,829	4,422,190
Creditors: amounts falling due within one year	14	(1,515,864)	(1,763,098)
Net current assets		3,974,965	2,659,092
Total assets less current liabilities		41,896,508	40,961,669
Creditors: amounts falling due after more than one year	15	25,830,047	26,647,986
Capital and Reserves			
Non-equity share capital	17, 18	8	12
Revenue reserves	18	16,066,453	14,313,671
		16,066,461	14,313,683
		41,896,508	40,961,669

The Financial Statements were approved by the Board on 19 July 2018 and signed on their behalf by:

Julian P. Miles

Julian Miles
Chair

Barry Luhmann
Board Member

Andrew Shiatis
Company Secretary

STATEMENT OF CHANGES IN CAPITAL AND RESERVES FOR THE YEAR ENDED 31 MARCH 2018

	Non-equity share capital £	Revenue reserves £	Total capital and reserves £
At 1 April 2017	12	14,313,671	14,313,683
Surplus from Statement of Comprehensive Income	-	1,752,782	1,752,782
Shares issued	2	-	2
Shares surrendered	(6)	-	(6)
At 31 March 2018	8	16,066,453	16,066,461

	Non-equity share capital £	Revenue reserves £	Total capital and reserves £
At 1 April 2016	20	13,243,232	13,243,252
Surplus from Statement of Comprehensive Income	-	1,070,439	1,070,439
Shares surrendered	(8)	-	(8)
At 31 March 2017	12	14,313,671	14,313,683

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Net cash inflow from operating activities	A	2,075,415	1,702,368
Cash flow from investing activities			
Interest received		18,775	18,307
Purchase of housing properties		(156,204)	-
Additions to housing property components		(846,472)	(496,950)
Grant received / (repaid) in the year		-	50,000
Purchase of other fixed assets		(8,806)	(218,078)
Proceeds from sale of social housing properties		456,336	-
Proceeds from disposal of other fixed assets		-	7,923
Net cash flow from investing activities		(536,371)	(638,798)
Cash flow from financing activities			
Interest paid		(185,710)	(200,055)
Repayment of housing loans		(176,772)	(159,045)
Net cash flow from financing activities		(362,482)	(359,100)
Net change in cash and cash equivalents	B	1,176,562	704,470
Cash and cash equivalents:			
At beginning of the financial year		4,095,829	3,391,359
At the end of the financial year	B	5,272,391	4,095,829

NOTES TO THE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

A Reconciliation of surplus for the year to net cash inflow from operating activities

	2018 £	2017 £
Surplus for the year	1,752,782	1,070,439
Adjustments to reconcile surplus for the year to net cash flow from operating activities:		
Loss on replacement of housing property components	14,519	23,457
Surplus on disposal of social housing properties	(452,399)	-
Profit on sale of other tangible fixed assets	-	(7,923)
Interest receivable and finance income	(19,819)	(17,939)
Interest payable	185,710	200,055
Other finance costs	11,000	17,000
Depreciation charges on tangible fixed assets	1,152,181	1,109,013
Government grant amortised during the year	(477,833)	(480,478)
Decrease / (Increase) in debtors	108,967	(143,771)
(Decrease) in creditors	(199,693)	(67,485)
Net cash inflow from operating activities	2,075,415	1,702,368

B Cash and cash equivalents

Cash and cash equivalents are comprised entirely of cash at bank or in hand.

1 Accounting policies

The Association is incorporated as a registered society under the Co-operative and Community Benefit Societies Act 2014 and is a Registered Provider of Social Housing registered with the Homes and Communities Agency.

A description of the nature of the Association's operations and its principal activity is disclosed in the Report of the Board on page 3.

The Association's registered office is 13 Artington Close, Farnborough, Kent, BR6 7UL.

Basis of preparation

These accounts are prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Housing SORP 2014 "Statement of Recommended Practice for registered social housing providers 2014" ("the SORP") and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

The accounts have been prepared under the historical cost convention.

The functional currency of the Association is pounds sterling, this being the currency of the economic environment in which the Association operates.

There have not been any changes or adjustments to prior year numbers.

Going Concern

The Board has a reasonable expectation that the Association has adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

Judgements and estimates

The preparation of the Financial Statements requires the use of estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenses for the year. The estimates and underlying assumptions are reviewed on an on-going basis.

Significant judgements in applying the Association's accounting policies

The following are the significant judgements, apart from those involving estimations (which are dealt with separately below), that the Board has made in the process of applying the Association's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

Basic versus other for financial instruments: The classification of financial instruments as "basic" or "other" requires judgement as to whether all applicable conditions as basic are met. This includes consideration of the form of the instrument and its financial return.

1 Accounting policies (continued)

Impairment of housing property: Where there are indications of impairment on housing property assets, the Association performs impairments tests on these assets. As explained in the accounting policies, housing properties are grouped into schemes reflecting the way that they are managed.

Recoverable amounts are based on either future cash flows or depreciated replacement cost. Depreciated replacement cost is only considered where assets are held for their service potential. The assessment of whether an asset is held for its service potential is a matter of judgement and in making that judgement the Board considers the current use of the asset and the expected future use of the asset. If the asset is unable to be let in its current condition or is not being used for a social purpose, either now or in the foreseeable future, it is assessed as not being held for its service potential.

Recoverable amounts for assets held for their service potential is assessed as the depreciated replacement cost which is the lower of the cost of purchasing an equivalent property on the open market; and the land cost plus the rebuilding cost of the structure and components. The Association has no history of acquiring or selling properties from or to other registered providers and the Board considers that there is no active market for this.

Key sources of estimation uncertainty

The estimates and assumptions which have the most significant effect on amounts recognised in the Financial Statements are set out below:

Housing property costs: The Association accounts for its expenditure on housing properties using component accounting. Under component accounting, the housing property is divided into those major components which are considered to have substantially different useful economic lives. Judgement is used in estimating the allocation of property costs between components and in determining the useful economic lives of each component. At 31 March 2018, the cost of housing properties is £60,529,478 (2017: £60,197,229).

Depreciation: The depreciation expense is the recognition of the decline in the value of the asset and allocation of the cost of the asset over the periods in which the asset will be used. Judgements are made on estimating the useful life of the assets which are regularly reviewed to reflect changes in the environment. At 31 March 2018, the accumulated depreciation of housing properties is £22,970,876 (2017: £22,302,891) and the accumulated depreciation of other tangible fixed assets is £859,144 (2017: £835,228).

Defined benefit pension liability: Discount rates are used in calculating the defined pension liability. In determining the appropriate discount rate, consideration is made to the interest rates of corporate bonds with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. At 31 March 2018, a liability of £721,000 (2017: £824,000) is recorded in the Statement of Financial Position.

Contract Works: For contract works completed but not yet invoiced, estimates are used of the value of work completed. At 31 March 2018, a liability of £217,753 (2017: £471,450) is recorded in the Statement of Financial Position.

1 Accounting policies (continued)

Tangible fixed assets and depreciation

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit and are stated at cost less depreciation and less provision for any impairment in value.

The cost of properties is the initial purchase price together with those costs that are directly attributable to acquisition and construction.

Interest on a fair proportion of total borrowings on housing properties in development is capitalised during the period of development.

Development overheads are capitalised to the extent that they are directly attributable to bringing schemes into working condition for their intended use. Such expenditure consists of a proportion of the cost of staff who work on development activities. Marketing or administration costs in relation to developments are not capitalised.

The Association accounts for its expenditure on housing properties using component accounting. Under component accounting, the housing property is divided into those major components which are considered to have substantially different useful lives. The particular components and useful economic lives are as follows:

Land	Infinite
House Structure	100 years
Roof Structure and Covering	15-40 years
Windows and External Doors	30 years
Bathrooms	25-30 years
Kitchens	15 years
Heating System	15-25 years

Land is stated at cost and is not depreciated. Properties in the course of construction are not depreciated.

Subsequent expenditure which relates to either the replacement of previously capitalised components or the enhancement of such components which results in incremental future benefit is capitalised and the carrying amount of any replaced component or part component is derecognised.

All other major repair expenditure and the cost of responsive repairs, cyclical maintenance and internal decorations is charged to the Statement of Comprehensive Income when work is performed.

Depreciation is provided on a straight line basis on the cost over the useful economic lives of the property components.

1 Accounting policies (continued)

Tangible fixed assets and depreciation (continued)

Other fixed assets

Other fixed assets are included at cost to the Association, less provision for any impairment in value and depreciation.

Depreciation is provided on a straight line basis on the cost over the useful lives of the assets, at the following annual rates:

Office Furniture and Equipment	10-25%
Motor Vehicles	25%
Computer Equipment	25-33%
Scheme Equipment	5-20%

Impairment

Non-financial assets (comprising housing properties and other fixed assets)

Non-financial assets, other than those measured at fair value, are assessed for indications of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income as described below.

A non-financial asset is impaired where there is objective evidence that, as a result of one or more events after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of a non-financial asset is the higher of its fair value less costs to sell and its value in use.

Value in use for housing properties is based on either the net present value of the future cash flows before interest generated from the scheme or for those housing properties which are able to be let in their current condition and which are fulfilling the social purpose for which they were acquired, is based on the depreciated replacement cost of the asset.

Where indicators exist for a reduction in an impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not exceed the original carrying value.

Financial assets (comprising rents receivable, other debtors and cash and cash equivalents)

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

1 Accounting policies (continued)

Grants

Government grant

The Association applies the accrual model for government grant relating to assets.

Government grants include grants receivable from the Homes & Communities Agency (HCA), local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and its individual components (excluding land), on a pro rata basis under the accrual model.

The unamortised element of the government grant is recognised as deferred income in creditors due within one year or due after more than one year as appropriate in the Statement of Financial Position. Government grant which is received in advance of total development costs is shown as a current liability.

Where a component is replaced the amount of any unamortised government grant associated with this component is taken to income.

Government grant is repayable indefinitely unless formally abated or waived. On the occurrence of certain relevant events, primarily following the sale of property, the government grant repayable or to be recycled will be restricted to the net proceeds of sale where appropriate. In recognition of this, external lenders seek the subordination of the HCA's right to recover government grant to their own loans.

Government grant received in respect of revenue expenditure is recognised within income in the same period as the related expenditure, provided that the conditions for its receipt have been satisfied and there is reasonable assurance that the grant will be received using the performance model of grant accounting.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose a specific future performance condition is recognised as revenue when the grant proceeds are receivable. A grant that imposes specific future performance related conditions on the Association, is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is shown as a liability in the Statement of Financial Position.

Recycled capital grant fund

Following certain relevant events, primarily the sale of dwellings, the HCA can direct the Association to recycle capital grant or to repay the recoverable capital grant back to the Authority. Where the grant is recycled the recoverable capital grant is credited to a Recycled Capital Grant Fund which is included as a creditor due within one year or due after more than one year as appropriate.

1 Accounting policies (continued)

Financial Instruments

Financial assets and financial liabilities are recognised when the Association becomes party to the contractual provisions of the financial instrument.

All financial assets and financial liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the Statement of Comprehensive Income, which are initially measured at fair value (normally the transaction price less transaction costs), unless the arrangement constitutes a financial transaction. If an arrangement constitutes a financial transaction, the financial asset or financial liability is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Statement of Financial Position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Association intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the conditions of Section 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are only derecognised when and only when:

- the contractual rights to the cash flows from the financial asset expire or are settled,
- the Association transfers to another party substantially all the risk and rewards of ownership of the financial asset, or,
- the Association, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

The Association does not use stand-alone derivative financial instruments to reduce exposure to interest rate movements.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and at bank and short term deposits. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash without significant risk of change in value.

Provisions

Provisions for liabilities and charges are recognised when the Association has a present obligation (whether legal or construction) as a result of a past event that can be reliably estimated and it is probable that a transfer of economic benefit will be required to settle the obligation.

1 Accounting policies (continued)

Pension costs

The Association is part of the Social Housing Pension Scheme, a multi-employer defined benefit (final salary) contributory pension scheme administered independently by The Pensions Trust. The expected liability for the contributions payable that arise from the deficit funding agreement, discounted using market yield at the reporting date on high quality corporate bonds, with a currency and period consistent with the future payments, is recognised as a creditor in the Statement of Financial Position. The charge to the Statement of Comprehensive Income represents the net movement in the liability.

Holiday pay and unpaid overtime accrual

A liability is recognised to the extent of any unused holiday pay entitlement and unpaid overtime entitlement which has accrued at the balance sheet date, has been carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Turnover

Turnover comprises rental income and service charges receivable (net of void losses), fees receivable, revenue grants and amortised grants from local authorities and the HCA.

Rental income is recognised on the basis of the amount receivable for the year. Rental income received in advance is disclosed within creditors in the Statement of Financial Position.

Service charge and other income is accounted for on the basis of the value of goods or services supplied during the period. Any over or under recovery of service charge amounts due is reflected as a creditor or debtor, respectively.

Through its service charge, the Association collects sinking funds for significant items of future expenditure. Such funds have been recognised as a creditor in the Statement of Financial Position.

Grant income is recognised as set out in the grant accounting policy.

Taxation

The Association has charitable status and is therefore not subject to Corporation Tax on surpluses derived from charitable activities.

The Association is not registered for VAT purposes and expenditure is shown gross of any value added tax.

Restricted funds

Where funds are received or generated, which are held for use limited by restrictions determined by third parties, these are shown as restricted reserves.

2 Turnover and surplus analysis

All turnover and operating costs arose from social housing activities as shown in note 3.

3 Turnover, operating costs and operating surplus

Note A - Particulars of turnover, operating costs and operating surplus

	2018			2017		
	Turnover £	Operating costs £	Operating surplus £	Turnover £	Operating costs £	Operating surplus £
Social housing lettings (Note B)	5,213,894	(3,666,604)	1,547,290	5,242,984	(3,905,053)	1,337,931
Charges for support services	28,035	(98,051)	(70,016)	23,868	(92,244)	(68,376)
Total	5,241,929	(3,764,655)	1,477,274	5,266,852	(3,997,297)	1,269,555
Surplus on disposal of social housing properties			452,399			-
Operating Surplus			1,929,673			1,269,555

3 Particulars of turnover, operating costs and operating surplus (continued)

Note B - Particulars of income and expenditure from Social Housing lettings

	2018 £	2017 £
Income from lettings		
Rent receivable net of identifiable service charges	4,235,404	4,276,542
Service charge income	443,261	427,371
Net rents receivable	4,678,665	4,703,913
Amortised government grants	477,833	480,478
Other income	57,396	58,593
Total income from social housing lettings	5,213,894	5,242,984
Expenditure on letting activities		
Management costs	553,391	528,081
Service charge costs	398,795	383,770
Routine maintenance	1,072,423	1,090,800
Planned maintenance	330,761	591,381
Bad debts	(18,798)	67,595
Replacement of housing property components		
- accelerated depreciation	40,967	23,457
- release of grant	(26,448)	-
Depreciation of housing properties	1,094,185	1,048,668
Profit on disposal of other fixed assets (note 10)	-	(7,923)
Other costs	20,283	39,620
Development costs	212,381	114,604
Re-measurement of pension deficit contribution (note 20)	(11,336)	25,000
Operating costs on social housing lettings	3,666,604	3,905,053
Operating surplus on social housing lettings	1,547,290	1,337,931
Void losses - being rental income lost as a result of property not being let, included in rents receivable above	6,334	8,671

4 Emoluments of the Management Team

	2018 £	2017 £
Aggregate emoluments of the Management Team (including pension contributions and benefits in kind)	277,825	267,169
The emoluments of the highest paid Management Team member, the Chief Executive (2016: the Finance Director) were: Gross salary (excluding pension contributions and benefits in kind)	81,440	63,050
Full time equivalent staff with remuneration between:		
£60,000 and £70,000	1	1
£80,000 and £90,000	1	-

Jonathan Card as Chief Executive of the Association was the highest paid Management Team member during the year.

The Chief Executive is a member of the Association's defined benefit pension scheme, on standard terms.

No member of the Board receives any emoluments.

5 Employee information

The average monthly number of persons (excluding board members) employed during the year expressed in full time equivalents based on a 35 hour week was:

	2018 No.	2017 No.
Office staff	20	20
Wardens, caretakers and cleaners	8	8
Maintenance	1	1
Full time equivalents	29	29

	£	£
Staff costs (including the Chief Executive)		
Wages and salaries	929,599	912,821
Social security	84,355	83,448
Pension costs	177,352	165,836
	1,191,306	1,162,105

6 Interest payable

	2018	2017
	£	£
On housing loans repayable wholly or partly in more than five years	185,710	200,055

7 Other finance costs

	2018	2017
	£	£
Unwinding of discount factor on defined benefit pension liability (note 20)	11,000	17,000

8 Surplus for the year

	2018	2017
	£	£
The surplus is stated after charging / (crediting):		
Depreciation of tangible fixed assets		
- housing properties	1,094,185	1,048,668
- other fixed assets	57,996	60,345
Amortised government grant	(477,833)	(480,478)
Pension re-measurements (note 20)	(11,336)	25,000
Auditor's remuneration (excluding VAT)		
- as auditor	16,500	14,840
Surplus on disposal of social housing properties (note 9)	(452,399)	-
Profit on disposal of fixed assets (note 10)	-	(7,923)

9 Surplus on disposal of social housing properties

	2018	2017
	£	£
Proceeds from sale	456,336	-
Net book value at disposal	(3,937)	-
	452,399	-

In August 2017, the Association sold the lease on one of its flats within Southwark for £456,336 (net of sale expenses). The Association retains the freehold for this site.

10 Profit on disposal of other fixed assets

	2018	2017
	£	£
Proceeds from sale	-	7,923
Net book value at disposal	-	-
	-	7,923

11 Housing properties

	Freehold housing properties held for letting £	Properties in the course of construction £	Long leasehold housing properties £	Total £
Cost				
At 1 April 2017	59,748,786	-	448,443	60,197,229
Additions	156,204	-	-	156,204
Component replacement	647,149	-	-	647,149
Disposals	(13,759)	-	-	(13,759)
Disposals of components	(457,345)	-	-	(457,345)
At 31 March 2018	60,081,035	-	448,443	60,529,478
Accumulated depreciation				
At 1 April 2017	22,072,910	-	229,981	22,302,891
Charge for the year	1,085,351	-	8,834	1,094,185
Disposals	(9,822)	-	-	(9,822)
Disposals of components	(416,378)	-	-	(416,378)
At 31 March 2018	22,732,061	-	238,815	22,970,876
Net book value				
At 31 March 2018	37,348,974	-	209,628	37,558,602
At 31 March 2017	37,675,876	-	218,462	37,894,338

During the year, the following events have occurred which the Association considers as being an indication of a potential impairment in the carrying value of certain of its social housing properties:

- Cost of potential additional fire safety measures on schemes of 5 stories or more as a result of recommendations and good practice following the Grenfell Fire in 2017
- Board approval to dispose of one of the Association's properties, and
- Board approval to refurbish one of the Association's properties to bring it to a lettable standard

The Association has estimated the recoverable amount for these properties on an individual property by property basis and has compared this to the carrying amount of each property in order to determine if an impairment loss has been incurred. The Association has calculated the recoverable amount for each property using either the:

- Net Present Value, based on an assessment of future cash flows from the property in their present condition discounted by the expected rate of borrowing as at the year end, or,
- Depreciated Replacement Cost, based on appropriate construction costs and land prices and an estimate of the Open Market Value based on similar properties sold in the same area.

11 Housing properties (continued)

Comparing the recoverable amount to the carrying amount of each property, there was no impairment of the Association's social housing properties.

During the year no interest was capitalised (2017: nil) as part of housing properties in the course of construction.

12 Other fixed assets

	Freehold office premises £	Office equipment £	Scheme equipment £	Motor Vehicles £	Computer equipment £	Total £
Cost						
At 1 April 2017	206,910	269,414	606,357	34,996	125,850	1,243,527
Additions	-	4,533	6,485	-	1,680	12,698
Disposals	-	(1,946)	(20,477)	-	(11,717)	(34,140)
At 31 March 2018	206,910	272,001	592,365	34,996	115,813	1,222,085
Depreciation						
At 1 April 2017	119,334	256,839	330,957	22,589	105,569	835,288
Charge for year	3,585	5,078	34,329	4,963	10,041	57,996
Disposals	-	(1,946)	(20,477)	-	(11,717)	(34,140)
At 31 March 2018	122,919	259,971	344,809	27,552	103,893	859,144
Net book value						
At 31 March 2018	83,991	12,030	247,556	7,444	11,920	362,941
At 31 March 2017	87,576	12,575	275,400	12,407	20,281	408,239

13 Debtors

	2018 £	2017 £
Gross rental debtors	125,929	130,837
Less provision for bad and doubtful debts	(58,598)	(60,815)
	67,331	70,022
Other debtors	82,548	199,775
Prepayments and accrued income	68,559	56,564
	218,438	326,361

14 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	208,057	346,497
Rents paid in advance	137,134	118,683
Sinking funds	7,193	5,169
Housing loans (note 16)	196,486	176,772
Other creditors and accruals	358,973	511,755
Taxation and social security	22,545	21,080
Deferred government grant (note 23)	477,833	480,478
Pension deficit (note 20)	107,643	102,664
	1,515,864	1,763,098

15 Creditors: amounts falling due after more than one year

	2018 £	2017 £
Housing loans (note 16)	2,037,198	2,233,685
Sinking funds	51,816	63,652
Other creditors and accruals	5,500	5,500
Deferred government grant (note 23)	23,122,176	23,623,813
Pension deficit (note 20)	613,357	721,336
	25,830,047	26,647,986

16 Housing loans

In November 2008 the Association drew down a loan of £1,450,000 from Dexia Public Service Bank which is repayable in instalments by 2028 of which £373,500 had been repaid by 31 March 2018 (2017: £316,540). Interest is charged linked to Libor and was fixed for the five year period from March 2009 to March 2014 and subsequently fixed over the remaining term of the loan from March 2014 at 3.91%. This loan is secured by a first legal charge over certain of the Association's housing properties. This loan will be used for the general needs of the Association including development.

Housing loans totalling £2,153,359 were consolidated as a single loan from Orchardbrook Limited in March 2000 and are repayable in instalments by 2024. £996,174 has been repaid by 31 March 2018 (2017: £876,362). The loan is secured by a first legal charge over certain of the Association's housing properties and is repayable at a fixed rate of interest of 11.376%.

Instalments on both loans are as follows:

	2018 £	2017 £
Within one year	196,486	176,772
Between one and two years	218,410	196,486
Between two and five years	812,769	731,109
In five years or more	1,006,019	1,306,090
	2,233,684	2,410,457

17 Non-equity share capital

	2018 £	2017 £
8 (2017: 12) non-equity share of £1 each	8	12

The shares have limited rights. They carry no entitlement to dividend, they are not repayable and do not participate in a winding up. They carry the following voting rights: to approve the Financial Statements, to appoint members of the Board, to appoint the auditors and to pass resolutions.

18 Capital and reserves

Non-equity share capital represents the nominal value of shares which have been issued.

Revenue reserves include all current and prior period retained surpluses and deficits.

19 Financial instruments

	2018 £	2017 £
Financial assets measured at amortised cost:		
Rent receivable	67,331	70,022
Other debtors	82,548	199,775
Cash and cash equivalents	5,272,391	4,095,829
	5,422,270	4,365,626
Financial liabilities measured at amortised cost:		
Trade creditors	208,057	346,497
Housing loans	2,233,684	2,410,457
Other creditors and accruals less than one year	358,973	511,755
Other creditors and accruals greater than one year	5,500	5,500
	2,806,214	3,274,209

None of the financial assets have been pledged as collateral.

20 Pension scheme

The Association participates in the Social Housing Pension Scheme, ("SHPS") under a defined benefit section and a defined contribution section and in the Pension Trust Growth Plan ("the Growth Plan") under a defined benefit section ("the Schemes"). The Schemes are a UK multi-employer scheme which for SHPS provides benefits to some 500 non-associated employers and for the Growth Plan, to 1,300 non-associated participating employers. At the balance sheet date there were 30 (2017: 31) active members of SHPS employed by the Association and there were no (2017: nil) active members of the Growth Plan.

It is not possible for the Association to obtain sufficient information to enable it to account for the defined benefit section of the Schemes as defined benefit schemes and as such it accounts for these sections as a defined contribution scheme.

The Schemes are subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The Schemes are classified as a "last-man standing arrangement". Therefore the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the deficit within either of the schemes following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

20 Pension scheme (continued)

SHPS

A full actuarial valuation of SHPS was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to SHPS as follows:

Tier 1: From 1 April 2016 to 30 September 2020	£40.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)
Tier 2: From 1 April 2016 to 30 September 2023	£28.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)
Tier 3: From 1 April 2016 to 30 September 2026	£32.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)
Tier 4: From 1 April 2016 to 30 September 2026	£31.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)

The shortfall is funded by each participating employer through the payment of additional contributions. The additional contributions for the Association of the year ended 31 March 2019 will be £106,469.40.

Note that the Scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a deficit of £1,035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 & 3 deficit contributions.

Where the Scheme is in deficit and where the Association has agreed to a deficit funding agreement, the Association recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

20 Pension scheme (continued)

The Growth Plan

A full actuarial valuation of the Growth Plan was carried out with an effective date of 30 September 2011. This actuarial valuation showed assets of £780m, liabilities of £928m and a deficit of £148m.

A full actuarial valuation of the Growth Plan was carried out with an effective date of 30 September 2014. This actuarial valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the Growth Plan as follows:

From 1 April 2016 to 30 September 2025	£12,945,440 per annum (payable monthly and increasing by 3% each year on 1st April)
From 1 April 2016 to 30 September 2028	£54,560 per annum (payable monthly and increasing by 3% each year on 1st April)

The shortfall is funded by each participating employer through the payment of additional contributions. The additional contributions for the Association of the year ended 31 March 2019 will be £1,174.27.

Unless a concession has been agreed with the Trustee the term to 30 September 2025 applies.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the Scheme is in deficit and where the Association has agreed to a deficit funding agreement, the Association recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

20 Pension scheme (continued)

Present value of provision	2018 £	2017 £
As at 31 March	721,000	824,000

Reconciliation of opening and closing provisions	2018 £	2017 £
Provision as at 1 April	824,000	881,000
Unwinding of the discount factor (interest expense)	11,000	17,000
Deficit contribution paid	(102,664)	(99,000)
Re-measurements:		
- impact of changes in assumptions	(11,336)	25,000
- amendments to the contribution schedule	-	-
As at 31 March	721,000	824,000

Impact on Statement of Comprehensive Income	2018 £	2017 £
Unwinding of discount factor	11,000	17,000
Re-measurements:		
- impact of changes in assumptions	(11,336)	25,000
- amendments to the contribution schedule		-
Contributions paid in respect of future service (excluding deficit reduction payments)	62,910	60,334

Assumptions	2018 % per annum	2017 % per annum
Rate of discount	1.72%	1.33 %

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results using a full AA corporate bond yield curve to discount the same recovery plan contributions.

21 Analysis of accommodation

	Units under management	
	2018	**2017**
	No.	**No.**
Social housing accommodation:		
General needs	571	572
Affordable housing	16	15
Housing for older people	139	139
	726	726

In addition, the Association has 39 freehold properties which are held on long leases.

22 Financial commitments

At 31 March 2018, the Association contracted for £84,426 (2017: nil) of housing property stock reinvestment expenditure so far as not provided for.

At 31 March 2018 and 31 March 2017, the Association has not contracted for development expenditure so far as not provided for.

At 31 March 2018 the Association has £1,192,800 (2017: £630,000) of capital expenditure approved by the Board but not yet contracted. This primarily relates to the Association's housing property stock reinvestment and cyclical decorations expenditure for the forthcoming year.

The above commitments are proposed to be financed by cash reserves.

23 Grant

	Total 2018 £	Total 2017 £
At 1 April	41,416,200	41,906,124
Grant released on replacement of property component	(389,960)	(489,924)
At 31 March	41,026,240	41,416,200
Grant Amortisation		
At 1 April	17,311,909	17,321,355
Grant amortised in the year	477,833	480,478
Grant released on replacement of property component	(363,511)	(489,924)
At 31 March	17,426,231	17,311,909
Deferred Capital Grant at 31 March	23,600,009	24,104,291

The Association has received Housing Association Grant and Social Housing Grant from the government and local authorities to be applied towards the cost of acquiring, refurbishing and developing housing for rent or sale. Following certain relevant events, primarily the sale of dwellings, the Homes & Communities Agency can direct the Association to recycle capital grant or to repay the recoverable capital grant back to the appropriate authority.

At 31 March 2018 total capital grant received is £51,828,237 (2017: £51,828,237) of which £28,228,228 has previously been amortised to income. Total revenue grant received is £12,619,639 (2017: £12,619,639).

At the end of the financial year and the previous financial year all Social Housing Grant had been received.

24 Related party transactions

£6,629 (2017: £6,628) is included within turnover representing the annual rent and service charge income from tenants who were also board members of the Association during the year. All such tenancy agreements and transactions were conducted on an arm's length basis and on normal terms. At 31 March 2018, £151 (2017: £151) was owed by the Association back to these board members.

The Board and the Management Team have the authority and the responsibility for planning, directing and controlling the activities of the Association. None of the Board received any remuneration for their services to the Association. The aggregate remuneration received by the Management Team was £308,751 including employers' national insurance (2017: £296,927).

25 Events since the end of the financial year

In June 2018, the Association sold the lease of an additional flat within Southwark for £327,225 (net of expenses). The Association currently retains the freehold for this site. The proceeds from this sale will be used by the Association to help deliver more affordable rented accommodation for people in housing need.