Grampian Housing Association Limited

Report of the Board of Management and Consolidated Financial Statements
For the Year Ended
31 March 2018

Registration Particulars:

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014 Registered Number HAL 120 AL
Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered Number 1769 R (S) (FSA)
The Scottish Charity Register	Charity Number SC042023

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT AND FINANCIAL STATEMENTS

For the year ended 31 March 2018

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GRAMPIAN HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS

For the year ended 31 March 2018

The Board of Management and Executive Officers

The Board of Management and the Executive Officers who held office during the year and up to the date of signing of the financial statements together with the interests of the board members at the year end in the share capital of the Association at 31 March 2018 and 2017 (or date of appointment if later) follow:

Board members		**Number 2018**	Number 2017
Norton Bertram-Smith	(Chair)	**1**	1
Peter Kennedy #	(Vice Chair)	**1**	1
Nora Radcliffe		**1**	1
Gordon Edwards		**1**	1
Ursula Boyle		**1**	1
Dr Abhishek Agarwal ~		**1**	1
Ma'aruf Razzak	Appointed 26 September 2017	**1**	-
Fraser Graham	Appointed 26 September 2017	**1**	-
Margaret Bochel	Appointed 26 September 2017	**1**	-
Richard Tinto	Appointed 13 March 2018	**1**	-
Colin Campbell	Appointed 13 March 2018	**1**	-
Sean Breen	Appointed 13 March 2018	**1**	-
Ross Haworth	Appointed 13 March 2018	**1**	-
Mark Kemp	Appointed 13 March 2018	**1**	-
Richard Dodunski	Appointed 13 March 2018	**1**	-
Mark Buchan	Appointed 26 September 2017	-	-
	Resigned 29 November 2017	-	-
Steven Delaney	Resigned 14 March 2018	-	1
Jim Currie	Resigned 26 September 2017	-	1
Sarah Downs	Resigned 12 October 2017	-	1
Keith Jones	Resigned 26 September 2017	-	1
Robert Taylor	Resigned 13 October 2017	-	1

Sharing Owner ~ Factoring customer

The following were members of Kirkgate Developments Limited:

Richard Dodunski	Also a Board member of the Association (Chair)
Graham Morrison	
Gordon Edwards	Also a Board member of the Association
Stewart Davidson	Appointed 13 March 2018
Stacy Edghill	Appointed 13 March 2018
Christopher Herd	Resigned 5 March 2018
Neil Clapperton	Chief Executive of the Association
Malcolm McNeil	Executive Officer (Company Secretary)

The following were appointed members of TLC Housing Maintenance Limited, a wholly owned subsidiary who started operations on 1 April 2017 providing cyclical maintenance services to the Association.

Diane Stephen	Appointed 20 February 2018 (Chair)
Mark Masson	
Peter Kennedy	(A Board member of the Association)
Ursula Boyle	(A Board member of the Association)
David Halliday	Resigned from Board and as Chair on 5 December 2017
Neil Clapperton	Chief Executive of the Association
Malcom McNeil	Executive Officer (Company Secretary)

An executive officer of the Association, although not having the legal status of director, acts as an executive within the authority delegated by the Board.

GRAMPIAN HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS

For the year ended 31 March 2018

Registered Office:	Huntly House 74 Huntly Street Aberdeen AB10 1TD
Auditors:	RSM UK Audit LLP Statutory Auditor Chartered Accountants Third Floor, Centenary House 69 Wellington Street Glasgow G2 6HG
Internal Auditors:	Henderson Loggie Chartered Accountants 48 Queen's Road Aberdeen AB15 4YE
Bankers:	The Royal Bank of Scotland plc 78 Union Street Aberdeen AB10 1HH
	Bank of Scotland 38 Albyn Place Aberdeen AB10 1YN
	THFC (Social Housing Finance) Limited 4Th Floor 107 Cannon Street London EC4N 5AF
	Nationwide Building Society Caledonia House Carnegie Avenue Dunfermline KY11 8PJ
Solicitors:	Harper Macleod LLP The Ca'd'oro 45 Gordon Street Glasgow G1 3PE
Key Management Personnel:	Chief Executive, Neil Clapperton Strategic Services Director, Malcolm McNeil (Appointed 20 July 2018) Chief Operating Officer, Craig Stirrat (Appointed 20 July 2018) Director of Housing & Property Services, Angela Taylor (Resigned 15 June 2018) Director of Finance, Colin James (Resigned 13 July 2018) Director of Business Development, Craig Stirrat (Resigned 19 July 2018) Director of Corporate Services, Malcolm McNeil (Resigned 19 July 2018)

The Board of Management presents its report and audited financial statements for the year ended 31 March 2018.

Principal Activities

The principal activity of Grampian Housing Association (the Group) is to provide and manage quality affordable accommodation for people in housing need. The Association owns and manages a wide range of housing for rent. It also has a considerable portfolio of shared ownership properties. The Association works closely with local authorities to provide accommodation for homeless households and it has a special relationship with Aberdeen Foyer in the provision of accommodation for young people. In partnership with others it provides special needs accommodation throughout the Grampian area.

The Association also provides development and marketing services for other Registered Social Landlords in the Grampian area, whilst factoring services are provided for a wide range of owners too. The Association also has relationships with other agencies including NHS Grampian.

The principal activities of Kirkgate Developments Limited are developments for sale, mid-market and market rent properties as well as developing opportunities for social enterprise and commercial and community facilities. In the future, Kirkgate Developments Limited and other subsidiaries if required will carry out any trading activities in the Group.

On 1 April 2017, a fully owned subsidiary company, TLC Housing Maintenance Limited, commenced trading. This company was developed to provide maintenance services to the Association and its' main objectives are to provide better quality services to tenants and provide value for money to the Association through VAT savings on services provided.

Objectives

The future objectives of the Group are centred on the provision of affordable housing with a pragmatic mix of social rent, shared ownership and mid-market rent, backed up by the provision of housing support. As a registered charity, all aims and objectives must be compatible with the Association's charitable status or carried out by Group companies where necessary. Objectives are measured against appropriate Key Performance Indicators and performance is regularly reviewed by the Association's Board and Audit Committee as well as being reported annually to the Scottish Housing Regulator.

Strategy for Achieving Objectives

The Group's objectives are managed via a rolling programme of updates to its Business Plan. The current Business Plan cycle runs from 2017-2022, and is subject to a refresh process which takes place each year. Each five year Plan comprises a full strategic review which entails comprehensive examination of the environment and Board scrutiny and selection of options. The annual review cycle, which involves both a Board away-day and a combined Board / staff away-day, updates progress and amends future plans and priorities to account for changes in circumstance. Both the five year Plan and annual updates comply with regulatory guidance and are subject to the scrutiny of the Scottish Housing Regulator.

Responsibility for day to day implementation of the Business Plan lies with the Senior Management Team, and is in turn the subject of a performance management framework which breaks objectives down into a series of actions for departmental teams and individuals. At a strategic level key indicators are regularly reported to the Board, and at a micro level individual actions are reviewed via ongoing staff appraisal.

Business Model

The Group's business model is defined via the business planning process described above. The provision of affordable housing remains at its core, with a strong foundation in terms of commitment to current tenants. This is augmented by new build investment backed by government grant to address continued strong demand for social housing and provision for key workers in the Grampian area. The Group is also conscious of the need for increased efficiency in an environment where public finance is the subject of constraint and has embarked on a programme of service review which aims to improve the value for money which it delivers.

Development and Performance

During 2017-18, the Group increased capital investment in its properties: this included 177 new kitchens, 67 new bathrooms, 48 full window replacements and work on 90 heating systems. A number of new properties were also built during the year, with 102 units added to the Group's portfolio at locations which included Aberdeen, Collieburn, Foveran and Milltimber. Further expansion is envisaged in 2018-19 in the context of the 400 unit target set by the current five year Business Plan. Following completion of a Stock Condition Survey in 2016/17, the Association is currently examining its stock in more detail in the context of its Asset Management Strategy.

The Association continues to streamline its governance arrangements following the elimination of two Sub Committees in tandem with more regular meetings of the full Board since the AGM of September 2016. May 2018 also saw the appointment of a new Association Chair.

The Association continued to upgrade its systems and processes during the year in the context of a strategy to migrate existing services to digital and mobile platforms. Grampian also remains focused on value for money and to this end has joined a UK wide benchmarking service (Housemark) and is participating in the Scottish pilot of the English sector scorecard led by the Home Group. Since the 31 March 2018 year end, the Association has conducted a review of its organisational structure allied to other initiatives designed to increase future building capacity and this has resulted in four Director positions being made redundant and a new team of two Directors with wider roles appointed. In addition to this a larger leadership team will be involved in the operational and strategic management of Grampian Housing Association.

The Group had a turnover of £18,542,000, which represented a marginal increase of £147,000 on the previous year's turnover of £18,395,000. On this turnover the Group showed a surplus before tax of £1,902,000, some £783,000 up on the equivalent surplus of £1,119,000 in 2017: this was chiefly caused by significant increases in gains from property disposal of £1,009,000 allied to lower finance costs (£206,000) and a reduction in the fair value loss on investment properties attributable to revaluation (£82,000). Operating expenditure is shown net of an amount of £2,087,000 transferred out of planned and cyclical repairs and capitalised in the year, which represents an increase of £311,000 on the 2017 balance of £1,776,000. The Association had a turnover of £18,127,000 which represented a marginal increase of £141,000 on the previous year's turnover of £17,986,000. Operating expenditure of £13,822,000 shows an increase of £272,000 when compared with the previous year £13,550,000. The Association shows a surplus before tax of £1,990,000 which represents an increase of £695,000 from the previous year.

Kirkgate Developments Limited's operational results showed increased turnover of 16% at £814,000 compared to £699,000 in 2017. This was partly offset by an increase in operating expenditure of 18% to £545,000 from £463,000 in 2017. The main reason for the transformation of the 2017 pre-tax deficit (£41,000) into a surplus of £75,000, however, was the annual revaluation of investment properties which led to reduced fair value losses of £82,000 in 2018 against the £174,000 incurred in 2017. This may indicate that the Aberdeen rental market is moving towards greater stability which will reduce the chances of the replication of fair value losses in future years.

TLC Housing Maintenance features within the consolidated accounts for the first time. Due to certain set-up / efficiency issues associated with initial operation, turnover of £592,000 was exceeded by operating costs of £747,000, which led to a TLC deficit of (£163,000) which eclipses the surplus made by Kirkgate.

As Grampian Housing Association has charitable status, the Association's tax liability is minimal. More specifically, the deficit on TLC Housing Maintenance in 2017-18 provides a loss for tax purposes which allows Kirkgate Developments Limited to retain income rather than make a distribution via Gift Aid to the parent company. This is in contrast to the £123,000 distributed by Kirkgate to Grampian in 2016-17.

Future Prospects

The Group's long term financial plans show that it can withstand and adapt to change in the face of increased financial pressures. A balancing act will be required where service quality is maintained and improved to meet the legitimate expectations of existing customers, and at the same time the needs of waiting list applicants for new homes are addressed following the Scottish Government's upward revision of housing grant.

The Group continues to apply a rent policy which supports new build ambitions, but this is currently under review in the face of both affordability pressures on tenants and other business requirements. Consultation with tenants on future potential rent policy is taking place from August 2018.

The Association has undertaken a review of its funding, and has in principle decided to opt for Bond Private Placement. This exercise is moving forward with a review of the lending required.

Principal Risks and Uncertainties

The Group faces a mix of national and local environmental risks.

Although Scottish Government grant support for new build has increased, the long term political context for the sector is not wholly clear. Any continuation or extension of public finance austerity is likely to increase future financial pressures. In addition, the depth of the local oil and gas sector recession remains a concern. Current experience is that the latter has had minimal direct impact on social housing demand, but has curtailed the Group's ability to move towards more market-based rent options as the middle to high end of the market has seen substantial reduction in both activity and values in Aberdeen and surrounding areas.

Key Performance Indicators (financial and non-financial)

The Association's relevant KPIs, based on data returned and published in the Annual Return on the Charter to the Scottish Housing Regulator / other available statistics are as follows:

	Actual	Scottish Average	Actual	Target
	2016/17	2016/17	2017/18	2017/18
% Void Loss	0.5%	0.9%	0.6%	0.8%
Average Re-Let Time	27 days	32 days	28 days	N/A
Staff costs as % of Turnover	19.8%	N/A	19.8%	N/A
% Properties meeting SHQS	88%	94%	93%	95%
Unit Cost of Day to Day Repairs	£458	N/A	£458	£437
% Tenant Overall Satisfaction	87.4%	89.7%	87.4%	N/A
% Tenants think VFM provided	81.7%	81.9%	81.7%	N/A

In considering these statistics, it should be noted that processes associated with the introduction of the Scottish Social Housing Charter mean that set peer group comparisons are no longer immediately available for a number of indicators; averages across Scotland are instead used when appropriate.

The above shows that void loss and re-let times again increased slightly in 2017-18, but remained below the Scottish average. The percentage of properties which meet the Scottish Housing Quality Standard continues to be influenced by the adoption of a far stricter methodology which assumes that recent Stock Condition survey results are reflective of all housing stock; actual repairs required here are in the main more minor in nature. Performance under this heading has nonetheless improved from 2016-17.

Tenant satisfaction with both the overall service and the value for money provided by the Association improved significantly in 2016 when the triennial survey yielded a large sample size; this survey will be refreshed shortly, but for now these statistics remain static.

REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2018

Governance

Following an independent review of its governance in 2013, the Group continues to adapt structures to reflect best practice in a constantly changing environment within the sector and beyond. Following a rationalisation of the Committee structure in 2016, the current structure is seen to represent good governance. During 2015-16, the Group reviewed and updated policy and procedure with respect to the development and appraisal of Board members, with these processes now placed on a more formal footing.

The Board are responsible for the maintenance and integrity of the corporate and financial information on the website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going Concern

The Board has a reasonable expectation on the basis of the above that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus Grampian will continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Related Party Transactions

Certain senior officers have non-executive positions with related social enterprises in the Grampian area. Any transactions with respect to these and other relevant linkages are listed in note 34 to the financial statements.

Disclosure of Information to the Auditor

The members of the Board of Management at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditor is unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Auditor

A resolution for the reappointment of RSM UK Audit LLP, as auditors of the Association, will be proposed at the Annual General Meeting.

By Order of the Board of Management

[redacted]

Malcolm McNeil

Secretary

Date: 28 August 2018

STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITIES

For the year ended 31 March 2018

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation requires the Board of Management to ensure that financial statements are prepared for each financial year, which give a true and fair view of the state of affairs of the Group and of the surplus or deficit of the Association and group for that period. In preparing those financial statements, the Board of Management is required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business; and

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time the financial position of the Association. The Board of Management must ensure that the financial statements comply with the Co-operative and Community Benefits Societies Act 2014 and the Registered Housing Association Determination of Accounting Requirements April 2014.

It is responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It has general responsibility for taking reasonable steps to safeguard the assets of the RSL and to prevent and detect fraud and other irregularities.

GRAMPIAN HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROLS

For the year ended 31 March 2018

The Board of Management acknowledges its ultimate responsibility for ensuring that the Group has in place a system of controls that is appropriate for the business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Group or for publication;

- the maintenance of proper accounting records; and

- the safeguarding of assets against unauthorised use or disposition.

It is the Board of Management's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss or failure to meet objectives. Key elements include ensuring that;

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority which allow the monitoring of controls and restrict the unauthorised use of the Group's assets;

- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;

- forecasts and budgets are prepared regularly which allow the Board of Management and Senior Management Team to monitor the key business risks and financial objectives, and progress being made towards achieving the financial plans set for the year and the medium term;

- monthly/quarterly management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information with significant variances from budget being investigated as appropriate;

- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;

- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board of Management;

- the Audit Committee/Board of Management receives reports from their Senior Management Team and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Group is undertaken; and

- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal and external audit reports.

The effectiveness of the Group's system of internal financial control has been reviewed by the Audit Committee/Senior Management Team for the year ended 31 March 2018. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

By order of the Board of Management

[redacted]

Malcolm McNeil
Secretary

Date: 28th August 2018

GRAMPIAN HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS OF GRAMPIAN HOUSING ASSOCIATION ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 8 concerning the Association's compliance with the information required by the Regulatory Standards for systemically important RSLs in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion
We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council through enquiry of certain members of the Management Committee and Officers of the Association and examination of relevant documents. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion
In our opinion the Statement on Internal Financial Control on page 8 has provided the disclosures required by the relevant Regulatory Standards for systemically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

[redacted]

RSM UK AUDIT LLP
Statutory Auditor
Chartered Accountants
Third Floor, Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date [redacted]

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAMPIAN HOUSING ASSOCIATION LIMITED REGISTERED UNDER THE CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014

Opinion

We have audited the financial statements of Grampian Housing Association Limited (the 'Association') and its subsidiaries (the 'Group') for the year ended 31 March 2018 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves, Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Association's affairs as at 31 March 2018 and of the income and expenditure of the Group and the income and expenditure of the Association for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – December 2014.

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 Group and the parent Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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 annual report, 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAMPIAN HOUSING ASSOCIATION LIMITED REGISTERED UNDER THE CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014

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 of the Association; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 7, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board 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 intends 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: https://www.frc.org.uk/auditorsresponsibilities This description forms part of our auditor's report.

Use of our report

This report is made solely to the Association's members as a body, in accordance with Part 7 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.

[redacted]

RSM UK AUDIT LLP
Statutory Auditor
Chartered Accountants
Third Floor, Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date [redacted]

GRAMPIAN HOUSING ASSOCIATION LIMITED - CONSOLIDATED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Note	**2018** **£000**	2017 £000
Turnover	*2,3,4*	**18,542**	18,395
Operating expenditure	*2,3,4*	**(14,123)**	(13,723)
Operating surplus	*8*	**4,419**	4,672
Gain on disposal of property, plant and equipment	*9*	**819**	79
Fair value (loss) on investment properties	*16*	**(82)**	(174)
Interest receivable	*10*	**3**	5
Interest and finance costs	*11*	**(3,257)**	(3,463)
Surplus before taxation		**1,902**	1,119
Taxation	*12*	**4**	9
Total comprehensive income for the year		**1,906**	1,128

The results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

GRAMPIAN HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Note	**2018** **£000**	2017 £000
Turnover	*2,3,4*	**18,127**	17,986
Operating expenditure	*2,3,4*	**(13,822)**	(13,550)
Operating surplus	*8*	**4,305**	4,436
Gift aid received		-	123
Gain on disposal of property, plant and equipment	*9*	**819**	79
Interest receivable	*10*	**60**	55
Interest and financing costs	*11*	**(3,194)**	(3,398)
Surplus before taxation		**1,990**	1,295
Taxation	*12*	**(2)**	(3)
Total comprehensive income for the year		**1,988**	1,292

All figures relate to continuing operations.

The accompanying notes form part of these financial statements.

GRAMPIAN HOUSING ASSOCIATION LIMITED

CONSOLIDATED AND HOUSING ASSOCIATION STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2018

	Note	2018		2017	
		GROUP £000	**ASSOCIATION £000**	GROUP £000	ASSOCIATION £000
Fixed assets					
Intangible assets and goodwill	13	**222**	**222**	354	354
Housing properties	14	**214,931**	**214,931**	203,571	203,571
Other fixed assets	15	**2,301**	**2,227**	2,314	2,314
Investment Properties	16	**5,318**	-	5,400	-
Investments	17	-	-	-	-
		222,772	**217,380**	211,639	206,239
Fixed asset investments					
LIFT loans		**429**	**429**	429	429
LIFT grants		**(429)**	**(429)**	(429)	(429)
		-	-	-	-
Current assets					
Properties held for sale and work in progress	19	**1,617**	**1,599**	1,187	1,187
Trade and other debtors	20	**1,459**	**1,444**	4,510	4,641
Cash and cash equivalents	21	**2,793**	**2,675**	4,089	4,001
		5,869	**5,718**	9,786	9,829
Current liabilities					
Creditors: amounts falling due within one year	22	**(7,329)**	**(7,247)**	(8,053)	(7,943)
Net current assets/(liabilities)		**(1,460)**	**(1,529)**	1,733	1,886
Debtors: amounts falling due after more than one year	20	-	**2,176**	50	1,893
Total assets less current liabilities		**221,312**	**218,027**	213,422	210,018
Creditors: amounts falling due after more than one year	23	**(211,633)**	**(210,612)**	(205,638)	(204,584)
Provisions for liabilities	27	**(74)**	**(74)**	(81)	(81)
Other provisions	27	**(195)**	-	(199)	-
Total net assets		**9,410**	**7,341**	7,504	5,353
Capital and reserves					
Share capital	28	**1**	**1**	1	1
Income and expenditure reserve	28	**7,680**	**7,340**	5,692	5,352
Non distributable reserve	28	**1,729**	-	1,811	-
		9,410	**7,341**	7,504	5,353

These financial statements on pages 12 to 42 were approved and authorised for issue by the Board of Management on 28 August 2018 by:

[redacted]

Peter Kennedy
Chair

Fraser G[redacted]
Vice Chai[redacted]

CONSOLIDATED AND HOUSING ASSOCIATION STATEMENT OF CHANGES IN RESERVES

For the year ended 31 March 2018

CONSOLIDATED	*Note*	Income and expenditure reserve £000	Revaluation reserve £000	Share capital £000	Total £000
Balance at 1 April 2016		4,391	1,984	1	6,376
Surplus for the year		1,128	-	-	1,128
Transfer from non distributable reserve to income and expenditure reserve		173	(173)	-	-
Balance at 31 March 2017	*28*	**5,692**	**1,811**	**1**	**7,504**
Surplus for the year		**1,906**	**-**	**-**	**1,906**
Transfer from non distributable reserve to income and expenditure reserve		**82**	**(82)**	-	-
Balance at 31 March 2018	*28*	**7,680**	**1,729**	**1**	**9,410**

HOUSING ASSOCIATION	*Note*	Income and expenditure reserve £000	Share capital £000	Total £000
Balance at 1 April 2016		4,060	1	4,061
Surplus for the year		1,292	-	1,292
Balance at 31 March 2017	*28*	**5,352**	**1**	**5,353**
Surplus for the year		**1,988**	-	**1,988**
Balance at 31 March 2018	*28*	**7,340**	**1**	**7,341**

GRAMPIAN HOUSING ASSOCIATION LIMITED

CONSOLIDATED AND HOUSING ASSOCIATION STATEMENT OF CASHFLOWS

For the year ended 31 March 2018

	Note	**2018 Group £000**	**2018 Association £000**	2017 Group £000	2017 Association £000
Net cash generated from operating activities	*30*	**9,307**	**9,346**	5,300	5,093
Cash flow from investing activities					
Purchase of tangible fixed assets		**(18,358)**	**(18,295)**	(18,107)	(18,107)
Proceeds from sale of tangible fixed assets		**2,725**	**2,725**	590	590
Grants received		**9,279**	**9,279**	11,545	11,545
Grants repaid		**(282)**	**(282)**	(66)	(66)
Interest received		**3**	**60**	5	55
Net cash from / (used in) investing activities		**2,674**	**2,833**	(733)	(890)
Cash flow from financing activities					
Interest paid		**(3,257)**	**(3,194)**	(3,463)	(3,398)
New secured loans		**-**	**-**	8,000	8,000
Repayment of borrowings		**(713)**	**(965)**	(2,514)	(2,482)
Net cash (used in) / from financing activities		**(3,970)**	**(4,159)**	2,023	2,120
Net (decrease) / increase in cash and cash equivalents		**(1,296)**	**(1,326)**	1,290	1,230
Cash and cash equivalents at beginning of year		**4,089**	**4,001**	2,799	2,771
Cash and cash equivalents at end of year		**2,793**	**2,675**	4,089	4,001

1. Accounting policies

Legal status
The Association is registered under the Co-operative and Community Benefit Societies Act 2014, is registered by the Financial Conduct Authority, is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010 and is a public benefit entity. The company is registered on The Scottish Charity Register, Charity Number SC042023. The address of the Company's registered office and principal place of business is Huntly House, 74 Huntly Street, Aberdeen, AB10 1TD.

The Association's principal activities and the nature of the operations are as described in the Report of the Board of Management.

Basis of accounting
These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102'), the Housing SORP 2014 'Statement of Recommended Practice for Registered Housing Providers' and comply with the Determination of Accounting Requirements 2014, and under the historical cost convention, modified to include investment properties at fair value.

The financial statements are prepared in Sterling (£) and are rounded to the nearest whole £'000.

Basis of consolidation
The Group financial statements consolidate the results of Grampian Housing Association Limited, and its subsidiary companies Kirkgate Developments Limited and TLC Housing Management Limited using acquisition accounting. The dormant subsidiaries are not included in the consolidation and are listed in note 18.

In accordance with FRS102, the association has taken advantage of the exemptions available under Section 33 of disclosing related party transactions with subsidiary undertakings.

Critical accounting estimates and areas of judgement
Preparation of the financial statements requires management to make critical judgements and estimates concerning the future. Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included below.

Critical accounting estimates:

Valuation of property and investment property

- Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on historical data and sector standards
- Management commissions an independent valuation of the investment properties on an annual basis

Components of housing properties

- Management reviews its asset components at each reporting date based on historical data and sector standards
- Management reviews its estimate of the useful lives of depreciable components at each reporting date based on historical data and sector standards

Properties held for sale

- Management reviews the properties held as stock for sale to ensure the recoverability of the cost of the asset

Allocation of costs for Shared Ownership developments

- Management reviews the shared historical costs and allocates on a pro-rata basis, reviewing this area annually

1. *Accounting policies (continued)*

Recoverable amount of rent arrears and other debtors

- Management reviews the arrears annually and on this basis, will set a level of outstanding debt against which a provision will be made

Going concern

The Group has a significant asset base matched by growing reserves. Recent cash flow forecasts covering a period of 1 year from the signing of these financial statements indicate that further loan facilities are needed to meet the Group's borrowing requirements and the Royal Bank of Scotland through discussions has indicated its willingness to provide the required funds. From quarterly reports, the Association receives sufficient information to react should adverse circumstances pose a threat to the Association and for this reason, a 1 year forecast is seen as appropriate. These forecasts include a level of investment in grant assisted social rental developments. On that basis, the Board of Management has a reasonable expectation that the Group has adequate resources to continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Group had net current liabilities at 31 March 2018 of (£1,462,000) (2017 – net current assets of £1,733,000) caused chiefly by the timing of HAG receivable at the year end. With our expansive program of development in the year ended 31 March 2017 we had debtors of £3,590,000 in relation to HAG receivable on sites under construction. In the current year this debtor has reduced to £349,000 causing the change from having net current assets in 2017 to net current liabilities in 2018.

Turnover

Turnover comprises rental and service charge income receivable in the period from tenants and owner occupiers, fees and revenue based grants receivable from local authorities and the Scottish Government and fees from the provision of management services. It also includes lease income from commercial property and from the sale of properties within the shared ownership sector and tenants right to buy properties. It also includes grant income to subsidise wider agenda activities and fees from operating the government's OMSE and Right to Buy schemes and sundry other income.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Income from sales of shared ownership properties and tenant right to buy properties is recognised at the point of legal completion of the transaction.

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

Government Grants

Government grants include grants receivable from the Scottish Government, local authorities and other government bodies. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset under the accruals model, with no amortisation in the year of addition.

On disposal of an asset for which government grant was received, where is no obligation to repay the grant, then any unamortised grant remaining is derecognised as a liability and recognised as income. Where there is a requirement to repay a grant, a liability is included in the Statement of Financial Position to recognise this obligation.

Other Grants

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

Other Income

Interest Income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

Investment Income

Investment income is recognised on an accruals basis.

1. *Accounting policies (continued)*

Development costs and allowances
Development allowances are intended to finance certain internal administrative costs relating to the acquisition and development of housing land and buildings for approved schemes. Notional development allowances become available in instalments according to the progress of work on the scheme and are included in HAG or are treated as deferred allowances in accruals and deferred income while development costs are added to housing properties. Deferred development allowances are used to fund future development costs.

Deferred Income
Income received in advance for commercial properties (in the form of a grassum) and for housing properties from the Foyer is treated as deferred income and released to the income and expenditure account over the period to which the rent relates.

Intangible Assets and Goodwill
All intangible assets shall be considered to have a finite useful life. The use of an intangibles asset that arises from contractual or other legal rights shall not exceed the period of the contractual or other legal rights, but maybe shorter depending on the period over which the entity expects to use the asset. The intangible assets are amortised to write down the cost of each asset to its estimated residual value, based on the straight line basis over the estimated years of the assets life. The estimated asset life for computer software is 4 years.

Tangible fixed assets - housing properties
Housing properties are properties for the provision of social housing or to otherwise provide social benefit and are principally properties available for rent and shared ownership.
Completed housing and shared ownership properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings and expenditure incurred during the development period.
Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income
- A material reduction in future maintenance costs; or
- A significant extension to the life of the property.

Shared ownership properties are split proportionally between fixed assets and current assets based on the element relating to expected first tranche sales. The first tranche portion is classed as a current asset and related sales proceeds are included in turnover. The remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment. Where the first tranche has been sold prior to the acquisition of the properties, these are included in fixed assets only.

Investment properties
Investment properties, (including properties held under an operating lease) consist of commercial properties and properties not held for social benefit. These properties are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in income and expenditure.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS 102. The Board of Management consider that, because investment properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view.

In this departure from the Companies Act 2006 had not been made in order to give a true and fair view, the surplus/deficit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of the many factors reflected in the annual valuation and the amount relating to the depreciation of the property cannot be separately identified.

1. *Accounting policies (continued)*

Depreciation of housing properties

Freehold land or assets under construction are not depreciated.

The Association separately identifies the major components of its housing properties and charges depreciation so as to write-down the cost of each component to its estimated residual value, based on a straight line basis over the estimated years of the component's life.

	Years
Land	Nil
Assets under construction	Nil
Structure	100
Roofs	60
Kitchens	15
Bathrooms	25
Windows and Doors	25
Lifts	20
Heating Systems	25
Door Entry Systems	15
Electrics	20
Boilers	12
Insulation	25

No depreciation is charged on these assets in the year of purchase, but a full year's charge is made on the year of disposal.

Impairments of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, Grampian estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential are recognised as impairment losses in the income and expenditure account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in income and expenditure. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Other tangible fixed assets

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life as follows:

	Over
Freehold land and buildings	100 years
Freehold land and buildings improvements	15 years
Commercial properties	100 years
Commercial properties improvements	15 years
Heritable property	50 years
Plant, machinery, fixtures and motor vehicles	3 to 5 years
Computer hardware and software	4 years

Residual value is calculated on prices prevailing at the report date, after estimating costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

No depreciation is charged on these assets in the year of purchase, but a full year's charge is made in the year of disposal.

1. Accounting policies (continued)

Borrowing costs
General and specific borrowing costs directly attributable to the acquisition and construction of qualifying properties are added to the cost of those properties until such a time as the properties are ready for their intended use or sale. All other borrowing costs are expensed as incurred.

Stocks
Stocks are valued at the lower of cost and net realisable value.

Taxation and deferred tax
Grampian Housing Association Limited has charitable status and is registered with the Office of Scottish Charities Regulator and is therefore exempt from paying Corporation Tax on charitable activities. Kirkgate Developments Limited and TLC Housing Maintenance Limited are still liable to tax.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised in the Statement of Comprehensive Income on revaluations where at the balance sheet date there is a binding agreement to sell the asset and the gain or loss expected to arise on sale has been recognised. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

VAT
The Association is VAT registered, however a large portion of income, namely rents, is exempt for VAT purposes therefore giving rise to a Partial Exemption calculation. Expenditure is shown inclusive of VAT. Kirkgate Developments Limited and TLC Housing Maintenance Limited are a part of the same VAT group.

Deposits and liquid resources
Cash comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying value.

Leases
All leases are operating leases and the annual rentals are charged to income and expenditure on a straight line basis over the lease term.
Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight-line basis over the lease term.

Employee benefits
The costs of short term employee benefits are recognised as a liability and an expense.
Employees are entitled to carry forward up to 5 days of any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.
The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Association is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits
Defined contribution plans
At 31 March 2018 the Association only operates defined contribution schemes and the amounts charged to income and expenditure are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Loan arrangement fees
Loan arrangement fees are amortised over the term of the loan to which they relate and prior year figures are adjusted to reallocate issue costs.

1. *Accounting policies (continued)*

Financial instruments
The Association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.
Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument and are offset only when the Association currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the assets and settle the liability simultaneously.

Financial assets
Debtors
Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses. Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income and expenditure.

Financial liabilities
Trade creditors
Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.
Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings
Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Commitments to receive a loan are measured at cost less impairment.

Derecognition of financial assets and liabilities
A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks or rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Provisions
Provisions are recognised when the Association has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.
Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value for money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Reserves
The Association establishes restricted funds for specific purposes where their use is subject to restrictions imposed by third parties.

2. Particulars of turnover, operating costs and operating surplus or deficit

Group:	Turnover	Operating costs	Operating surplus/ (deficit)	Operating surplus for previous period of account
	£000	£000	£000	£000
Affordable letting activities (note 3)	**16,126**	**(11,702)**	4,424	4,633
Other activities (note 4a)	**2,416**	**(2,421)**	(5)	39
Total	**18,542**	**(14,123)**	4,419	4,672
Total for previous period of account	18,395	(13,723)	4,672	

Association:	Turnover	Operating costs	Operating surplus/ (deficit)	Operating surplus for previous period of account
	£000	£000	£000	£000
Affordable letting activities (note 3)	**16,126**	**(11,702)**	4,424	4,633
Other activities (note 4b)	**2,001**	**(2,120)**	(119)	(197)
Total	**18,127**	**(13,822)**	4,305	4,436
Total for previous period of account	17,986	(13,550)	4,436	

3. Particulars of turnover, operating costs and operating surplus or deficit from affordable letting activities

Group and Association	General Needs Social Housing	Shared Ownership Housing	Total 2018	Total 2017
	£000	£000	£000	£000
Rent receivable net of service charges	12,796	1,407	14,203	13,575
Service charges	589	150	739	709
Gross income from rents and service charges	**13,385**	**1,557**	**14,942**	**14,284**
Less Voids	(123)	(102)	(225)	(128)
Net income from rents and service charges	13,262	1,455	14,717	14,156
Grants released from deferred income	1,259	106	1,365	1,320
Grants from Scottish Ministers	-	-	-	-
Other revenue grants	44	-	44	43
Total turnover from affordable letting activities	**14,565**	**1,561**	**16,126**	**15,519**
Management and maintenance administration costs	(3,771)	(192)	(3,963)	(3,845)
Service costs	(679)	-	(679)	(708)
Planned and cyclical maintenance including major repairs costs	(1,283)	-	(1,283)	(733)
Reactive maintenance costs	(1,480)	-	(1,480)	(1,431)
Bad debts – rent and service charges	(290)	(5)	(295)	(286)
Depreciation of affordable let properties	(3,761)	(241)	(4,002)	(3,883)
Impairment of affordable let properties	-	-	-	-
Operating costs for affordable letting activities	**(11,264)**	**(438)**	**(11,702)**	**(10,886)**
Operating surplus for affordable letting activities	**3,301**	**1,123**	**4,424**	**4,633**
Operating surplus for affordable letting activities for previous reporting period	**3,419**	**1,214**	**4,633**	

4a. Particulars of turnover, operating costs and operating surplus or deficit from other activities

Group:	Grants from Scottish Ministers £000	Other revenue grants £000	Other income £000	Total turnover £000	Operating costs – bad debts £000	Other operating costs £000	Operating surplus or deficit £000	Total from Other Activities-2017 £000
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	181	-	**181**	-	(649)	**(468)**	(367)
Care and repair								-
Investment property activities	-	-	414	**414**	-	(145)	**269**	236
Factoring	-	-	477	**477**	(6)	(458)	**13**	(52)
Support activities	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-
Contracted out activities undertaken for RSL's	-	-	76	**76**	-	(156)	**(80)**	66
Contracted out services undertaken for other organisations	-	-	102	**102**	-	(222)	**(120)**	(143)
Developments for sale to RSL's								
Developments and improvements for sale to other	-	-	-	-	-	-	-	-
organisations	-	-	-	-	-	-	-	-
Uncapitalised development administration costs	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Development and construction of property activities	59	-	-	**59**	-	(212)	**(153)**	(139)
Homestake / LIFT / Help to Buy	224	9	-	**233**	-	-	**233**	266
First Tranche Shared Ownership sales	-	-	368	**368**	-	(399)	**(31)**	(1)
Other Activities (material) – Foyer	-	-	138	**138**	-	(18)	**120**	159
Other Activities (non material)	-	-	368	**368**	-	(156)	**212**	14
Total from other activities	**283**	**190**	**1,943**	**2,416**	**(6)**	**(2,415)**	**(5)**	39
Total from other activities – 2017	328	374	2,174	2,876	(6)	(2,831)	39	

4b. Particulars of turnover, operating costs and operating surplus or deficit from other activities

Association:	Grants from Scottish Ministers £000	Other revenue grants £000	Other income £000	Total turnover £000	Operating costs – bad debts £000	Other operating costs £000	Operating (deficit)/ surplus £000	Operating surplus for 2017 £000
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	181	-	**181**	-	(649)	**(468)**	(367)
Care and repair	-	-	-	-	-	-	-	-
Investment property activities	-	-	-	-	-	-	-	-
Factoring	-	-	477	**477**	(6)	(458)	**13**	(52)
Support activities	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-
Contracted out activities undertaken for RSL's	-	-	75	**75**	-	-	**75**	66
Contracted out services undertaken for other organisations	-	-	102	**102**	-	(222)	**(120)**	(143)
Developments for sale to RSL's	-	-	-	-	-	-	-	-
Developments and improvements for sale to other organisations	-	-	-	-	-	-	-	-
Uncapitalised development administration cost	-	-	-	-	-	-	-	-
Development and construction of property activities	59	-	-	**59**	-	(212)	**(153)**	(139)
Developments for sale to RSLs	-	-	-	-	-	-	-	-
Homestake / LIFT/ Help to Buy	224	9	-	**233**	-	-	**233**	266
First Tranche Shared Ownership sales	-	-	368	**368**	-	(399)	**(31)**	(1)
Other Activities (material) – Foyer	-	-	138	**138**	-	(18)	**120**	159
Other Activities (non material)	-	-	368	**368**	-	(156)	**212**	14
Total from other activities	**283**	**190**	**1,528**	**2,001**	**(6)**	**(2,114)**	**(119)**	(197)
Total from other activities – 2017	328	374	1,765	2,467	(6)	(2,658)	(197)	

5. Accommodation in Management

	Units under development		Units under management	
	2018	2017	**2018**	2017
Group				
General needs housing	**355**	308	**3,228**	3,126
Non-social	-	-	**32**	32
	355	308	**3,260**	3,158
Shared ownership	-	-	**518**	551
Association				
General needs housing	**355**	308	**3,228**	3,126
Shared ownership	-	-	**518**	551

Grampian Housing Association leases 87 units to its subsidiary, Kirkgate Developments Limited and these are let as mid market and market rental properties.

6. Remuneration of key management personnel (Group and Association)

No payment or fees or other remuneration was made to the Board members during the year.
Key management personnel are defined as the Chief Executive and senior management team reporting directly to the Chief Executive or the Board at 31 March 2018. The senior management team consists of the Director of Housing and Property Services, the Director of Development, the Director of Finance and the Director of Corporate Services. The number of key management personnel who received emoluments (excluding employers' pension contributions) in excess of £60,000 during the reporting period fell within the following bands:

	2018	2017
	£000	£000
Aggregate emoluments payable to key management personnel (excluding pension contributions)	**393**	375
Emoluments payable to the Chief Executive (excluding pension contributions)	**97**	94
Aggregate pension contributions in relation to the key management personnel	**39**	38

The number of key management personnel whose emoluments (excluding employers' pension contributions) during the reporting period fell within the following bands:

	2018	2017
	No	No
£ 60,001 - £ 70,000	**1**	1
£ 70,001 - £ 80,000	**3**	3
£ 80,001 - £ 90,000	-	-
£ 90,001 - £100,000	**1**	1
£100,001 - £110,000	-	-

7a. Staff numbers and costs (Group)

The average monthly number of full time equivalent persons (including key management personnel) employed by the Association during the year was:

	Number of employees	
	2018	2017
Office and management/administration	**52**	52
Housing support and care	**34**	34
Development	**10**	9
Operations	**10**	-
	106	95

The average number of employees during 2018 – 113 (2017 – 103)

Staff costs for the above persons:

	2018	2017
	£000	£000
Wages and salaries	**3,365**	3,053
Social security costs	**312**	285
Defined contribution pension costs	**260**	227
	3,937	3,565

7b. Staff numbers and costs (Association)

The average monthly number of full time equivalent persons (including key management personnel) employed by the Association during the year was:

	Number of employees	
	2018	2017
Office and management/administration	**50**	52
Housing support and care	**34**	34
Development	**10**	9
	94	95

The average number of employees during 2018 – 101 (2017 – 103)

Staff costs for the above persons:

	2018	2017
	£000	£000
Wages and salaries	**3,058**	3,053
Social security costs	**289**	285
Defined contribution pension costs	**238**	227
	3,585	3,565

8. Operating surplus

	2018 Group £000	2018 Association £000	2017 Group £000	2017 Association £000
Operating surplus is stated after charging:				
Depreciation of housing properties	4,002	4,002	3,883	3,883
Depreciation of other tangible fixed assets	149	124	121	121
Amortisation of intangible assets	136	136	126	126
Operating lease rentals:				
Buildings	26	26	104	104
Agency / Temporary Costs	46	46	52	52
Fees payable to RSM UK Audit LLP and its associated in respect of both audit and non-audit services are as follows:				
Audit services – statutory audit	31	24	28	23
Taxation compliance services	13	10	15	9
Other assurance services	4	4	1	1
	48	38	44	33

9. Surplus or deficit on sale of fixed assets

	2018 Group £000	2018 Association £000	2017 Group £000	2017 Association £000
Disposal proceeds	2,934	2,934	831	831
Carrying value of assets	(1,925)	(1,925)	(548)	(548)
	1,009	1,009	283	283
Provision for impairment in stock value	(39)	(39)	(60)	(60)
(Deficit) on disposal of components	(151)	(151)	(146)	(146)
Gain (Deficit) on disposal of other assets	-	-	2	2
	819	819	79	79

10. Interest receivable

	2018 Group £000	2018 Association £000	2017 Group £000	2017 Association £000
Interest on bank deposits	3	3	5	4
Interest from Group undertakings	-	57	-	51
	3	60	5	55

11. Interest payable and similar charges

	2018 Group £000	2018 Association £000	2017 Group £000	2017 Association £000
Interest arising on:				
Bank loans and overdrafts	**3,343**	**3,280**	3,328	3,263
Other loans	**8**	**8**	151	151
Less interest capitalised on housing properties under construction	**(94)**	**(94)**	(16)	(16)
	3,257	**3,194**	3,463	3,398

12. Taxation

Group

	2018 £000	2017 £000
UK corporation tax		
Current tax on income for the year	**-**	-
Adjustment in respect of previous years	**2**	3
Total current tax	**2**	3
Deferred tax movement	**(6)**	(12)
Adjustment in respect of previous periods	**-**	-
Tax on surplus on ordinary activities	**(4)**	(9)

Factors affecting the tax charge for the current year

The current tax charge for the year differs from the charge calculated at the UK corporation tax rate of 19% *(2017: 20%).* The differences are explained below:

	2018 £000	2017 £000
Current tax reconciliation		
(Loss) / Surplus on ordinary activities before tax	**(88)**	(53)
Less current year charity profit	**-**	-
	(88)	(53)
Effects of:		
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 19% (2017: 20%)	**(17)**	(10)
Expenses not deductible for tax purposes	**16**	36
Adjustments to brought forward balances	**-**	(24)
	(5)	
Capital allowances in excess of depreciation	**-**	(2)
Prior year adjustment	**2**	3
Adjustments closing deferred tax to average rate	**-**	(12)
Total current tax charge (see above)	**(4)**	(9)

12. **Taxation (continued)**

Deferred taxation

The movement in the deferred taxation account during the year was:

	2018 Group £000	**2018 Association £000**	2017 Group £000	2017 Association £000
Balance brought forward	**199**	-	211	-
Income and expenditure account movement arising during the year	**(4)**	-	(12)	-
Balance carried forward	**195**	-	199	-

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

Group	**2018 Provided £000**	**2018 Potential Provision £000**	2017 Provided £000	2017 Potential Provision £000
Excess of taxation allowances over depreciation of fixed assets	**37**	-	37	-
Capital gains	**158**	-	162	-
Deferred tax liability/(asset) (see note 16)	**195**	-	199	-

13. **Intangible assets and goodwill (Group and Association)**

	Computer Software £000	**Computer Software Under Construction £000**	**Total £000**
Cost			
At 1 April 2017	654	91	745
Additions	4	-	4
At 31 March 2018	658	91	749
Amortisation			
At 1 April 2017	391	-	391
Provided during year	136	-	136
At 31 March 2018	527	-	527
Net book value			
At 31 March 2018	**131**	**91**	**222**
At 31 March 2017	263	91	354

14. Tangible fixed assets - Housing properties (Group and Association)

	Held for Letting £000	Under Construction £000	Completed Shared Ownership £000	Shared Ownership Under Construction £000	Total £000
Cost					
At 1 April 2017	213,482	9,232	31,930	-	254,644
Additions	-	14,950	-	-	14,950
Properties acquired	1,217	-	-	-	1,217
Works to existing properties	2,087	-	-	-	2,087
Schemes completed and transfers	12,076	(11,432)	(644)	-	-
Disposals	(1,019)		(2,887)	-	(3,906)
At 31 March 2018	**227,843**	**12,750**	**28,399**	**-**	**268,992**
Depreciation					
At 1 April 2017	47,952	-	3,121	-	51,073
Provided during year	3,761	-	241	-	4,002
Transfers	20	-	(20)	-	-
Eliminated on disposals	(804)	-	(210)	-	(1,014)
At 31 March 2018	**50,929**	**-**	**3,132**	**-**	**54,061**
Net book value					
At 31 March 2018	**176,914**	**12,750**	**25,267**	**-**	**214,931**
At 31 March 2017	165,530	9,232	28,809	-	203,571

Expenditure on works to existing properties	2018 £000	2017 £000
Improvement work capitalised	-	-
Replacement component spent capitalised	**2,087**	1,776
Amounts charged to income and expenditure	**1,196**	688
Total major repairs spend	**3,283**	2,464

Finance Costs

	2018 £000	2017 £000
Aggregate amount of finance costs included in the cost of housing properties	**624**	530

Development administration costs capitalised amounted to £62,000 (2017: £74,000) and development allowances amounted to £89,000 (2017: £65,000).
Interest capitalised at 5% amounted to £94,000 (2017: £16,000).
The cost of land included in the housing properties is £45,083,000 (2017: £44,612,000).

14. Tangible fixed assets - Housing properties (Group and Association) (continued)

None of the Association's land or buildings were held under a lease.

Grampian Housing Association Limited considers rental schemes and shared ownership schemes in each of the main areas, Aberdeen, Aberdeenshire and Moray to be separate cash generating units when assessing for impairment, in accordance with SORP 2014.
During the year, no properties were recognised as impaired.

The properties leased to Kirkgate Developments Limited are included above at the following values:

	2018 £000	2017 £000
Cost	**10,620**	8,748
Accumulated depreciation	**(528)**	(358)
Total	**10,092**	8,390

A review of potential impairment was not considered necessary as there were no indicators of impairment.

15. Tangible fixed assets – Other (Group)

	Commercial properties £000	**Heritable land and buildings £000**	**Plant and machinery, fixtures and motor vehicles £000**	**Computer hardware £000**	**Total £000**
Cost					
At 1 April 2017	587	2,738	463	449	4,237
Additions	7	3	90	-	100
Disposals	-	-	(11)	-	(11)
At March 2018	594	2,741	542	449	4,326
Depreciation					
At 1 April 2017	209	913	378	387	1,887
Provided during year	16	57	44	32	149
Eliminated on disposals	-	-	(11)	-	(11)
At 31 March 2018	225	970	411	419	2,025
Net book value					
At March 2018	**369**	**1,771**	**131**	**30**	**2,301**
At 31 March 2017	378	1,825	49	62	2,314

Included in heritable land and buildings is land costing £260,000. Net accumulated interest capitalised in tangible fixed assets at 31 March 2018 amounted to £515,000 (2017: £515,000). Interest of £nil was capitalised in the year (2017: £nil).

15. Tangible fixed assets – Other (Association) (continued)

	Commercial properties £000	Heritable land and buildings £000	Plant and machinery, fixtures and motor vehicles £000	Computer hardware £000	Total £000
Cost					
At 1 April 2017	587	2,738	427	449	4,201
Additions	7	3	27	-	37
Disposals	-	-	(11)	-	(11)
At March 2018	594	2,741	443	449	4,227
Depreciation					
At 1 April 2017	209	913	378	387	1,887
Provided during year	16	57	19	32	124
Eliminated on disposals	-	-	(11)	-	(11)
At 31 March 2018	225	970	386	419	2,000
Net book value					
At March 2018	**369**	**1,771**	**57**	**30**	**2,227**
At 31 March 2017	378	1,825	49	62	2,314

16. Investment Properties

	2018 £000	2017 £000
At 1 April 2017	**5,400**	5,574
(Decrease) in value	**(82)**	(174)
At 31 March 2018	**5,318**	5,400

Investment properties, which are all freehold, were valued on an open market existing use basis at 31 March 2018 by J&E Shepherd, Chartered Surveyors. The valuation of the properties was carried out in accordance with Royal Institution of Chartered Surveyors ('RICS') Appraisal and Valuation Manual. No depreciation is provided in respect of investment properties.

On an historical cost basis these fixed assets would have been included at:

	Investment properties	
	2018 £000	2017 £000
Cost	**3,867**	3,867
Aggregate Depreciation	**571**	529

17. Fixed asset investments

	2018 £	2017 £
At 31 March 2018 and 2017	**6**	6

18. Subsidiary Undertakings

Grampian Housing Association's subsidiary undertakings are all companies Limited by Share Capital:

Name of Undertaking	Class of shareholding	Proportion of nominal value held directly	Nature of business
Kirkgate Developments Limited	Ordinary	100% (2017: 100%)	Mid-market and commercial letting
TLC Housing Maintenance Ltd	Ordinary	100% (2017: 100%)	Cyclical maintenance
Kirkgate Homes Limited	Ordinary	100% (2017: 100%)	Dormant
Grampian Community Energy Limited	Ordinary	100% (2017: 100%)	Dormant

19. Properties for sale and work in progress

	2018 Group £000	2018 Association £000	2017 Group £000	2017 Association £000
Work in progress	**32**	**14**	-	-
Shared ownership properties for sale	**1,585**	**1,585**	1,187	1,187
	1,617	**1,599**	1,187	1,187

20. Debtors

Amounts falling due within one year	2018 Group £000	2018 Association £000	2017 Group £000	2017 Association £000
Rent and service charges receivable	**1,366**	**1,366**	1,096	1,096
Less: provision for bad and doubtful debts	**(865)**	**(865)**	(678)	(678)
	501	**501**	418	418
HAG receivable	**349**	**349**	3,590	3,590
Prepayments and accrued income	**325**	**307**	284	284
Other debtors	**284**	**267**	218	209
Amount due from Group undertaking	-	**11**	-	131
Loan due from Group undertaking	-	**9**	-	9
	1,459	**1,444**	4,510	4,641

20. Debtors (continued)

Amounts falling due after more than one year	**2018 Group**	**2018 Association**	2017 Group	2017 Association
	£000	**£000**	£000	£000
Loans due from Group undertakings	**-**	**2,176**	50	1,893
	-	**2,176**	50	1,893

Loans to subsidiary companies are at a commercial rate with defined payback terms.

The above figure for rental debtors (Group and Association) is made up as follows:

	2018 Debtor	**2018 Provided**	**2018 Net debtor**	2017 Debtor	2017 Provided	2017 Net debtor
	£000	**£000**	**£000**	£000	£000	£000
Due from current tenants	**1,114**	**(408)**	**706**	824	(479)	345
Due from former tenants	**252**	**(185)**	**67**	272	(199)	73
	1,366	**(593)**	**773**	1,096	(678)	418

£82,000 of bad debt was written off during the period (2017: £148,000).

21. Cash and cash equivalents

During 2005, a cash charge was created between THFC (Social Housing Finance) Limited and Grampian Housing Association Limited, whereby the Association maintains a minimum balance of £235,000 (2017: £235,000) on a specific deposit account.

22. Creditors: amounts falling due within one year

	2018 Group	**2018 Association**	2017 Group	2017 Association
	£000	**£000**	£000	£000
Debt (note 25)	**2,141**	**2,108**	1,498	1,467
Trade creditors	**1,011**	**982**	2,069	2,057
Other creditors	**716**	**716**	877	925
Accruals and deferred income	**1,743**	**1,651**	1,921	1,854
Rent and service charges received in advance	**211**	**211**	195	195
Deferred capital grants (note 24)	**1,432**	**1,432**	1,365	1,365
Deposits	**53**	**53**	102	54
Amount due to Group undertaking	**-**	**72**		
Other taxation and social security costs	**22**	**22**	26	26
Corporation tax	-	-	-	-
	7,329	**7,247**	8,053	7,943

Standard securities have been granted to lenders in respect of assets owned by Kirkgate Developments Limited.

Bank loans are secured by charges over specific housing properties.

23. Creditors: amounts falling due after more than one year

	2018 Group £000	2018 Association £000	2017 Group £000	2017 Association £000
Debt (note 25)	**77,554**	**76,533**	79,193	78,139
Deferred capital grant (note 24)	**134,079**	**134,079**	126,445	126,445
	211,633	**210,612**	205,638	204,584

24. Deferred capital grant

	2018 Group £000	2018 Association £000	2017 Group £000	2017 Association £000
As at 1 April	**127,810**	**127,810**	117,646	117,646
Grant received in the year	**9,279**	**9,279**	11,545	11,545
Capital grant released	**(1,365)**	**(1,365)**	(1,320)	(1,320)
Capital grant on disposals/repaid	**(213)**	**(213)**	(61)	(61)
As at 31 March	**135,511**	**135,511**	127,810	127,810
The deferred capital grant is split:				
Government Grant	**125,735**	**125,735**	118,406	118,406
Other Grant	**9,776**	**9,776**	9,404	9,404
	135,511	**135,511**	127,810	127,810
Amounts to be released within one year	**1,432**	**1,432**	1,365	1,365
Amounts to be released in more than one year	**134,079**	**134,079**	126,445	126,445
	135,511	**135,511**	127,810	127,810

25. Debt analysis – borrowings

	2018 Group £000	2018 Association £000	2017 Group £000	2017 Association £000
Creditors: amounts falling due within one year				
Bank loans	**2,141**	**2,108**	1,498	1,467
	2,141	**2,108**	1,498	1,467
Creditors: amount falling due after more than one year				
Bank loans	**77,554**	**76,533**	79,193	78,139
	77,554	**76,533**	79,193	78,139

25. Debt analysis – borrowings (continued)

Borrowings are denominated and repaid in pounds sterling, have contractual interest rates that are either fixed or variable rates linked to LIBOR that are not leveraged and do not contain conditional returns or repayment provisions other than to protect the lender against credit deterioration or changes in relevant legislation or taxation.

Bank borrowings mature at different dates with the instalments each year until the last instalment of loans falling to be repaid in the year ending March 2041 (2017: March 2041). £43,831,000 (2017: £45,127,000) bear average fixed-rate coupons of 6.3% per annum (2017: 5.7% per annum) and £34,818,000 (2017: £35,614,000) bear average variable-rate coupons of 1.3% above LIBOR (2017: 1.3% above LIBOR). The association makes a mix of quarterly and annual repayments of the bank borrowings. After the year end the £15,000,000 RBS facility was extended to May 2019 and therefore has been left in the one to two year ageing category.

Bank borrowings of £79,703,000 (2017: £80,742,000) are secured against the Association and its subsidiaries housing and investment properties.

Based on the lender's earliest repayment dates, borrowings are repayable as follows:

	2018 Group £000	**2018 Association £000**	2017 Group £000	2017 Association £000
Due within one year	**2,141**	**2,108**	1,498	1,467
Due in one year or more but less than two years	**16,746**	**16,712**	16,635	16,602
Due between two and five years	**5,798**	**5,682**	5,180	5,071
Due more than five years	**55,010**	**54,139**	57,378	56,466
	79,695	**78,641**	80,691	79,606

26. Financial instruments

Financial assets:	**2018 Group £000**	**2018 Association £000**	2017 Group £000	2017 Association £000
Debt instruments measured at amortised cost	**1,133**	**3,314**	7,952	9,802
Total	**1,133**	**3,314**	7,916	9,802

Financial liabilities:	**2018 Group £000**	**2018 Association £000**	2017 Group £000	2017 Association £000
Measured at amortised cost	**83,218**	**82,135**	87,238	84,374
Total	**83,218**	**82,135**	87,238	84,374

27. Provisions

	Deferred Taxation £000	Holiday Pay £000	Total £000
At 1 April 2017	199	81	280
Reversed in the year	**(4)**	**(81)**	**(85)**
Additional provision in year	-	**74**	**74**
At 31 March 2018	**195**	**74**	**269**

Holiday pay
This represents holiday accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the statutory cost payable for the period of absence.

28. Share capital & reserves

The Association is limited by guarantee and consequently has no share capital. Each of the Association's members have the right to buy a £1 Ordinary share and participate at member's meetings. This share would be forfeited in the event of the Association winding up. The £1 Ordinary share has voting rights and no rights to distributions.

	Association	
	2018	2017
Share of each fully paid	**Number**	Number
At 1 April	100	112
Joined during the year	12	2
Left during the year	(10)	(14)
At 31 March	**102**	100

Shares issued were in respect of new members of the Association. The Association issues £1 Ordinary shares which have voting rights and no rights to distributions.

Reserves

Reserves of the Group and Association represent the following:

Non Distributable Reserve

Reserve arising from the revaluation of the investment properties owned by the subsidiary company on an open market valuation at 31 March 2018 - £1,729,000 (31 March 2017 - £1,811,000).

Other Restricted Reserves

During the year £nil (2017: £157,000) was received and £nil (2017: £157,000) was spent on restricted funds relating to funding from the Big Lottery Fund, £nil (2017: £30,000) was received and £nil (2017: £30,000) was spent on restricted funds relating to funding from SLAB for Grampian Woman's Aid.

29. Capital commitments and other contractual obligations – Group and Association

	2018 £000	2017 £000
Capital expenditure contracted for but not provided in the financial statements	**15,434**	9,562
Other loans committed but not yet drawn down	-	250
	15,434	9,812
HAG due on remaining contracted capital expenditure	**7,539**	-
Expenditure authorised by the Board, but not contracted	-	1,962

As the relevant expenditure is incurred, corresponding loans and/or grants will be sought from Housing and Regeneration Department, Local Authorities and the private sector. The Association has had the commitment of its main lender, the Royal Bank of Scotland that extensions to its current loans are available to finance these projects.

30. Reconciliation of surplus to net cash generated from/(used in) operations

	2018 Group £000	2018 Association £000	2017 Group £000	2017 Association £000
Surplus for the year	**1,906**	**1,988**	1,128	1,292
Adjustment for non cash items:				
Depreciation of tangible fixed assets	4,287	4,262	4,130	4,130
(Gain)/loss on disposal of tangible fixed assets	(819)	(819)	(79)	(79)
Interest receivable	(3)	(60)	(5)	(55)
Interest payable	3,257	3,194	3,463	3,398
Taxation	(4)	2	(9)	3
Deferred income	(1,365)	(1,365)	(1,320)	(1,320)
Operating cash flows before movements in working capital	**7,259**	**7,202**	7,308	7,369
Decrease / (Increase) in stock	**560**	**574**	(935)	(935)
Decrease / (Increase) in trade and other debtors	**2,879**	**2,914**	(2,642)	(2,743)
(Decrease) / Increase in trade and other creditors	**(1,391)**	**(1,344)**	1,569	1,402
Cash generated from / (used in) operations	**9,307**	**9,346**	5,300	5,093

31. Commitments under operating leases - Group and Association

The total future minimum lease payments under non-cancellable operating leases for fixed assets (note 8) are as follows:

	2018	2017
	£000	£000
Amounts due:		
Within one year	26	28
Between one and five years	52	75
After five years	-	1
	78	104

32. Contingent liabilities

There were no contingent liabilities in the period (2017: £nil)

33. Retirement benefits

Grampian Housing Association participates in a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the Company in an independently administered fund. The contributions payable by the Association charged to income and expenditure amounted to £238,000 (2017: £227,000). Contributions totalling £nil (2017: £nil) were payable to the fund at the year end and are included in creditors.

No other post-retirement benefits are provided. The schemes are fully funded schemes.

34. Related party disclosures

The Chief Executive of the Association is a member of the Board of Community Food Initiatives North East Limited (CFINE).
During the year to 31 March 2018, the following transactions were effected in relation to CFINE (Enterprise) Ltd: Purchase of fruit for staff totalled £75 (2017: £180).

The Chief Executive of the Association is also a director of Rural Housing Service (RHS) and the Rural & Islands Housing Association Forum (RIHAF).
In the year to 31 March 2018 there was amount of £50 (2017: £500) paid in relation to RHS and £535 to RIHAF (2017: £1,408), in respect of a membership renewal fee and a conference attendance fee.

The Chief Executive of the Association is a director of The Vital Spark Incubation Ltd and Our Power Energy Supply Ltd. In the year to 31 March 2018 there was amount of £1,181 (2017: £nil) paid in relation to Our Power and energy consumption for void properties.

The Director of Business Development is a board member of Housemark and Aberdeen Foyer Limited.

During the year to 31 March 2018 the following transactions were effected in relation to Housemark:
Annual subscription and specialist group membership £7,841 (2017: £12,168).

During the year to 31 March 2018 the following transactions were effected in relation to the Foyer:
Housing Rent Receivable £120,883 (2017: £135,110)
Restaurant rent receivable £12,500 (2017: £32,450)

34. Related party disclosures (continued)

Amounts paid in advance for restaurant rent £26,058 (2017: £26,058)
Repairs Management and other services £1,955 (2017: £2,556)
Amounts due from Foyer at 31 March 2018 £nil (2017: £136)
Amounts payable to Foyer at 31 March 2018 £nil (2017: £288)

Steven Delaney, a member of the Board is the Chairperson of the Scottish Federation of Housing Associations (SFHA) of which Grampian is a member. The amount paid to them in 2018 was £21,677 (2017: £23,937)

Norton Bertram-Smith the Chair of the Board is also a director of On Purpose Ltd there was an amount of £1,566 paid in respect of a training course.

Margaret Bochel a member of the Board is also a Board member of the Policy Council at Aberdeen and Grampian Chamber of Commerce there was an amount of £1,698 paid in relation to training courses.

Peter Kennedy the Vice Chair of the Board is also a Board member of Grampian Regional Equality Council there was an amount of £45 paid in relation to translation services.

Colin Campbell a member of the Board is a director of Langstane Press there was an amount paid in respect of stationery and catering of £5,276.

Gordon Edwards a member of the board for Grampian Housing Association and Kirkgate Developments Ltd is also a director of Aberdeen Council of Voluntary Organisations there was an amount paid in respect of a membership and advertising fee of £150.

As at 31 March 2018 1 member of the Board of Management was a sharing owner of the Association (2017: 1) and there were no tenants on the Board (2017: none). During the year £2,313 (2017: £2,263) of rent was receivable from these tenants and sharing owner members. At the year end there was £nil (2017: £186) of rent arrears due from these tenants and sharing owner members.

Amounts outstanding are unsecured, non-interest bearing and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the year (2017: £nil) in respect of bad debts from related parties.

The company has taken the exemption available under Section 33 of FRS102 in relation to disclosing related party transactions with Kirkgate Developments Limited and TLC Housing Management Limited.