Scottish Charity Number SC 023106

MANOR ESTATES HOUSING ASSOCIATION LIMITED

ANNUAL REPORT
and
GROUP FINANCIAL STATEMENTS

For the year ended 31 March 2018

MANOR ESTATES HOUSING ASSOCIATION LIMITED

ANNUAL REPORT AND GROUP FINANCIAL STATEMENTS

For the year ended 31 March 2018

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MANOR ESTATES HOUSING ASSOCIATION LIMITED

BOARD, EXECUTIVES AND ADVISERS

Registered Office:	11 Washington Lane EDINBURGH EH11 2HA
Board:	Nigel Hicks (Chairman) Rachel Hutton (Vice Chair) Carol Tait Doug McEwan Sandra Brydon Mike Trant Kerry McLeod Tracey Kelly Andrew Clark (Co-optee) Trudi Symes (Co-optee)
Chief Executive and Secretary:	Graeme Russell
Bankers:	Royal Bank of Scotland plc 36 St Andrew Square Edinburgh EH2 2AD Santander Bootle Merseyside L30 4GB
Solicitors:	Lindsays WS Caledonian Exchange 19a Canning Street Edinburgh EH3 8HE Anderson Strathern LLP 1 Rutland Court Edinburgh EH3 8ET Stewart Watt & Co 202 Dalry Road Edinburgh EH11 2ES Shoosmiths Saltire Court Edinburgh EH1 2EN
Auditor:	Chiene + Tait LLP Chartered Accountants and Statutory Auditor 61 Dublin Street Edinburgh EH3 6NL
Financial Conduct Authority No.	2484R(S)
Registered with the Scottish Housing Regulator:	HEP 284
Scottish Charity Number:	SC 023106

REPORT OF THE BOARD

For the year ended 31 March 2018

The members of the Board have pleasure in presenting their report on the Association and the Group's affairs for the year ended 31 March 2018.

Membership of Board
Members of the Board during the year and to the date of this report were:-

Carol Tait
Doug McEwan
Nigel Hicks (Chairman)
Rachel Hutton (Vice Chair)
Derek Hanley (resigned: 31st January 2018)
Sandra Brydon
Mike Trant
Kerry McLeod
Tracey Kelly
Andrew Clark (co – opted: 25th October 2017)
Trudi Symes (co – opted: 25th October 2017, resigned 28 May 2018)

Business review

Introduction
On the basis of our review of the current position and future forecasts the Board believe it is appropriate to prepare the consolidated financial statements for Manor Estates Housing Association Ltd (the Association) on a going concern basis. No foreseeable material uncertainties that cast significant doubt about the ability of the Association to continue as a going concern have been identified by the governing body, the Board.

The Board is confident that we have sufficient reserves and income to cover the costs of the Association's business over future years and to carry out our long term planned maintenance programme.

The Association's main source of income is the rent paid by tenants. In the current economic climate and as a consequence of restrictions to welfare benefit entitlements, there is a greater risk that the Association's success in collecting rents may reduce. The Association continues to maximise its rental income by maintaining good performance in managing the level of rent arrears and rent lost on void properties. This combined with a proactive approach and assistance provided to tenants seeking assistance in claiming welfare benefits will continue to mitigate the impacts of reduced income available to tenants.

The Board receives a range of key performance indicators at regular intervals. In addition, a mid - year budget review is undertaken. This allows the Board to ensure effective oversight of the Association's finances and to quickly introduce appropriate action should it be necessary.

Business Activities
2017/18 was Manor Estates Housing Association's 23rd year in operation. During the year the Association continued its major programme of expenditure on managing and maintaining its properties. During 2017/18 the Association again progressed growth in its housing stock, as phase 3 of the Sandilands new build development was completed and occupied. The Association's subsidiary company, Manor Estates Associates Limited (MEA Limited) continued trading, undertaking a range of activities.

Business Activities (continued)

The Association spends significant sums each year maintaining and improving its properties. During the past year we carried out work to ensure we meet our obligations in respect of the Scottish Housing Quality Standard (SHQS) albeit progress in attaining full compliance is limited as a consequence of the mixed tenure nature of many of our estates and flatted properties. We also carried out the necessary maintenance and component replacement work identified in our regularly reviewed asset management plan.

In 2015 the Scottish Government introduced a new energy efficiency standard for social housing (EESSH). We, like all social landlords must meet this standard by 2020 and we have investigated and been successful in accessing additional sources of funding which enabled us to carry out external wall insulation to our 'no fines' properties in mixed tenure estates. During 2017/18 we were successful in securing grant funding enabling us to carry out a programme of external wall insulation to 73 properties at Muirhouse Place West, Muirhouse Place East and in Sighthill, complementing work already completed at our two biggest estates; Telford and Niddrie Mill. In conjunction with our partner organisations, we have completed an extensive programme of work within these estates within very tight timescales. This insulation programme will significantly improve energy efficiency and lead to savings in energy costs for many tenants and owners. Wherever possible the Association will continue to progress home insulation initiatives which benefit tenants and owners.

The Association completed work on the third and final phase of the Greendykes development (Sandilands Close) in July 2017 providing an additional and much needed 35 affordable rented properties, 15 for Mid-Market and 20 for social rent. In order to fund this phase of the project the Association secured additional private finance of £1.5 million from its lenders, Santander. This additional loan took the Association's total borrowing for the Greendykes project to £9 million. Grant funding was again provided by the City of Edinburgh Council for phase 3 of the development.

This year we repaid a further £600,000 of our outstanding loan and the Association's financial plans and forecasts demonstrate that we will have the necessary resources available to meet future repayments as these fall due as well as complying with our banking covenants each year.

The Association provides factoring services to around 1700 home owners, principally in estates where we have an interest as a landlord. Recovering the costs of the factoring service is a significant area of work for the Association and we take all practical steps to ensure the effective management of debt, including taking legal action where necessary. We are a Registered Factor and comply fully with the requirements of the Property Factors (Scotland) Act 2011.

For a number of years we have been providing agency services (Finance and Technical services) to other Housing Associations in Edinburgh. These activities are carried out by our subsidiary company, MEA Ltd, and we have effective systems in place to ensure it recovers the full cost of service provision.

The Association remains committed to providing high quality and sensitively delivered services to all our tenants and an action plan resulting from the 2016 Tenant Satisfaction Survey has been developed and is being applied, ensuring that we continue to strive towards meeting the needs and ambitions of tenants.

Board

The Association presently has eleven Board members, including two tenants and an owner who is the recipient of factoring services. A recruitment exercise conducted during 2017 resulted in the Association recruiting as co – optee's two additional experienced individuals with backgrounds in both housing finance and human resources and who will be of considerable assistance to the Association in developing and maintaining services. The Board continues to set the organisation's strategic direction and is committed to ensuring that the Association adheres to the highest standards of

Board (continued)
governance and probity. A refreshed Corporate Plan, complemented by a detailed Internal Management Plan, both of which were re - developed and endorsed by the Board during 2017/18, detail the key objectives, business priorities and targets to be achieved during the year.

The Board carries out regular reviews of the Association's governance arrangements to ensure it is operating effectively and complying fully with the requirements set by the Scottish Housing Regulator. A recent Internal Audit review exercise assessing compliance with the Regulator's Financial and Regulatory Framework provided reassurance that the Association maintains sound governance arrangements. The Association's Chair conducts a collective assessment of Board performance as well as holding annual review meetings with individual Board members; where their skills and knowledge are appraised and training needs are identified.

Principal Risks & Uncertainties
The Association recognises the importance of effective identification, evaluation and management of all key strategic and operational risks, and this is a requirement set out by the Scottish Housing Regulator's Regulatory Standards.

Risk Management covers the whole spectrum of risks and not just those associated with finance, health and safety, business continuity and insurance. It also includes risks associated with service provision, effectiveness and continuity, public image (reputation), compliance with legislation and regulation and environment.

The principal risks facing the Association are:
- Political and economic uncertainty
- Westminster and Scottish Government policy adjustments
- Welfare reform
- Business continuity and disaster recovery
- Development and growth
- Financial risk management and
- Regulatory compliance – specifically in respect to GDPR and potentially FOI

Risk is assessed by considering how likely it is that an event will occur and what the impact of this would be. The likelihood and impact of each event are multiplied together to identify a rating for each risk. In the Risk Management Strategy risks with a rating of 12 and above are classed as major. Major risk is defined as an unacceptable level of risk exposure which requires constant monitoring and measures to be put in place to reduce exposure. The Audit Committee as well as the Board is responsible for monitoring the management of major risks while management of lower level risks is delegated to the Senior Management Team.

Staff
The Association keeps its staff resources under review to ensure that it continues to be appropriate to the scale and scope of the organisation's activities and enables us to operate effectively and efficiently in meeting the strategic objectives set by the Board.

During 2017/18 the Association engaged in an Investors in People (IIP) assessment process, with very positive results and comments being achieved. It remains the objective of the Association to ensure its employees are engaged, developed and resourced to meet the challenges of providing quality services to our tenants and customers.

The Association remain members of Employers in Voluntary Housing (EVH) and through this engagement ensure that staff terms and conditions are in line with the sector generally and that all

Staff (continued)
aspects of Human Resources and Health and Safety are effectively managed. The Association remains an accredited employer with Disability Confident, an initiative promoted by Jobcentre Plus.

During 2017 the Associations long serving Technical Services Manager (Operations) Mr Alan Ilesley retired. His departure resulted in a modest reorganisation of the Technical Services Department, with Mrs Amanda Hay (formerly Technical Services Manager (Strategy) now fulfilling the combined role.

The Board and senior staff, including the Chief Executive, Housing Manager, Technical Services Manager and Corporate Services Manager, are defined as the key management of the Association. Remuneration for all staff including the key management personnel is based on EVH salary scales (further information is contained within note 7). The Board are all voluntary members and receive no remuneration.

Financial Review

Income and Expenditure Reserve
Details of movements in the year are below, under the Surplus for the year and transfers to reserves.

Surplus for the year
The results for the Group are shown in the Statement of Comprehensive Income on page 12. The surplus for the Group is £1,394,110 (2017: surplus of £2,241,890). The surplus resulted in an increase in reserves to £13,910,103 (2017: £12,515,988).

Statement of the Board's Responsibilities
The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and social housing legislation 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 at the balance sheet date, and of its income and expenditure for the year ended on that date. In preparing these financial statements, the Board is required to:

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Association and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – December 2014. The Board is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Information for the Auditors
The Board members have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Board members has confirmed that they have taken all the steps they ought to take as Board Members in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Treasury Management Policy
It is the policy of the Association that any surplus funds (that is, cash not needed to meet immediate short-term needs) are invested to maximise interest income without the Association becoming open to unnecessary risk.

Rent Policy
The Rent policy is designed to set rents that are fair, reasonable and affordable to current and prospective tenants. Rents and service charges must however cover the Association's costs and promote confidence in the Association.

Internal Financial Control
The Board is responsible for ensuring that the Association has an appropriate system of internal financial control. Whilst no system of internal financial control can provide absolute assurance against material loss or misstatement, the Association's systems and procedures are designed to provide reasonable assurance that the controls in place are operating effectively.

Audit Committee
The Association has established an Audit Committee in line with good practice. This committee meet quarterly and regularly receive reports and reassurance from our internal and external auditors.

Internal Audit
The Association operates an independent internal audit function, which reports directly to the Audit Committee. A programme of work has been prepared and agreed based on an Audit Needs Assessment by the internal auditors (Quinn Internal Audit and Business Support Services, QIABSS), which covers those areas of the Association's activity where potential risks have been identified. Overall the reviews carried out by QIABSS auditor indicate that the Association has systems in place that are designed and operated to provide effective control.

Internal Financial Control System
The key elements of the internal financial control system are as follows:-

- Documented financial regulations, including statements of delegation to and authority of executive management, who are appropriately qualified;
- Approval by the Board of a detailed business plan and of income and expenditure and cashflow budgets;
- Approval by the Board of an annual programme for planned maintenance and improvement work, as part of the business planning and budgeting process;
- Quarterly reporting to the Board of actual results for the year to date and forecasts for the remainder of the year, including comparison to budget, with commentary on significant variations, and a half yearly budget review;
- Experienced and suitably qualified staff with executive responsibility for important business functions, and a formal staff appraisal and training systems to maintain skills and competence.

Throughout the year, the Board has monitored and reviewed the effectiveness of the Association's internal financial controls using the key elements noted above. No weaknesses in internal control resulting in material losses, contingencies or uncertainties which require disclosure in the financial statements were found.

MANOR ESTATES HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD

For the year ended 31 March 2018

Auditor
A motion regarding the appointment of the Association's Auditor will be made at the Annual General Meeting.

[redacted]
Secretary

C T

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Association's and the Group's affairs as at 31 March 2018 and of the Association's and the Group's 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 requirements of the Co-operative and Community Benefit Societies Act 2014, 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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council'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 Board is responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Responsibilities of the Board
As explained more fully in the Statement of the Board's Responsibilities set out on page 5, the Board members (who are also the Trustees of the Association for the purposes of charity law) are 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 Group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or has 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.

Use of our report
This report is made solely to the Association's members, as a body, in accordance with 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]

CHIENE + TAIT LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

[redacted] 2018

REPORT BY THE AUDITORS TO THE MEMBERS OF

MANOR ESTATES HOUSING ASSOCIATION LIMITED

ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the financial statements, we have reviewed your statement on page 6 concerning the Association's compliance with the information required by the Regulatory Standards 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. 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 6 has provided the disclosures required by the relevant Regulatory Standards 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.

Through enquiry of certain members of the Management Committee and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

[redacted]

CHIENE + TAIT LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

[redacted] 2018

MANOR ESTATES HOUSING ASSOCIATION LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

		Group		Association	
	Note	**2018**	**2017**	**2018**	**2017**
		£	**£**	**£**	**£**
Turnover	2/3	6,599,552	6,250,450	6,478,902	6,152,950
Operating expenditure	3	4,599,854	3,743,159	4,479,204	3,645,659
Operating surplus	3	1,999,698	2,507,291	1,999,698	2,507,291
Gain on disposal of property, plant and equipment		73,720	436,807	73,720	436,807
Interest receivable	9	6,875	6,498	6,875	6,498
Interest and financing costs	9	(686,183)	(708,706)	(686,183)	(708,706)
Surplus before tax		1,394,110	2,241,890	1,394,110	2,241,890
Tax	10	-	-	-	-
Surplus and total comprehensive income for the year		1,394,110	2,241,890	1,394,110	2,241,890

The above results relate wholly to continuing activities.

The notes on pages 16 to 32 form part of these financial statements.

STATEMENT OF CHANGES IN RESERVES

For the year ended 31 March 2018

Group

	Share Capital £	Income and expenditure Reserve £	Total Unrestricted Funds £
Balance at 1 April 2017	63	12,515,925	12,515,988
New shares issued	8	-	8
Shares cancelled	(3)	-	(3)
Surplus from statement of total comprehensive income	-	1,394,110	1,394,110
Balance at 31 March 2018	68	13,910,035	13,910,103

Association

	Share Capital £	Income and expenditure Reserve £	Total Unrestricted Funds £
Balance at 1 April 2017	63	12,515,925	12,515,988
New shares issued	8	-	8
Shares cancelled	(3)	-	(3)
Surplus from statement of total comprehensive income	-	1,394,110	1,394,110
Balance at 31 March 2018	68	13,910,035	13,910,103

The notes on pages 16 to 32 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	Group 2018	Group 2017	Association 2018	Association 2017
		£	£	£	£
Fixed assets					
Tangible fixed assets					
Housing properties	11(a)	40,855,767	40,306,592	40,855,767	40,306,592
Other fixed assets	11(b)	189,163	143,827	189,163	143,827
Investments	12	-	-	100	100
		41,044,930	40,450,419	41,045,030	40,450,519
Current assets					
Debtors	13	422,055	942,594	447,312	971,742
Cash and cash equivalents		3,919,517	2,800,118	3,892,391	2,766,621
		4,341,572	3,742,712	4,339,703	3,738,363
Creditors: amounts falling due within one year	14	1,680,049	2,209,230	1,678,280	2,204,981
Net current assets		2,661,523	1,533,482	2,661,423	1,533,382
Total assets less current liabilities		43,706,453	41,983,901	43,706,453	41,983,901
Creditors: amounts falling due after more than one year	15	29,796,350	29,467,913	29,796,350	29,467,913
Total net assets		13,910,103	12,515,988	13,910,103	12,515,988
Reserves					
Share capital	16	68	63	68	63
Income and expenditure reserve		13,910,035	12,515,925	13,910,035	12,515,925
Total reserves		13,910,103	12,515,988	13,910,103	12,515,988

The financial statements were approved by the Board on 27 June 2018 and are signed on its behalf [redacted]

[redacted] .... Nigel Hicks: Chair

[redacted] .... Rachel Hutton: Vice Chair

[redacted] .... Graeme Russell: Secretary

The notes on pages 16 to 32 form part of these financial statements

MANOR ESTATES HOUSING ASSOCIATION LIMITED

CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 31 March 2018

	Note	Group 2018	Group 2017	Association 2018	Association 2017
		£	£	£	£
Net cash generated from operating activities	17	2,034,045	2,298,107	2,040,416	2,296,383
Cash flow from investing activities					
Purchase of tangible fixed assets		(1,203,779)	(3,302,231)	(1,203,779)	(3,302,231)
Proceeds from sale of tangible fixed assets		73,720	506,333	73,720	506,333
Grants received		-	918,558	-	918,558
Grants repaid		-	(52,760)	-	(52,760)
Interest received		6,875	6,498	6,875	6,498
		(1,123,184)	(1,923,602)	(1,123,184)	(1,923,602)
Cash flow from financing activities					
Interest paid		(667,079)	(669,667)	(667,079)	(669,667)
New secured loans		1,500,000	-	1,500,000	-
New unsecured loans		-	266,033	-	266,033
Repayment of borrowings		(624,391)	(600,000)	(624,391)	(600,000)
Share capital issued		8	6	8	6
		208,538	(1,003,628)	208,538	(1,003,628)
Net change in cash and Cash equivalents		1,119,399	(629,123)	1,125,770	(630,847)
Cash and cash equivalents at beginning of year		2,800,118	3,429,241	2,766,621	3,397,468
Cash and cash equivalents at end of year		3,919,517	2,800,118	3,892,391	2,766,621

The notes on pages 16 to 32 form part of these financial statements.

Legal Status

Manor Estates Housing Association Limited is registered under the Co-operative and Community Benefit Societies Act 2014, a registered Scottish charity, and is a housing association registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010. The principle activity of the Association is the provision of social housing. The registered office is 11 Washington Lane, Edinburgh, EH11 2HA. The Association is a Public Benefit Entity. The financial statements have been presented in Pounds Sterling as this is the functional and presentational currency of the company.

1. Principal accounting policies

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102), the Statement of Recommended Practice for social housing providers "Housing SORP 2014" (SORP 2014) and the Determination of Accounting Requirements 2014. The principal accounting policies of the Association are set out below.

Group accounts/basis of preparation
The Group financial statements consolidate the financial statements of Manor Estates Housing Association Limited and its subsidiary, Manor Estates Associates Limited made up to 31 March 2018. Profits or losses on intra-group transactions are eliminated in full in accordance with FRS 102.

Basis of accounting
The financial statements are prepared under the historical cost basis of accounting.

Going concern
The financial statements have been prepared on a going concern basis. The Board have assessed the Group and Association's ability to continue as a going concern and have reasonable expectation that the Group and the Association have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Turnover
Turnover represents rental and service income receivable and fees and grants from local authorities and the Scottish Government and is measured at the fair value of the consideration received or receivable.

Grant income
Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where a grant is received from government and other bodies as a contribution towards the capital cost of housing schemes, the grant is recognised as income using the accrual model in accordance with SORP 2014. Unamortised capital grant is held as deferred income on the statement of financial position.

Bad and doubtful debts
Provision is made against rent arrears of current and former tenants, as well as other miscellaneous debts due to, the extent that they are considered potentially irrecoverable. Debts are classed as uncollectable after an assessment of the legislative options available to recover and consideration of specific circumstances.

1. Principal accounting policies (continued)

Tangible fixed assets - Housing properties
Housing Properties are stated at cost less accumulated depreciation. Works to existing properties will generally be capitalised under the following circumstances:

(i) Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or

(ii) Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing properties which fail to meet the above criteria are charged to the Statement of Comprehensive Income.

Depreciation
Depreciation is charged on a straight line basis over the expected economic useful lives of each major component that makes up the housing property as follows:

Land	not depreciated	
Roof	65 years	(Depreciated at 1.54% per annum)
Walls	65 years	(Depreciated at 1.54% per annum)
Bathroom	30 years	(Depreciated at 3.33% per annum)
Kitchen	15 years	(Depreciated at 6.67% per annum)
Windows	30 years	(Depreciated at 3.33% per annum)
Boilers	20 years	(Depreciated at 5% per annum)
External Doors	40 years	(Depreciated at 2.5% per annum)

Other fixed assets
Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected economic useful lives of the assets at the following annual rates:

Leasehold improvements	20%	(5 years)
Office furniture and equipment	10%	(10 years)
Computer equipment	20%	(5 years)
Mid Market Rent properties:		
Floor Coverings	10%	(10 years)
Appliances	20%	(5 years)
Social Rent properties:		
Floor Coverings	10%	(10 years)
Appliances	20%	(5 years)

Impairment
Reviews for impairment of housing properties are carried out at scheme level when a possible impairment is highlighted by a change in circumstances (such as high repair costs or difficulties in lettings). Any impairment in an income generating unit is recognised by a charge in the Statement of Comprehensive Income and is recognised when the carrying value of the unit exceeds the higher of its net realisable value or value in use. The net realisable value is determined by an external valuation by a RICS approved valuer.

1. Principal accounting policies (continued)

Housing Association Grant and other capital grants
Certain developments have been financed wholly or partly by Housing Association Grant (HAG) or other capital grants. HAG is repayable under certain circumstances, primarily following sale of the related property but will normally be restricted to net proceeds of sale.

Capital grants are accounted for using the accrual model and are recognised in income on a systematic basis over the useful life of the related housing asset. The Association uses the useful lives of all housing components on a pro-rata basis to calculate the annual amortisation.

Financial instruments
Debtors and creditors receivable/payable within one year
Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at the transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other administrative expenses.

Loans and borrowings
Bank loans provided by Private Lenders are classed as basic under the requirements of FRS 102, and are therefore measured at amortised cost.

Payment arrangements with tenants
In the case of payment arrangements that exist with tenants, these are deemed to constitute financing transactions and, where material, are measured at the present value of future payments discounted at a market rate of interest applicable to similar debt instruments.

Deposits
Cash comprises cash in hand and deposits less overdrafts repayable on demand.

Leased assets
All leases are regarded as operating leases and the payments made under them are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Pension costs
The Association participates in the Scottish Housing Associations' Pension Scheme, in both the defined benefit and the defined contribution sections. The cost of the multi-employer defined benefit scheme is accounted for on a defined contribution basis as it is not possible to separately identify the underlying assets and liabilities of individual participating employers. As a past service deficit liability exists and the Association has undertaken to make additional contributions over a recovery period in order to eliminate the deficit, this obligation is recognised as a liability in the financial statements. The liability is calculated as the net present value of the future contributions payable

Value Added Tax
The Association is not registered for VAT and operating expenditure therefore includes Input VAT.

1. Principal accounting policies (continued)

Judgements in applying policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The members of the Board are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied in apportioning the cost of housing properties between constituent components and in determining the depreciation rates which have been deemed to be appropriate for the class of asset or asset component and in determining the appropriate level of bad debt provision for rental arrears.

2. Turnover

	Group		Association	
	2018	2017	2018	2017
	£	£	£	£
Income from lettings	5,761,236	5,549,993	5,244,255	5,091,140
Management services and other income	838,316	700,457	1,234,647	1,061,810
Total	6,599,552	6,250,450	6,478,902	6,152,950

3. Particulars of turnover, operating costs and operating surplus/(deficit): Association only

	Turnover	Operating costs	Operating Surplus or (deficit) 2018	Operating Surplus or (deficit) 2017
	£	£	£	£
Affordable letting activities (note 4)	5,244,255	3,562,741	1,681,514	1,179,728
Other activities (note 5)	1,234,647	923,463	311,184	281,563
Pension re-measurement credit (note 21)	-	(7,000)	7,000	1,046,000
Total	6,478,902	4,479,204	1,999,698	2,507,291
2017	6,152,950	3,645,659	2,507,291	

4. Particulars of turnover, operating costs and operating surplus or deficit from affordable letting activities: Association only

	General Needs Social Housing	Retirement Housing Accommo-dation	Total 2018	Total 2017
	£	£	£	£
Rent receivable net of service charges	4,074,109	707,458	4,781,567	4,594,724
Service charges	24,581	192,529	217,110	217,453
Gross income from rents and service charges	4,098,690	899,987	4,998,677	4,812,177
Less: Voids	(19,875)	(10,510)	(30,385)	(27,142)
Net Income from rents and service charges	4,078,815	889,477	4,968,292	4,785,035
Grants released from deferred income	275,963	-	275,963	306,105
Total turnover from affordable letting activities	4,354,778	889,477	5,244,255	5,091,140
Management and maintenance administration costs	1,187,349	194,493	1,381,842	1,329,640
Service Costs	25,482	152,536	178,018	178,595
Planned and cyclical maintenance including major repair costs	619,982	76,241	696,223	1,168,376
Reactive maintenance costs	574,297	94,070	668,367	562,635
Bad debts (rents and service charges)	(11,257)	(1,844)	(13,101)	21,499
Depreciation of affordable let properties	577,265	74,127	651,392	650,667
Operating costs for affordable letting activities	2,973,118	589,623	3,562,741	3,911,412
Operating surplus for affordable letting properties	1,381,660	299,854	1,681,514	1,179,728
2017	893,007	286,721	1,179,728	

5. Particulars of turnover, operating costs and operating surplus or deficit from other activities: Association only

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total turnover	Operating costs - bad debts	Other operating costs	Operating surplus or deficit 2018	Operating surplus or deficit 2017
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	-	-	-	-	-	12,977	(12,977)	-
Factoring	227,472	-	-	378,573	606,045	6,193	581,871	17,981	13,105
Other activities*	6,135	-	-	564,909	571,044	-	262,383	308,661	270,272
Medical adaptations	57,558	-	-	-	57,558	-	60,039	(2,481)	(1,814)
Total from other activities	291,165	-	-	943,482	1,234,647	6,193	917,270	311,184	281,563
Totals 2017	282,753	-	-	779,057	1,061,810	10,159	770,088	281,563	

Note: Other activity headings as noted in The Scottish Housing Regulator's Determination of Accounting Requirements 2014 do not apply.
*Other activities include £358,787 (2017: £315,200) in respect of the leasing of the Mid Market Rent properties to MEA Ltd.

6. Surplus for the year

	Group		Association	
	2018	2017	2018	2017
	£	£	£	£
Surplus for the year is stated after:				
Auditor's remuneration (including Value Added Tax):				
for external audit services	11,940	11,610	10,260	9,990
for taxation services	2,280	2,214	864	1,194
	=======	=======	=======	=======

7. Emoluments and interests of key management personnel

Manor Estates Housing Association Limited employs all staff for the Group and provides staff and services to Manor Estates Associates Limited.

The Board and senior staff, including the Chief Executive, Housing Manager, Technical Services Manager (Operational), Technical Services Manager (Strategic) and Corporate Services Manager, are defined as the key management of the Association. No emoluments were paid to any member of the Board during the year and details of the aggregate emoluments payable to key management personnel whose emoluments were £60,000 per annum or more follow.

	2018	2017
	£	£
Total emoluments (excluding pension contribution of £20,121) (2017: £20,316)	216,986	268,579
	=======	=======

The emoluments of the Chief Executive were as follows:		
Salary	81,966	68,980
Pension contributions	7,601	6,327
	------------	------------
	89,567	75,307
	=======	=======

The number of key management personnel whose emoluments, excluding pension contributions, were above £60,000 for the year were:

	2018	2017
£60,001 to £70,000	2	4
£80,001 to £90,000	1	-
	=======	=======

Expenses payable to the Board amounted to £ 2,639 (2017: £3,691).

8. Employee information

		2018	2017
		£	£
Staff costs during the year were as follows:-			
Salaries		944,834	927,043
Social Security costs		92,340	90,034
Pension costs (note 21)	- current contributions	61,131	46,393
	- expenses	6,487	6,164
Costs of recruitment		7,823	1,888
		1,112,615	1,071,522
Pension costs – Past service deficit re-measurement costs		(7,000)	(1,046,000)

	2018	2017
The average number of persons (full time equivalents) employed by the Association during the year was as follows:		
Housing management	18	18
Administration	8	7
	26	25

9. Interest

	Group 2018	Group 2017	Association 2018	Association 2017
	£	£	£	£
Interest receivable	6,875	6,498	6,875	6,498
Interest payable on bank loans	665,333	648,056	665,333	648,056
Financing costs pensions	9,000	49,000	9,000	49,000
Finance cost of setting up loans	11,850	11,650	11,850	11,650
	686,183	708,706	686,183	708,706

10. Tax on surplus on ordinary activities

The Association has charitable status and no Corporation Tax charge arises on activities in the year. The subsidiary company, Manor Estates Associates Limited is liable to Corporation Tax, however no Corporation Tax charge has arisen in the year.

11. Tangible fixed assets

(a) Housing properties: Group and Association

	Housing Properties In course of construction £	Housing Properties Held for Letting £	Mid Market Rent Properties £	Total £
Cost				
At 1 April 2017	3,530,120	35,694,998	7,350,017	46,575,135
Additions – properties under construction	625,618	-	-	625,618
Capitalised improvements including components	-	685,219	-	685,219
Disposals including replaced components	-	(96,170)	-	(96,170)
Transferred	(4,155,738)	2,376,564	1,779,174	-
At 31 March 2018	-	38,660,611	9,129,191	47,789,802
Depreciation				
At 1 April 2017	-	6,034,091	234,452	6,268,543
Charge for the year	-	651,392	110,270	761,662
On disposals including replaced components	-	(96,170)	-	(96,170)
At 31 March 2018	-	6,589,313	344,722	6,934,035
Net book value				
At 31 March 2018	-	32,071,298	8,784,469	40,855,767
At 31 March 2017	3,530,120	29,660,907	7,115,565	40,306,592

Housing units:	MMR No	Mainstream No	Retirement No	Total No
At 1 April 2017	65	853	143	1,061
At 31 March 2018	80	873	143	1,096

11. Tangible fixed assets (continued)

(b) Other fixed assets: Group and Association

	Office & IT Equipment £	Leasehold Improve-ments £	MMR and Social Furnishings £	Total £
Cost				
At 1 April 2017	273,572	63,501	145,459	482,532
Additions	54,138	-	57,786	111,924
Disposals	(11,542)	-	(1,549)	(13,091)
At 31 March 2018	316,168	63,501	201,696	581,365
Depreciation				
At 1 April 2017	235,666	54,223	48,816	338,705
Provided in year	29,756	4,556	32,276	66,588
Disposals	(11,542)	-	(1,549)	(13,091)
At 31 March 2018	253,880	58,779	79,543	392,202
Net book value 31 March 2018	62,288	4,722	122,153	189,163
Net book value 31 March 2017	37,906	9,278	96,643	143,827

The leasehold office premises are held on a short lease (note 18).

12. Investments

Manor Estates Housing Association has invested in its wholly owned subsidiary, Manor Estates Associates Limited (MEAL).

	2018 £	2017 £
At 1 April 2017 and 31 March 2018		
100 ordinary shares of £1 each	100	100

The subsidiary has net assets, capital and reserves of £100 at 31 March 2018. The taxable surplus is transferred by Gift Aid to the Association and amounts to £35,897 for 2018 (2017: £30,877).

13. Debtors

	Group 2018 £	Group 2017 £	Association 2018 £	Association 2017 £
Rent arrears	165,566	137,687	156,517	129,885
Doubtful debt provision	(48,939)	(68,684)	(43,484)	(68,684)
	116,627	69,003	113,033	61,201
Other debtors	181,167	568,075	210,018	580,647
Subsidiary Company (note 12)	-	-	-	24,378
Prepayments	60,078	229,483	60,078	229,483
Finance costs (note 15)	64,183	76,033	64,183	76,033
	422,055	942,594	447,312	971,742

14. Creditors: amounts falling due within one year

	Group 2018 £	Group 2017 £	Association 2018 £	Association 2017 £
Trade creditors	244,153	477,854	244,153	477,854
Other creditors	56,947	53,711	56,947	53,711
Social Security and other taxes	21,357	22,891	21,357	22,891
Prepayments of rent and service charges	54,953	67,731	53,259	65,674
Accruals and deferred income	424,419	715,289	419,919	713,097
Subsidiary Company (note 12)	-	-	4,425	-
Loan interest currently due	45,617	47,363	45,617	47,363
Bank loan repayable within one year	626,603	624,391	626,603	624,391
Pension Deficit Payments (note 21)	206,000	200,000	206,000	200,000
	1,680,049	2,209,230	1,678,280	2,204,981

15. Creditors: amounts falling due after one year

	Group 2018 £	Group 2017 £	Association 2018 £	Association 2017 £
Bank loans repayable by instalments:-				
Repayable between two and five years	4,306,412	3,706,411	4,306,412	3,706,411
Repayable after five years	11,508,627	11,235,231	11,508,627	11,235,231
	15,815,039	14,941,642	15,815,039	14,941,642
Deferred Housing Association Grant (note 20)	13,356,311	13,697,271	13,356,311	13,697,271
Provision for pension deficit contributions (note 21)	625,000	829,000	625,000	829,000
	29,796,350	29,467,913	29,796,350	29,467,913

15. Creditors: amounts falling due after one year (continued)

£7,200,000 of the above bank loan is secured over housing properties and is repayable by instalments which commenced on 30 March 2012. At 31 March 2018, interest on £5,850,000 of the above loan was based on a fixed rate of 2.99% for a period of 3 years. The interest on the remaining loan is charged at a variable rate. Under certain circumstances, part of the above loan may, at the request of the lender, become repayable within one year. Under normal circumstances, such a situation could only arise where increased cash has been generated and projections indicate that the Association's expenditure plans will not be jeopardised by an additional loan repayment.

The loan can also be repaid early at the option of the Association.

The balance of £9,000,000 is the loan that has financed phase 1, 2 and 3 and phase 2 of the new development at Sandilands Close. The finance costs for this loan are held in debtors and are being written off over the life of the loan.

The average rate of interest paid in the year is 3.96% (2017: 3.93%).

We are continuing to pay off the loan of £266,030 from the Energy Savings Trust. This is repayable over 10 years at 0% interest rate from May 2017.

16. Share capital

Ownership of a share does not entitle the holder to participate in the Association's assets. Each member of the Board holds one share of £1 in the Association.

17. Reconciliation of operating surplus to net cash inflow from operating activities

	Group		Association	
	2018	2017	2018	2017
	£	£	£	£
Surplus for the year	1,394,110	2,241,890	1,394,110	2,241,890
Depreciation charges	828,250	784,855	828,250	784,855
Pension costs less contributions payable	(207,000)	(1,234,000)	(207,000)	(1,234,000)
(Increase)/decrease in debtors	521,531	304,854	512,580	312,207
Increase/(decrease) in creditors	(767,471)	289,048	(752,149)	279,971
Adjustments for investing or financing activities:				
Gains on disposal of tangible fixed assets	(73,720)	(436,807)	(73,720)	(436,807)
Housing Association Grant utilised in the year	(340,960)	(353,887)	(340,960)	(353,887)
Interest and financing costs	686,183	708,706	686,183	708,706
Interest receivable	(6,875)	(6,498)	(6,875)	(6,498)
Share capital cancelled	(3)	(54)	(3)	(54)
Net cash flow from operating activities	2,034,045	2,298,107	2,040,416	2,296,383

18. Leasing commitments

The future aggregate minimum lease payments under non-cancellable operating leases is as follows:

	2018 £	2017 £
No later than one year	75,000	75,000
Later than one year but no later than five years	75,000	150,000
	150,000	225,000

19. Capital commitments

	Group 2018 £	Group 2017 £	Association 2018 £	Association 2017 £
Capital expenditure that has been contracted for but not been provided for in the financial statements	-	854,823	-	854,823

20. Housing Association Grant and Contingent Liabilities

	Group 2018 £	Group 2017 £	Association 2018 £	Association 2017 £
Summary of HAG movement in the year:-				
Opening Balance	13,697,271	13,185,360	13,697,271	13,185,360
Grants released in the year	(340,960)	(353,887)	(340,960)	(353,887)
Repaid in respect of house disposals	-	(52,760)	-	(52,760)
New HAG received	-	918,558	-	918,558
	13,356,311	13,697,271	13,356,311	13,697,271
Due to be released < 1 year	323,028	290,812	323,028	290,812
Due to be released > 1 Year	13,033,283	13,406,459	13,033,283	13,406,459
	13,356,311	13,697,271	13,356,311	13,697,271

Housing Association Grant received to assist in the funding of the development of housing properties is recognised as deferred income and released to the Statement of Comprehensive Income on a systematic basis (as detailed in note 1); nonetheless this grant remains repayable should the associated property be disposed of and therefore a contingent liability exists in respect of the amortised amounts. At 31 March 2018 £3,400,791 (2017: £3,059,831) of grant had been amortised.

21. Pension scheme

(i) The Pensions Trust – Scottish Housing Associations' Pension Scheme (SHAPS)

Manor Estates Housing Association participates in a multi-employer scheme which provides benefits to some 150 non-associated employers. The scheme is a defined benefit scheme in the UK, but also provides a defined contribution option.

It is not possible for the Association to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is 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 scheme is classified as a "last man standing arrangement". Therefore the Association is potentially liable for the other participating employer's obligations if those employers are unable to meet their share of the scheme deficit 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. Further information on this estimated debt on withdrawal is given in part (iii) of this note.

A full actuarial valuation for the scheme was carried out at 30 September 2015. This actuarial valuation showed assets of £616m liabilities of £814m and a deficit of £198m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme as follows:

Deficit contributions
From 1 April 2017 to 28 February 2022:
£25.7m per annum (payable monthly and increasing by 3% each 1 April)

From 1 April 2017 to 30 June 2025:
£727,217 per annum (payable monthly and increasing by 3% each 1 April)

From 1 April 2017 to 31 October 2026:
£1.2m per annum (payable monthly and increasing by 3% each 1 April)

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

Where the scheme is in deficit and where the Association has agreed to a deficit funding arrangement the Association recognises a liability for this obligation. The amount 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 noted below. The unwinding of the discount rate is recognised as a finance cost.

Assumptions	2018	2017
Rate of discount – % per annum	1.51	1.06
	=======	=======

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 as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

21. Pension scheme (Contd.)

(i) The Pensions Trust – Scottish Housing Associations' Pension Scheme (continued)

The liability recognised is as follows:

	2018 £'000	2017 £'000
Present value of provision at 1 April	1,002	2,186
Unwinding of the discount factor (interest expense)	9	48
Deficit contributions paid	(197)	(185)
Remeasurements – impact of any change in assumptions	(7)	29
Remeasurements – amendments to the contribution schedule	-	(1,076)
Present value of the provision at 31 March	807	1,002

(ii) Pension Trust's Growth Plan

Manor Estates Housing Association also participates in The Pensions Trust's Growth Plan (the Plan) which is a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers.

The Plan is a defined benefit scheme in the UK and in common with the SHAP scheme it is not possible for the Association to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The Plan is subject to the same funding legislation outlined above and as a "last man standing arrangement" is under similar obligations to meet any share of a deficit on withdrawal from the Plan.

A full actuarial valuation for the scheme was carried out at 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 Plan as follows:

Deficit contributions
From 1 April 2016 to 30 September 2025:
£12.9m per annum (payable monthly and increasing by 3% each 1 April)

From 1 April 2016 to 30 September 2028:
£54,560 per annum (payable monthly and increasing by 3% each 1 April)

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

21. Pension scheme (Contd.)

(ii) Pension Trust's Growth Plan (continued)

As the Growth Plan is in deficit and the Association has agreed to a deficit funding arrangement the Association recognises a liability for this obligation in the amount of the net present value of the deficit reduction contributions payable under the agreement. The present value is calculated using the discount rate detailed below. The unwinding of the discount rate is recognised as a finance cost.

Assumptions	**2018**	**2017**
Rate of discount – % per annum	1.71	1.32
	=======	=======

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 as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The liability recognised is as follows:

	2018 **£'000**	**2017** **£'000**
Present value of provision at 1 April	27	28
Unwinding of the discount factor (interest expense)	-	1
Deficit contributions paid	(3)	(3)
Remeasurements – impact of any change in assumptions	-	1
Remeasurements – amendments to the contribution schedule	-	-
	------------	------------
Present value of the provision at 31 March	24	27
	=======	=======

(iii) Employer Debt on Withdrawal

The Association has been notified by the Pensions Trust of the estimated employer debt on the withdrawal from the relevant schemes based on the financial position of the schemes as at 30 September 2017. As of this date the total estimated employer debt for the Association is £6.4m for both schemes. There is no current intention to withdraw from the schemes.

22. Related Party Transactions

Management and administration services are provided to Manor Estates Associates Limited (the subsidiary company). These costs amounted to £26,037 in the year (2017: £39,785). In addition, management charges of £30,790 (2017: £25,668) and lease costs of £358,396 (2017: £315,200) have been incurred by Manor Estates Associates Limited in relation to the MMR properties.

Manor Estates Associates Limited agreed a gift aid distribution of £35,897 (2017: £30,877) to the Association. The balance owed to Manor Estates Associates Limited from the Association at 31 March 2018 is £4,425 (2017: £24,378 debtor) and is included in the Association's creditors note 14 (2017: debtors note 13). The balance owed by Manor Estates Associates Limited to the Association for gift aid at 31 March 2018 is £35,897 (2017: £28,786).

23. Tenant Board Members

Two of the Board were tenants of the Association as at 31 March 2018. They have standard tenancy agreements and were awarded their tenancies in line with best practice allocations policy. Rents charged to the two tenant Board Members during the year was £9,756 and the net balance outstanding from the tenant Board Members as at 31 March 2018 was £9 (credit) (2017:£10 credit).