MANOR ESTATES HOUSING ASSOCIATION LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Scottish Charity Number SC023106
Registered with the Financial Conduct Authority No. 2484RS
Registered Housing Association No. HEP 284

MANOR ESTATES HOUSING ASSOCIATION LIMITED

BOARD, EXECUTIVES AND ADVISERS

Board	Nigel Hicks (Chair) Rachel Hutton (Vice Chair) Carol Tait Doug McEwan Sandra Brydon Mike Trant Kerry McLeod Filip Roslewski Andrew Clark Sam Mills (Co-optee) Andrew Scott (Co-optee) Shaun McPhee (Co-optee)
Chief Executive	Graeme Russell (retired 31 May 2019)
Depute CEO and Secretary	Carolyn Hughes
Registered office	11 Washington Lane Edinburgh EH11 2HA
Independent auditor	Scott-Moncrieff 25 Bothwell Street Glasgow G2 6NL
Bankers	Royal Bank of Scotland plc 36 St Andrew Square Edinburgh EH2 2AD
	Santander Bootle Merseyside L30 4GB
Solicitors	TC Young Melrose House 69 George Street Edinburgh EH2 2JG
Financial Conduct Authority No.	2484R(S)
Registered with the Scottish Housing Regulator:	HEP 284
Scottish Charity Number:	SC 023106

MANOR ESTATES HOUSING ASSOCIATION LIMITED

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REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2019

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 2019.

Principal Activities

The principal activity of Manor Estates Housing Association is the development, management and maintenance of housing for people in housing need.

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

Carol Tait
Doug McEwan
Nigel Hicks (Chair)
Rachel Hutton (Vice Chair)
Sandra Brydon
Mike Trant
Kerry McLeod
Filip Roslewski
Andrew Clark
Sam Mills (co-opted 31 January 2019)
Shaun McPhee (co-opted 31 January 2019)
Andrew Scott (co-opted 31 January 2019)
Trudi Symes (resigned 28 May 2018)
Tracey Kelly (resigned 24 April 2019)

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 both restrictions to welfare benefit entitlements and austerity, there is an increased 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 as a result of properties being void and unlet. 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 and reviews a range of key performance indicators and risks at regular intervals. In addition, a mid - year budget review is undertaken. These reviews allow the Board to ensure effective oversight of the Association's operations and financial affairs and to quickly introduce appropriate or mitigating action should it be necessary.

Business Activities

2018/19 was Manor Estates Housing Association's 24th year in operation. During the year the Association continued its major programme of expenditure on managing and maintaining its properties. The Association's subsidiary company, Manor Estates Associates Limited (MEA Limited) continued trading, undertaking a range of complimentary activities.

Business Activities (continued)

In 2015 the Scottish Government introduced a new energy efficiency standard for social housing (EESSH). Manor Estates, like all social landlords must meet this standard by December 2020 and we have continued to be successful in accessing and facilitating additional sources of funding which enabled us to carry out external wall insulation to our properties in mixed tenure estates.

During 2018/19 we continued our programme of external wall insulation with tenants in South Queensferry benefitting. This insulation programme significantly improves energy efficiency and leads to savings in energy costs for many tenants and owners. Wherever possible and as the opportunity presents its self, the Association will continue to progress home insulation initiatives which benefit tenants and owners.

Our partnership with Changeworks, a charitable organisation specialising in the provision of advice to those effected by fuel poverty proved to be singularly successful. Seventy – four tenants accessed this service, combined household savings of £6,334.79 being realised. Our work with Changeworks will continue in an effort to reduce fuel poverty amongst our tenants.

The appointment of a part time Welfare Rights Officer aided more than 60 tenants maximise their income and entitlement to benefits. During 2018/19 a total of £81,369 of additional income was attained.

The Association continues to spend significant sums of money 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. We also carried out the necessary maintenance and component replacement work identified in our regularly reviewed asset management plan.

During the year we have prepaid £1.8m of our outstanding loan with our lenders, Santander. In effect this means that we did not make a repayment in March 2019 nor will we next year. The balance of the prepayment (£600,000) will reduce the Association’s payment in the year ending 31 March 2021.

The Association continues to provide factoring services to around 1700 home owners, principally in estates where we have an interest as a landlord. Administering factoring arrangements while recovering the costs of the factoring service remains 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.

The Association provides 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.

Manor Estates have agreed to participate in a consortium of independent Edinburgh based RSLs – ARCHIE (Alliance of Registered Co-operatives and Housing Associations, Independent in Edinburgh) with a view to sharing experience, services and knowledge to enhance services to tenants and the communities within which the organisation operates.

The Association remains committed to providing high quality and sensitively delivered services to all our tenants and the development of a new Corporate Plan covering the period 2019/22 will continue to direct the Associations resources towards enabling tenants to enjoy good quality affordable accommodation, there being an emphasis on tenancy sustainment and the mitigation of fuel poverty.

Board:

The Association presently has thirteen Board members, including two tenants and an owner who is the recipient of factoring services. A recruitment exercise conducted during 2018 resulted in the Association recruiting as co – optee’s three experienced individuals who will enhance the experience and capability of the Board as it takes forward the ambitions of the organisation.

Board (continued)

The Board continues to set the strategic direction of the Association and is committed to ensuring that the organisation adheres to the highest standards of governance and probity. In order to comply with the requirements of the recently published Scottish Housing Regulators: Regulatory Standards (February 2019), the Board will be regularly self - assessing itself against these standards and taking actions to ensure compliance.

The Association's Chair and Vice – Chair continue to conduct collective assessments of Board performance as well as holding annual review meetings with individual Board members; where their skills and knowledge are appraised and where both collective and individual training needs are identified.

Principal Risks & Uncertainties

The Association recognises the importance of identifying, evaluating and managing strategic and operational risks, and remains focussed on ensuring events and challenges which could compromise the Association's ability to deliver services are minimised.

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

The principal risks facing the Association are:

- Political and economic uncertainty
- Welfare reform
- ICT services being compromised
- Business continuity and disaster recovery
- Development and growth
- Financial risk management and
- Regulatory compliance

The severity of any risk is assessed by considering how likely it is that an event will occur and what the impact on the Association would likely be. The likelihood and impact of each event are combined and a risk rating established. The Association's Risk Management Strategy consequently identifies both major and minor risks. 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 2018 a staff structure and grading review was undertaken and its findings applied.

The Association continues to engage with Investors in People (IIP) and the Board and staff were delighted, in February 2019 to have the Association's accreditation increased from Silver to a very high - level Gold. It remains the objective of the Association to ensure all of 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 aspects of Human Resources and Health and Safety management are effectively operated. The Association remains an accredited employer with Disability Confident, an initiative promoted by Jobcentre Plus.

Staff (continued)

The Board and senior staff, including the Chief Executive, Depute Chief Executive/Neighbourhood Services Director, Asset Management and Repairs Director and Corporate Services Director, are defined as the key management personnel within the Association. Remuneration for all staff including the key management personnel is based on EVH salary scales (further information is contained within note 8). The Board are all voluntary members and receive no remuneration.

In January 2019, the current Chief Executive Mr Graeme Russell announced his intention to retire and following an assessment of the Association's future plans, a recruitment process commenced to appoint a successor.

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 11. The surplus for the Group is £1,630,285 (*2018: restated surplus £1,394,110)*. The surplus resulted in an increase in reserves to £14,884,398 (2018: £13,910,103).

Statement of the Board's Responsibilities

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations. Statute requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association, and of 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Association and 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 Auditor

The Board members have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is 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, which was recently reviewed, is designed to set rents that are transparent, consistent and affordable to current and prospective tenants. Rents and service charges must however cover the Association's costs and promote confidence in the Association's ability to fulfil its obligations.

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. These controls are regularly reviewed.

Audit Committee

In line with good practice, the Association has established an Audit Committee. This committee meet quarterly and regularly receive reports, review risks and attains independent comment as well as appropriate reassurances 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 agreed based on an Audit Needs Assessment by the internal auditors (Quinn Internal Audit and Business Support Services, QIABSS), which assess those areas of the Association's activity where potential risks have been identified. Overall the reviews carried out by QIABSS indicate that the Association has in place systems that are designed and operated to provide effective control and minimise risk.

Internal Financial Control System

The key elements of the internal financial control system are as follows:

- Documented financial regulations, including a recently revised policy on the delegation to and authority of the Senior Management Team;
- 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.

Auditor

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

By order of the Board

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Carolyn Hughes
Secretary

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

FOR THE YEAR ENDED 31 MARCH 2019

Opinion

We have audited the financial statements of Manor Estates Housing Association Limited (the "parent association") and its subsidiary (the "group") for the year ended 31 March 2019 which comprise the Consolidated and Association Statement of Comprehensive Income, the Consolidated and Association Statement of Changes in Capital and Reserves, the Consolidated and Association Statement of Financial Position, the Consolidated and Association Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 group's and parent association's affairs as at 31 March 2019 and of the group's and parent association'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 prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefits Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014 issued by the Scottish Housing Regulator.

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 parent association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our 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 audit opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in 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 group or the parent 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 are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained by the parent association; or
- the parent association has not kept proper accounting records; or
- the parent association's financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the Board

As explained more fully in the Statement of the Board's Responsibilities set out on page 4, 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible for assessing the group's and the parent association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the group or the parent association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's responsibilities for the audit of the financial statements (continued)

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 parent association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the parent association's members, as a body, 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 parent association and the parent association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Scott-Moncrieff, Statutory Auditor
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL

Date:

INDEPENDENT AUDITOR'S REPORT ON CORPORATE GOVERNANCE MATTERS TO THE MEMBERS OF MANOR ESTATES HOUSING ASSOCIATION LIMITED

FOR THE YEAR ENDED 31 MARCH 2019

In addition to our audit of the financial statements, we have reviewed your statement on page 5 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 2009/4 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 5 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 Board and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Board'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.

Scott-Moncrieff
Chartered Accountants
Statutory Auditor
25 Bothwell Street
Glasgow
G2 6NL

Date:

GROUP AND ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Group 2019 £	Association 2019 £	*Restated Group 2018 £*	*Restated Association 2018 £*
Turnover	4	**6,364,724**	**6,198,044**	*6,563,655*	*6,443,005*
Operating expenditure	4	**(4,074,124)**	**(3,920,025)**	*(4,563,957)*	*(4,479,204)*
Operating profit	4	**2,290,600**	**2,278,019**	*1,999,698*	*1,963,801*
Gain on disposal of property		**15,615**	**15,615**	*73,720*	*73,720*
Interest receivable	10	**20,278**	**20,278**	*6,875*	*6,875*
Interest and financing costs	10	**(696,208)**	**(696,208)**	*(686,183)*	*(686,183)*
Gift aid from subsidiary		**-**	**35,897**	*-*	*30,877*
Surplus before tax		**1,630,285**	**1,653,601**	*1,394,110*	*1,389,090*
Tax	11	**-**	**-**	*-*	*-*
Surplus for the year		**1,630,285**	**1,653,601**	*1,394,110*	*1,389,090*
Other comprehensive income					
Initial recognition of multi-employer defined benefit scheme	24	**(253,000)**	**(253,000)**	-	-
Actuarial loss in respect of pension scheme	24	**(403,000)**	**(403,000)**	-	-
Total comprehensive income for year		**974,285**	**997,601**	*1,394,110*	*1,389,090*

All activities relate to continuing operations.

The notes on pages 15 to 39 form part of these financial statements.

MANOR ESTATES HOUSING ASSOCIATION LIMITED

GROUP AND ASSOCIATION STATEMENT OF CHANGES IN CAPITAL AND RESERVES FOR THE YEAR ENDED 31 MARCH 2019

Group - 2019	Share Capital £	Income & Expenditure Reserve £	Total Unrestricted Funds £
		£	
Balance at 1 April 2018 restated	68	13,910,035	13,910,103
Total comprehensive income	-	974,285	974,285
New shares issued	12	-	12
Shares cancelled	(2)	-	(2)
Balance at 31 March 2019	78	14,884,320	14,884,398

Association - 2019	Share Capital £	Income & Expenditure Reserve £	Total Unrestricted Funds £
		£	
Balance at 1 April 2018 restated	68	13,874,138	13,874,206
Total comprehensive income	-	997,601	997,601
New shares issued	12	-	12
Shares cancelled	(2)	-	(2)
Balance at 31 March 2019	78	14,871,739	14,871,817

Group 2018	Share Capital £	Income & Expenditure Reserve £	Total Unrestricted Funds £
		£	
Balance at 1 April 2017 restated	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 restated	68	13,910,035	13,910,103

Association 2018	Share Capital £	Income & Expenditure Reserve £	Total Unrestricted Funds £
		£	
Balance at 1 April 2017 restated	63	12,485,048	12,485,111
New shares issued	8	-	8
Shares cancelled	(3)	-	(3)
Surplus from Statement of Total Comprehensive Income	-	1,389,090	1,389,090
Balance at 31 March 2018 restated	68	13,874,138	13,874,206

The notes on pages 15 to 39 form part of these financial statements.

GROUP AND ASSOCIATION CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

		Group		Association	
			Restated		*Restated*
Fixed assets	**Notes**	**2019**	*2018*	**2019**	*2018*
Tangible fixed assets:					
Housing properties	12a	**41,237,469**	*40,855,767*	**41,237,469**	*40,855,767*
Other fixed assets	12b	**161,470**	*189,163*	**161,470**	*189,163*
Investments	13	**-**	*-*	**100**	*100*
		41,398,939	*41,044,930*	**41,399,039**	*41,045,030*
Current assets					
Debtors	14	**464,901**	*422,055*	**474,000**	*411,415*
Cash and cash equivalents	15a	**1,563,640**	*1,419,517*	**1,538,442**	*1,392,391*
Investments	15b	**1,500,000**	*2,500,000*	**1,500,000**	*2,500,000*
		3,528,541	*4,341,572*	**3,512,442**	*4,303,806*
Creditors: amounts falling due within one year	16	**(1,353,960)**	*(1,910,077)*	**(1,350,542)**	*(1,908,308)*
Net current assets		**2,174,581**	*2,431,495*	**2,161,900**	*2,395,498*
Total assets less current liabilities		**43,573,520**	*43,476,425*	**43,560,939**	*43,440,528*
Creditors: amounts falling due after more than one year	17	**(27,263,122)**	*(29,473,322)*	**(27,263,122)**	*(29,473,322)*
Provision for dilapidation		**(93,000)**	*(93,000)*	**(93,000)**	*(93,000)*
Pension – defined benefit liability	24	**(1,333,000)**	*-*	**(1,333,000)**	*-*
Total net assets		**14,884,398**	*13,910,103*	**14,871,817**	*13,874,206*
Reserves					
Share capital	19	**78**	*68*	**78**	*68*
Income and expenditure reserve		**14,884,320**	*13,910,035*	**14,871,739**	*13,874,138*
Total reserves		**14,884,398**	*13,910,103*	**14,871,817**	*13,874,206*

The financial statements were approved by the Board on 26 June 2019 and were signed on its behalf by:

Nigel Hicks	**Rachel Hutton**	**Carolyn Hughes**
Chair	Vice Chair	Secretary

The notes on pages 15 to 39 form part of these financial statements.

GROUP AND ASSOCIATION CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2019

		Group		Association	
			Restated		*Restated*
	Note	**2019**	*2018*	**2019**	*2018*
		£	*£*	**£**	*£*
Net cash generated from operating activities	20	**2,886,982**	*2,034,045*	**2,924,807**	*2,040,416*
Cash flow from investing activities					
Purchase of tangible fixed assets		**(1,287,055)**	*(1,203,779)*	**(1,287,055)**	*(1,203,779)*
Proceeds from sale of tangible fixed assets		**104,604**	*73,720*	**104,604**	*73,720*
Grants received		**-**	-	**-**	-
Grants repaid		**(57,887)**	-	**(57,887)**	-
Gift aid		**-**	-	**(35,897)**	
Interest received		**20,278**	*6,875*	**20,278**	*6,875*
		(1,220,060)	*(1,123,184)*	**(1,255,957)**	*(1,123,184)*
Cash flow from financing activities					
Interest paid		**(696,208)**	*(667,079)*	**(696,208)**	*(667,079)*
New secured loans		**-**	*1,500,000*	**-**	*1,500,000*
Repayment of borrowings		**(1,826,603)**	*(624,391)*	**(1,826,603)**	*(624,391)*
Share capital issued		**12**	*8*	**12**	*8*
		(2,522,799)	*208,538*	**(2,522,799)**	*208,538*
Net change in cash and cash equivalents		**(855,877)**	*1,119,399*	**(853,950)**	*1,125,770*
Cash and cash equivalents at beginning of year		**3,919,517**	*2,800,118*	**3,892,391**	*2,766,621*
Cash and cash equivalents at end of year		**3,063,640**	*3,919,517*	**3,038,442**	*3,892,391*

The notes on pages 15 to 39 form part of these financial statements.

1. General information

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland’ (United Kingdom Generally Accepted Accounting Practice) and comply with the requirements of the Determination of Housing Requirements 2014 as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2014. The principal accounting policies are set out below.

The preparation of these financial statements in compliance with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise judgement in applying the Association’s accounting policies (see note 3).

The presentation currency is pounds sterling and the financial statements are rounded to the nearest whole number.

The Association is a Co-operative and Community Benefit Society limited by shares and is incorporated in the United Kingdom. The Association is a registered social landlord in Scotland and its registered number is HEP 284. The registered address is available on the first page of the financial statements.

The Association is defined as a public benefit entity and thus the Association complies with all disclosure requirements relating to public benefit entities.

2. Principal accounting policies

Group accounts
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 2019. 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.

The Association has taken advantage of the provisions made available through Financial Reporting Exposure Draft (FRED) 71, “Draft amendments to FRS 102 on Multi-employer defined benefit plans”. These provisions will become effective as part of FRS 102 for accounting periods commencing on or after 1 January 2020, however the Association has chosen to early adopt these provisions for the current accounting period. Therefore for the year ended 31 March 2018, SHAPS was accounted for as a defined contribution scheme although the past service deficit liability was recognised as a liability. For the year ended 31 March 2019, SHAPS is accounted for as a defined benefit pension liability with the adjustment to reflect the movement between the past service deficit liability at 1 April 2018 and the SHAPS defined benefit liability at 1 April 2018 and the SHAPS defined benefit liability at 1 April 2018 being recognised within Other Comprehensive Income in the Statement of Comprehensive Income as outlined in FRED 71. Further details in respect of this inconsistent treatment can be found in Note 24 to these financial statements.

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.

2. Principal accounting policies (continued)

Turnover
Turnover represents rental and service income receivable and fees and grants from local authorities and the Scottish Government. Also included is any income from and management fees for the factoring of properties for private owners as the provision of factoring services is accounted for on an agency basis.

Income from rental and service charges and factoring activities is recognised when the Association is entitled to it, it is probable it will be received and it can be measured reliably.

Income from revenue grants receivable have been covered in a separate accounting policy below.

Leasing

Rentals payable under operating lease are charged to the Statement of Income and Retained Earnings on a straight line basis over the period of the lease.

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.

Interest receivable
Interest receivable is recognised in the Statement of Comprehensive Income using the effective interest rate method.

Interest payable
Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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.

2. Principal accounting policies (continued)

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.

Housing Association Grant and other capital grants
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.

2. Principal accounting policies (continued)

Financial instruments (continued)
(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.

Cash and cash equivalents
Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Debtors
Short term debtors are measured at transaction price, less any impairment.

Creditors
Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Pension costs
The Association participates in The Scottish Housing Associations' Defined Benefits Pension Scheme (SHAPS) and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

Up until 31 March 2018, it was not possible to identify the share of underlying assets and liabilities belonging to individual participating employers. Thus, up until the end of the 31 March 2018 year end, the Scheme was accounted for as a defined contribution scheme. However the Association entered into a past service deficit repayment agreement with TPT and per FRS 102, this discounted past service deficit liability was recognised in the Statement of Financial Position.

From 1 April 2018, information became available in order to separate out the assets and liabilities between scheme members and thus the SHAPS defined benefit pension liability is accounted for as a defined benefit pension scheme from 1 April 2018 onwards. In accordance with FRS 102 section 28, the operating and financing costs of pension and post retirement schemes (determined by TPT) are recognised separately in the Statement of Comprehensive Income. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise. The difference between actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in Other Comprehensive Income.

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

3. Judgement in applying policies and key sources of uncertainty

In preparing the financial statements, management are 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 as follows:

Estimate	Basis of estimation
Valuation of housing properties	Housing Properties are held at deemed cost which is based on existing use valuations at the date of transition to FRS 102 of 1 April 2014.
Useful lives of property, plant and equipment	The useful lives of property, plant and equipment are based on the knowledge of senior management, with reference to expected asset life cycles.
The main components of housing properties and their useful lives	The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and based on expected asset life cycles.
Recoverable amount of rental and other trade receivables	Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.
The obligations under the SHAPs pension scheme	This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate. Additionally, the impact of Guaranteed Minimum Pension (GMP) equalisation has been included in the SHAPS defined benefit liability.
Impairment of debtors	The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considered factors including the ageing profile of debtors and historical experience. See note 14 for carrying amount of debtors.

4. Particulars of turnover, operating costs and operating surplus

Group:	**Notes**	**Turnover** £	**Operating costs** £	**Operating Surplus 2019** £	*Restated Operating Surplus 2018* £
Affordable letting activities		**5,503,312**	**(3,538,466)**	**1,964,846**	*1,717,411*
Other activities		**861,412**	**(536,658)**	**324,754**	*275,287*
Pension re-measurement credit	24	**-**	**1,000**	**1,000**	*7,000*
Total		**6,364,724**	**(4,074,124)**	**2,290,600**	*1,999,698*
2018		*6,563,655*	(4,563,698)	*1,999,698*	

Association only:	**Notes**	**Turnover** £	**Operating costs** £	**Operating Surplus 2019** £	*Restated Operating Surplus 2018* £
Affordable letting activities	5	**5,388,599**	**(3,431,099)**	**1,957,500**	*1,681,514*
Other activities	6	**809,445**	**(489,926)**	**319,519**	*275,287*
Pension re-measurement credit	24	**-**	**1,000**	**1,000**	*7,000*
Total		**6,198,044**	**(3,920,025)**	**2,278,019**	*1,963,801*
2018		*6,443,005*	(4,479,204)	*1,963,801*	

5. Particulars of turnover, operating costs & operating surplus from affordable letting activities

Association only:	**General Needs Social Housing** £	**Retirement Housing Accommodation** £	**Total 2019** £	*Total 2018* £
Income from rent and service charges				
Rent receivable net of service charges	**4,225,142**	**723,489**	**4,948,631**	*4,781,567*
Service charges	**27,071**	**166,007**	**193,078**	*217,110*
Gross income from rents & service charge	**4,252,213**	**889,496**	**5,141,709**	*4,998,677*
Less: Voids	**(21,509)**	**(6,791)**	**(28,300)**	*(30,385)*
Net income from rents & service charge	**4,230,704**	**882,705**	**5,113,409**	*4,968,292*
Grants released from deferred income	**275,190**	**-**	**275,190**	*275,963*
Total turnover from affordable letting activities	**4,505,894**	**882,705**	**5,388,599**	*5,244,255*

5. Particulars of turnover, operating costs & operating surplus from affordable letting activities (continued)

Expenditure				
Management & maintenance administration costs	**1,204,781**	**189,537**	**1,394,318**	*1,381,842*
Service Costs	**27,478**	**121,754**	**149,232**	*178,018*
Planned & cyclical maintenance including major repair costs	**418,302**	**89,032**	**507,334**	*696,223*
Reactive maintenance costs	**568,834**	**93,282**	**662,116**	*668,367*
Bad debts (rents and service charges)	**15,398**	**2,525**	**17,923**	*(13,101)*
Depreciation of affordable let properties	**620,654**	**79,522**	**700,176**	*651,392*
Operating expenditure for affordable letting properties	**2,855,447**	**575,652**	**3,431,099**	*3,562,741*
Operating surplus for affordable letting properties, 2019	**1,650,447**	**307,053**	**1,957,500**	*1,681,514*
2018	*1,381,660*	*299,854*	*1,681,514*	

6. 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) 2019 £	*Restated operating surplus or (deficit) 2018* £
Wider Role Activities	**-**	**-**	**-**	**-**	**-**	**-**	**(23,253)**	**(23,253)**	*(12,977)*
Factoring	**-**	**-**	**-**	**257,527**	**257,527**	**9,284**	**(215,809)**	**51,002**	*17,981*
Other activities*	**2,741**	**-**	**-**	**521,765**	**524,506**	**-**	**(233,923)**	**290,583**	*272,764*
Medical adaptations	**27,412**	**-**	**-**	**-**	**27,412**	**-**	**(26,225)**	**1,187**	*(2,481)*
Total from other activities	**30,153**	**-**	**-**	**779,292**	**809,445**	**9,284**	**(499,210)**	**319,519**	*275,287*
Total 2018	*291,165*	*-*	*-*	*907,585*	*1,198,750*	*(6,193)*	*(917,270)*	*275,287*	

Note: Other activity headings as noted in The Scottish Housing Regulator's Determination of Accounting Requirements 2014 do not apply. *Other activities include £387,459 *(2018 - £358,787)* in respect of the leasing of the Mid Market Rent properties to MEA Ltd.

7. Surplus for the year

	Group		Association	
	2019	*2018*	**2019**	*2018*
Surplus for the year is stated after	**£**	*£*	**£**	*£*
Auditor's remuneration (including Value Added Tax):				
for external audit services	**17,640**	*11,940*	**13,620**	*10,260*
for taxation services	**1,075**	*2,280*	**650**	*864*

8. 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, Depute Chief Executive/Neighbourhood Services Director, Asset Management and Repairs Director and Corporate Services Director, are defined as the key management personnel within 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.

The emoluments of key management personnel were as follows:	**2019** **£**	*2018* *£*
Salary	**299,719**	*216,986*
Pension contributions	**27,241**	*20,121*
Social security costs	**36,711**	*40,144*
	363,671	*277,251*

The emoluments of the Chief Executive were as follows:	**2019** **£**	*2018* *£*
Salary	**85,594**	*81,966*
Pension contributions	**7,937**	*7,601*
	93,531	*89,567*

The Chief Executive is an ordinary member of the Association's pension scheme as described in note 24. No enhanced or special terms apply to his membership.

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

	2019 **£**	*2018* *£*
£60,001 to £70,000	**1**	*2*
£70,001 to £80,000	**2**	-
£80,001 to £90,000	**1**	*1*

Expenses payable to the Board amounted to £2,996 *(2018 - £2,639).*

9. Employee information

	2019	*2018*
	£	*£*
Staff costs during the year were as follows		
Salaries	**962,132**	*944,834*
Social Security costs	**91,319**	*92,340*
Pension costs (note 24) - current contributions	**63,236**	*61,131*
- expenses	**6,285**	*6,487*
Costs of recruitment	**1,928**	*7,823*
	1,124,900	*1,112,615*
Past service deficit – remeasurements	**(1,000)**	*(7,000)*
Defined benefit pension liability – staff service costs	**43,000**	-

During the year past service deficit contributions of £203,207 were paid. Of this payment £196,922 was a payment in respect of the SHAPS past service deficit liability. The remainder of £6,285 was pension management costs which have been included in the pension contributions total included in staff costs above.

The unwinding of the discount has been charged to finance costs in the Statement of Comprehensive Income. This finance cost was £ nil in the year.

	2019	*2018*
The average number of persons (full time equivalents) employed by the Association during the year was as follows:	£	*£*
Housing management	**19**	*18*
Administration	**8**	*8*
	27	*26*

10. Interest

	Group		Association	
	2019	*2018*	2019	*2018*
	£	*£*	£	*£*
Interest receivable	**20,278**	**6,875**	**20,278**	*6,875*
Interest payable on bank loans	**659,358**	*665,333*	**659,358**	*665,333*
Financing costs pensions	**-**	*9,000*	**-**	*9,000*
Finance cost of setting up loans	**11,850**	*11,850*	**11,850**	*11,850*
Defined benefit pension liability – interest charge (Note 24)	**25,000**	-	**25,000**	-
	696,208	*686,183*	**696,208**	*686,183*

11. 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.

12. Tangible fixed assets

(a) Housing properties: Group and Association	Housing properties held for letting £	Mid-market rent properties £	*Total* £
Cost			
At 1 April 2018	**38,660,613**	**9,129,189**	**47,789,802**
Additions during year:			
Property	**-**	**-**	**-**
Components	**1,264,120**	**-**	**1,264,120**
Disposals during year:			
Property	**(90,761)**	**-**	**(90,761)**
Components	**(120,332)**	**-**	**(120,332)**
At 31 March 2019	**39,713,640**	**9,129,189**	**48,842,829**
Depreciation			
At 1 April 2018	**6,589,313**	**344,722**	**6,934,035**
Charge for the year	**700,176**	**110,270**	**810,446**
Disposals during year:			
Property	**(18,789)**	**-**	**(18,789)**
Components	**(120,332)**	**-**	**(120,332)**
At 31 March 2019	**7,150,368**	**454,992**	**7,605,360**
Net book value			
At 31 March 2019	**32,563,272**	**8,674,197**	**41,237,469**
At 31 March 2018	*32,071,300*	8,784,467	*40,855,767*

Housing units:	**MMR** No	**Mainstream** No	**Retirement** No	**Total** No
At 1 April 2018	80	873	143	1,096
At 31 March 2019	80	872	143	1,095

Additions to Housing Properties during the year includes no capitalised interest *(2018 - £nil)* and no capitalised administration costs *(2018 - £nil).* All housing properties are freehold. Properties with a cost of £90,761 (*2018 - £nil*) and accumulated depreciation of £18,789 (*2018 - £nil)* have been disposed of in the year for net proceeds of £104,604 (*2018 – £nil*). Grants of £57,887 were repaid in relation to the property. Components with a cost of £120,332 *(2018 - £96,170)* and accumulated depreciation of £120,332 *(2018 - £36,663)* net proceeds of £nil (*2018 - £nil*).

12. Tangible fixed assets (continued)

(b) Other fixed assets: Group and Association	**Office & IT Equipment** £	**Leasehold improvements** £	**MMR and social furnishings** £	**Total** £
Cost				
At 1 April 2018	316,168	63,501	201,696	581,365
Additions	21,275	-	1,660	22,935
Disposals	(10,138)	-	(1,239)	(11,377)
At 31 March 2019	327,305	63,501	202,117	592,923
Depreciation				
At 1 April 2018	253,880	58,779	79,543	392,202
Provided in year	21,647	1,981	27,000	50,628
Disposals	(10,138)	-	(1,239)	(11,377)
At 31 March 2019	265,389	60,760	105,304	431,453
Net book value 31 March 2019	**61,916**	**2,741**	**96,813**	**161,470**
Net book value 31 March 2018	*62,288*	*4,722*	*122,153*	*189,163*

The leasehold office premises are held on a short lease (note 21).

13. Investments

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

	2019 £	*2018* *£*
At 1 April 2018 and 31 March 2019 100 ordinary shares of £1 each	**100**	*100*

The subsidiary has net assets, capital and reserves of £100 at 31 March 2019. The taxable surplus is transferred by Gift Aid to the Association and amounts to £35,897 in 2019 (*2018 - £30,877*).

14. Debtors

	Group 2019 £	Group 2018 £	Association 2019 £	Association 2018 £
Rent arrears	**175,986**	*165,566*	**159,601**	*156,517*
Doubtful debt provision	**(58,461)**	*(48,939)*	**(51,453)**	*(43,484)*
	117,525	*116,627*	**108,148**	*113,033*
Other debtors	**114,562**	*181,167*	**104,370**	*174,121*
Subsidiary Company (note 25)	**-**	*-*	**28,668**	*-*
Prepayments	**180,481**	*60,078*	**180,481**	*60,078*
Finance costs (note 17)	**52,333**	*64,183*	**52,333**	*64,183*
	464,901	*422,055*	**474,000**	*411,415*

15a Cash and cash equivalents

	2019 £	2018 £	2019 £	2018 £
Balances held in current account	**1,563,640**	*1,419,517*	**1,538,442**	*1,392,391*

15b Investments

	2019 £	2018 £	2019 £	2018 £
Balances held in deposit accounts	**1,500,000**	*2,500,000*	**1,500,000**	*2,500,000*

16. Creditors: amounts falling due within one year

	Group 2019 £	Group 2018 £	Association 2019 £	Association Restated 2018 £
Trade creditors	**364,983**	*244,153*	**364,983**	*244,153*
Other creditors	**61,351**	*56,947*	**61,351**	*56,947*
Social Security and other taxes	**25,767**	*21,357*	**25,767**	*21,357*
Prepayments of rent & service charges	**69,952**	*54,953*	**69,952**	*53,259*
Accruals and deferred income	**438,853**	*331,419*	**435,435**	*326,919*
Subsidiary Company (note 13)	**-**	*-*	**-**	*4,425*
Loan interest currently due	**45,091**	*45,617*	**45,091**	*45,617*
Bank loan repayable within one year (note 17)	**26,603**	*626,603*	**26,603**	*626,603*
SHAPS deficit repayment plan (note 24)	**3,000**	*206,000*	**3,000**	*206,000*
Deferred capital grant	**318,360**	*323,028*	**318,360**	*323,028*
	1,353,960	*1,910,077*	**1,350,542**	*1,908,308*

17. Creditors: amounts falling due after one year

	Group		Association	
	2019	*2018*	**2019**	*2018*
	£	*£*	**£**	*£*
Bank loans	**14,588,436**	*15,815,039*	**14,588,436**	*15,815,039*
Deferred Housing Association Grant (note 23)	**12,656,894**	*13,033,283*	**12,656,894**	*13,033,283*
SHAPS deficit repayment plan (note 24)	**17,792**	*625,000*	**17,792**	*625,000*
	27,263,122	*29,473,322*	**27,263,122**	*29,473,322*

£5,400,000 of the above bank loan is secured over housing properties and is repayable by instalments which commenced on 30 March 2012. At 31 March 2019, interest on £3,015,000 of the above loan was based on a fixed rate of 2.845% for a period of 5 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 all 3 phases of the 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 4.07% (*2018 - 3.96%*).

The net book value of housing properties secured at the year end was £41,237,469 (*2018 - £40,855,767*).

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.

Loans are repayable as follows:

	Group		Association	
		Restated		*Restated*
	2019	*2018*	**2019**	*2018*
	£	*£*	**£**	*£*
Within one year	**26,603**	*626,603*	**26,603**	*626,603*
Between one and two years	**626,603**	*626,603*	**626,603**	*626,603*
Between two and five years	**3,679,809**	*3,679,809*	**3,679,809**	*3,679,809*
After five years	**10,282,024**	*11,508,627*	**10,282,024**	*11,508,627*
	14,615,039	*16,441,642*	**14,615,039**	*16,441,642*
Less: amount shown in current liabilities	**(26,603)**	*(626,603)*	**(26,603)**	*(626,603)*
	14,588,436	*15,815,039*	**14,588,436**	*15,815,039*

18. Financial instruments

	Group		Association	
	2019	*Restated 2018*	**2019**	*Restated 2018*
	£	*£*	**£**	*£*
Financial assets				
Cash and cash equivalents	**1,563,640**	*1,419,517*	**1,538,442**	*1,392,391*
Investments – deposit accounts	**1,500,000**	*2,500,000*	**1,500,000**	*2,500,000*
Financial assets measured at amortised cost	**232,087**	*333,691*	**241,186**	*323,051*
Financial liabilities				
Financial liabilities measured at amortised cost	**15,546,110**	*17,952,472*	**15,542,693**	*17,950,703*

Financial assets measured at amortised cost comprises rental arrears, other debtors, accrued income, and subsidiary company (association only).

Financial liabilities measured at amortised cost comprises bank loans, trade creditors, other creditors, accruals and the SHAPs deficit repayment plan. No financial assets or liabilities are held at fair value.

19. 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.

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

	Group		Association	
	2019	*2018*	**2019**	*2018*
	£	*£*	**£**	*£*
Surplus for the year	**1,630,285**	*1,394,110*	**1,653,601**	*1,389,090*
Depreciation charges	**861,074**	*828,250*	**861,074**	*828,250*
Pension cost less contributions payable	**(23,193)**	*(207,000)*	**(23,193)**	*(207,000)*
(Increase)/decrease in debtors	**(42,846)**	*521,531*	**(26,688)**	*512,580*
Increase/(decrease) in creditors	**158,552**	*(767,471)*	**156,903**	*(747,129)*
Adjustments for investing or financing activities:				
Gains on disposal of tangible fixed assets	**(32,632)**	*(73,720)*	**(32,632)**	*(73,720)*
Housing Association Grant used in year	**(340,187)**	*(340,960)*	**(340,187)**	*(340,960)*
Interest and financing costs	**696,208**	*686,183*	**696,208**	*686,183*
Interest receivable	**(20,278)**	*(6,875)*	**(20,278)**	*(6,875)*
Share capital cancelled	**(2)**	*(3)*	**(2)**	*(3)*
Net cash flow from operating activities	**2,886,982**	*2,034,045*	**2,924,807**	*2,040,416*

21. Leasing commitments

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

	2019	*2018*
	£	*£*
No later than one year	**75,000**	*75,000*
Later than one year but no later than five years	**-**	*75,000*
	75,000	*150,000*

22. Capital commitments

	Group		**Association**	
	2019	*2018*	**2019**	*2018*
	£	*£*	**£**	*£*
Capital expenditure that has been contracted for but not been provided for in the financial statements	**-**	-	**-**	-

23. Deferred capital grants

	Group		**Association**	
	2019	*2018*	**2019**	*2018*
	£	*£*	**£**	*£*
Summary of HAG movement in the year:-				
Deferred capital grants at 1 April	**13,356,311**	*13,697,271*	**13,356,311**	*13,697,271*
Grants released in the year	**(340,187)**	*(340,960)*	**(340,187)**	*(340,960)*
Repaid in respect of house disposals	**(40,870)**	-	**(40,870)**	-
	12,975,254	*13,356,311*	**12,975,254**	*13,356,311*
Due to be released < 1 year	**318,360**	*323,028*	**318,360**	*323,028*
Due to be released > 1 Year	**12,656,894**	*13,033,283*	**12,656,894**	*13,033,283*
	12,975,254	*13,356,311*	**12,975,254**	*13,356,311*

24. 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.

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 offers six benefit structures to employers, namely:

Final salary with a 1/60th accrual rate; Career average revalued earnings with a 1/60th accrual rate; a 1/70th accrual rate; a 1/80th accrual rate; 1/120th accrual rate, contracted in; and a Defined Contribution (DC) option.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

As at the Statement of Financial Position date there were 16 active members of the Scheme employed by the Association. The Association continues to offer membership of the Scheme to its employees.

Year ended 31 March 2018

Up until 31 March 2018, it was not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Thus, up until the end of the 31 March 2018 year end, the Scheme was accounted for as a defined contribution scheme. However the Association entered into a past service deficit repayment agreement with the Pension Trust and per FRS 102, this discounted past service deficit liability was recognised in the Statement of Financial Position.

The last triennial valuation of the Scheme for funding purposes was carried out as at 30 September 2015. This valuation revealed a deficit of £198m. A Recovery Plan has been put in place to eliminate the deficit which runs to 28 February 2022 for the majority of employers, although certain employers have different arrangements.

24. Pension scheme (continued)

The key valuation assumptions used to determine the assets and liabilities of the Scheme as at 30 September 2015 are detailed below:

- Investment return pre retirement		5.30% per annum
- Investment return post retirement	- Non-pensioners	3.40% per annum
- Investment return post retirement	- Pensioners	3.40% per annum
- Rate of salary increases		4.10% per annum
- Rate of pension increases	- pension accrued pre 6 April 2005	2.00% per annum
	- pension accrued from 6 April 2005	1.70% per annum
	- (for leavers before 1 October 1993 pension increases are 5%)	
- Rate of price inflation		2.60% per annum

The contributions paid in respect of the defined contribution scheme is 5% employee contributions and 5% employer contributions.

30 September 2018 funding update

The Employer Committee received the 30 September 2017 Actuarial Report, the annual funding update which shows the Scheme's ongoing funding position in between each three-yearly valuation.

A summary is shown below:

30 September	Assets	Liabilities	Deficit	Funding
2015	£616m	£814m	£198m	76%
2016	£810m	£1,020m	£210m	79%
2017	£852m	£981m	£129m	87%

The Trustee's view is that the recovery plan remains appropriate and there is no need to take any action ahead of the next actuarial valuation, which was due as at 30 September 2018. The information regarding this 30 September 2018 valuation, including the annual funding update, is not yet available from TPT.

Past service deficit repayment liability

	2018
	£
Provision at start of period	*1,002,000*
Unwinding of the discount factor (interest expense)	*9,000*
Deficit contribution paid	*(197,000)*
Remeasurements – impact of any changes in assumptions	*(7,000)*
Provision at end of period	*807,000*

Statement of Comprehensive Income Impact	*2018*
	£
Interest expense	*9,000*
Remeasurements – impact of any change in assumptions	*(7,000)*

Assumptions	*2018*
Rate of discount	*1.51%*

24. Pension scheme (continued)

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.

Year ended 31 March 2019

Accounting treatment from 1 April 2018
From 1 April 2018, information became available in order to separate out the assets and liabilities between scheme members and thus the SHAPS defined benefit pension liability is accounted for as a defined benefit pension scheme from 1 April 2018 onwards. In accordance with FRS 102 section 28, the operating and financing costs of pension and post retirement schemes (determined by TPT) are recognised separately in the Statement of Comprehensive Income. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise. The difference between actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in Other Comprehensive Income.

At 31 March 2018, in respect of the SHAPS deficit repayment plan, amounts included within creditors due less than one year were £203,000 and amounts included within creditors due greater than one year were £604,000. At 1 April 2018, on initial recognition of the multi-employer defined benefit scheme, the opening adjustment to the liability was £253,000 to recognise a liability of £1,060,000 as at 1 April 2018.

The Association’s Chair (Nigel Hicks) is serving on the Employers SHAPs Committee.

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	31 March 2019 £’000
Fair value of plan assets	6,884
Present value of defined benefit obligation	(8,217)
Defined benefit liability to be recognised	**(1,333)**

Reconciliation of opening and closing balances of the defined benefit obligation

	Year ended 31 March 2019 £’000
Defined benefit obligation at start of period	(7,407)
Current service cost	(107)
Expenses	(6)
Interest expense	(191)
Contributions by plan participants	59
Actuarial (losses)/gains due to scheme experience	(31)
Actuarial (losses)/gains due to changes in demographic assumptions	(22)
Actuarial (losses)/gains due to changes in financial assumptions	(544)
Benefits paid and expenses	150
Defined benefit liability at the end of the period	**(8,217)**

24. Pension scheme (continued)

Reconciliation of opening and closing balances of the fair value of plan assets

	Year ended 31 March 2019 £'000
Fair value of plan assets at start of the period	6,347
Interest income	166
Experience on plan assets (excluding amounts included in interest income) - gain	194
Contributions by the employer	268
Contributions by plan participants	59
Benefits paid and expenses	(150)
Fair value of plan assets at end of period	**6,884**

Defined benefit costs recognised in the Statement of Comprehensive Income

	Period from 31 March 2018 to 31 March 2019 £'000
Current service cost	107
Admin expenses	6
Net interest expense	25
Defined benefit costs recognised in Statement of Comprehensive Income	**138**

Defined benefit costs recognised in Other Comprehensive Income

	Period ended 31 March 2019 £'000
Experience on plan assets (excluding amounts included in net interest cost - gain	194
Experience gains and losses arising on the plan liabilities – gain/(loss)	(31)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – (loss)	(22)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – (loss)	(544)
Total amount recognised in other comprehensive income – (loss)	**(403)**

24. Pension scheme (continued)

Fund allocation for employer's calculated share of assets

	31 March 2019 £'000
Global Equity	1,107
Absolute Return	583
Distressed Opportunities	117
Credit Relative Value	120
Alternative Risk Premia	384
Fund of Hedge Funds	19
Emerging Markets Debt	221
Risk Sharing	200
Insurance-Linked Securities	179
Property	137
Infrastructure	288
Private Debt	89
Corporate Bond Fund	483
Long Lease Property	84
Secured Income	240
Over 15 Year Gilts	177
Liability Driven Investment	2,449
Net Current Assets	7
Total Assets	**6,884**

The main financial assumptions used by the Scheme Actuary, TPT, in their FRS 102 calculations are as follows:

Assumptions as at	**31 March 2019 % per annum**
Discount rate	**2.31**
Inflation (RPI)	**3.29**
Inflation (CPI)	**2.29**
Salary growth	**3.29**
Allowance for commutation of pension for cash at retirement	**75% of maximum allowance**

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2019	**21.7**
Female retiring in 2019	**23.4**
Male retiring in 2039	**23.1**
Female retiring in 2039	**24.7**

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2017 model w an allowance for smoothing of recent mortality experience and long term rates of 1.25% p.a. for males a 1% p.a. for females.

24. Pension scheme (continued)

Member data summary

Active members

	Number	Total earnings (£'000s p.a.)	Average age (unweighted)
Males	7	275	54
Females	9	302	43
Total	**16**	**577**	**89**

Deferred members

	Number	Deferred pensions (£'000s p.a.)	Average age (unweighted)
Males	6	20	45
Females	19	56	50
Total	**25**	**76**	**48**

Pensioners

	Number	Pensions (£'000s p.a.)	Average age (unweighted)
Males	6	61	75
Females	7	81	65
Total	**13**	**142**	**70**

GMP equalisation

Guaranteed Minimum Pension (GMP) is the minimum pension which an occupational pension scheme in the UK has to provide for those employees who were contracted out of the State Earnings-Related Pension Scheme (SERPS). Both pension scheme members and sponsoring employers paid lower National Insurance contributions at the time of accrual given the lower benefits being accrued for the member by the state. Women can currently receive their GMP benefits at age 60 compared to age 65 for men. GMP also accrued at a faster rate for women than men.

Historically some defined benefit schemes had different retirement ages for men and women. Therefore schemes are required to "equalise" pension ages and overall benefit scales between males and females. The Scheme actuary is therefore required to estimate the impact of GMP and include an allowance for the increase in calculated liabilities.

The impact of GMP equalisation for Manor Estates Housing Association is 0.13% of liabilities, which is expected to be approximately £10,000. This is included within the closing defined benefit liability as detailed above.

24. Pension scheme (continued)

(ii) Pension Trust's Growth Plan

The company participates in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company 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 company is potentially liable for other participating employers' 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.

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions
From 1 April 2019 to 31 January 2025:
£11,243,000 per annum (payable monthly and increasing by 3% each on 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.

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	**2019**	*2018*
Rate of discount – % per annum	**1.39**	*1.71*

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.

24. Pension scheme (continued)

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

The liability recognised is as follows:	**2019** **£'000**	*2018* *£'000*
Present value of provision at 1 April	**24**	*27*
Unwinding of the discount factor (interest expense)	**-**	-
Deficit contributions paid	**(3)**	*(3)*
Remeasurements – impact of any change in assumptions	**-**	-
Remeasurements – amendments to the contribution schedule	**(1)**	-
Present value of the provision at 31 March	**(20)**	*24*

(iii) Employer Debt on Withdrawal

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

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. The employer debt on withdrawal based on the valuation as at 30 September 2018 is not yet available from TPT.

25. Related Party Transactions

Management and administration services are provided to Manor Estates Associates Limited (the subsidiary company). These costs amounted to £28,663 in the year *(2018 - £26,037).* In addition, management charges of £33,251 *(2018 - £30,790)* and lease costs of £387,459 *(2018 - £358,396)* 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 *(2018 - £30,877)* to the Association. The balance owed to Manor Estates Associates Limited from the Association at 31 March 2019 is £28,668 *(2018 - £4,425 debtor)* and is included in the Association's debtors note 14 (*2018 – creditors note 16*). The balance owed by Manor Estates Associates Limited to the Association for gift aid at 31 March 2019 is £12,581 *(2018 - £35,897).*

Members of Manor Estates Housing Association's Board are Board members / employees of businesses with which the Association trades. The total of the year's transactions and any debtor or creditor balances at the year end are as follows:

Board Member	Organisation	(Income) and expenditure during the year	Debtor / (Creditor) Balances as at 31.03.19
Nigel Hicks	The Action Group	(£38,040), £11,437	NIL
Rachel Hutton	Port of Leith Housing Association	£3,881 (incl £3,176 accrual)	NIL
Sam Mills	Changeworks	£5,643	NIL

26. Tenant Board Members

Two of the Board were tenants of the Association as at 31 March 2019. 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 £9,996 (*2018 - £9,756*) and the net balance outstanding from the tenant Board Members as at 31 March 2019 was £9 (credit) (2018 - £9 credit). The Association has one member of the Board who receives factoring services from the Association. The total charges in the year amounted to £323 (*2018 - £469*). The balance outstanding as at 31 March 2019 was £nil (*2018 – £nil*).

27. Transition adjustment

As part of the triennial review of FRS 102, the Financial Reporting Council (FRC) issued proposed changes in the form of Financial Reporting Exposure Draft 68 (FRED 68) ‘Payments by subsidiaries to their charitable parents that qualify for gift aid in respect of the accounting treatment of gift aid’. FRED 68 clarified that gift aid payments are distributions that should be recognised in equity and should not be accounted for as expenditure. FRED 68 also confirmed that these distributions should not be accrued at the year-end (unless a deed of covenant is in place), but that they will still qualify for taxation relief for the current year as long as the amount is paid within nine months of the year end.

The revised FRS 102 comes into force for accounting periods beginning on or after 1 January 2019. However the changes being introduced as a result of FRED 68 have been early adopted, as allowed, as part of the preparation of the financial statements for the year ended 31 March 2018.

The following adjustments account for the change in treatment of the gift aid distribution and reconcile the position of these financial statements to the most recent set of signed financial statements.

Restated capital and reserves at 1 April 2017

Association	**£**
Capital and reserves as previously stated at 1 April 2017	**12,515,988**
Gift aid adjustment – 2017	**(30,877)**
Restated capital and reserves at 1 April 2017	**12,485,111**

Restated surplus 31 March 2018 **Association**	£
Surplus as previously stated at 31 March 2018	**1,394,110**
Gift aid adjustment	**(35,897)**
Distribution from Manor Estates Association Limited	**30,877**
Restated surplus at 31 March 2018	**1,389,090**

Restated capital and reserves 31 March 2018 **Association**	£
Capital and reserves as previously stated at 1 April 2018	**13,910,103**
Gift aid adjustment – 2017	**(30,877)**
Gift aid adjustment – 2018	**(35,897)**
Distribution from Manor Estates Association Limited	**30,877**
Restated capital and reserves at 1 April 2018	**13,874,206**