

NEW GORBALS HOUSING ASSOCIATION LTD
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Contents

	Page
Committee of Management, Executives and Advisers	2
Report of the Committee of Management	3 - 9
Statement of Committee of Management's Responsibilities	10
Committee of Management's Statement of Internal Financial Control	11
External Auditors' Report on Corporate Governance Matters	12
Independent Auditors' Report	13 - 14
Statement of Comprehensive Income	15
Statement of Financial Position	16
Statement of Cashflows	17
Accounting Policies	18 - 24
Notes to the Financial Statements	25 – 45

Registration Particulars:

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014 Registered Number 2309S
Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered Number HAL211
Charity Number	SC041164

**New Gorbals Housing Association Ltd
Committee of Management, Executives and Advisers
For the year ended 31 March 2019**

Committee of Management

(Chairperson)	L. Malone
(Secretary)	J. Miller
(Vice Chair)	K. Adams MacKenzie
(Member)	S. Cameron
(Member)	E. Peden
(Member)	T. Smart
(Member)	A. Reilly
(Member)	E. Bradley (resigned Sept 19)
(Member)	S. Mandaniya
(Member)	R. Shannon
(Member)	D. Nixon
(Member)	I. McCreddie
(Member)	C. Docherty

Executive Officers

Fraser Stewart – Director
Norman Fitzpatrick – Depute Director
Mary Reilly – Head of Finance
Simon Metcalfe – Head of Development
Kirsty Fotheringham – Head of Housing
Linda Anderson – Head of Corporate Development

Registered Office

187 Crown St
Glasgow
G5 9XT

Office

200 Crown Street
Glasgow
G5 9AY

Auditor

RSM UK Audit LLP
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Bankers

Bank of Scotland
21/23 Argyle Street
Glasgow
G2 8BU

Solicitors

T C Young
7 West George Street
Glasgow
G2 1BA

**New Gorbals Housing Association Ltd
Report of the Committee of Management
For the year ended 31 March 2019**

The Committee of Management presents their report and audited financial statements for the year ended 31 March 2019.

Principal Activities

The principal activity of the Association is the provision of social housing:

- to improve the quality of the housing and management service for the people of the Gorbals area;
- to consolidate tenant control and involvement in the Association;
- to contribute to meeting the needs of people living in the Gorbals area;
- to provide housing at affordable and sustainable rent levels; and
- to develop through conversion and new buildings other types of housing such as those for older and single people, and for those seeking low cost home ownership.

The Association has a wholly owned subsidiary, New Gorbals Property Management Ltd, the principal activities of which are management of mid-market ranked properties that are owned by the Association.

Objectives

The Association's overall vision and mission is:

- To provide the highest possible quality housing, environment and services to all of our customers
- To maximise our contribution to the overall regeneration of the Gorbals, addressing wherever possible the needs of those in the community who are disadvantaged.

Our core values are based on:

- Being representative of, and accountable to, the local community
- Being open and accessible
- Being fair and equitable, and treating every individual with courtesy and respect
- Being innovative and creative, and working in partnership with others, to achieve the best possible outcomes
- Delivering services which are customer-focused and which provide the best quality possible for our tenants
- Promoting and implementing an approach to our community engagement and development work founded on the strengths and potential of the Gorbals community.

Our Achievements

The Association's commitment to wider regeneration has been further enhanced by the expansion of our programme of events. We have secured funding to provide school holiday programmes, with these programmes running during February mid-term and Easter, and the summer holiday programme began in July 2019. We are also exploring funding options to continue with our Aspiring Communities programme beyond the current funding period.

We continue to work with Working Rite and now have secured funding for 3 modern apprenticeships (1 office based and 2 in our in house services team).

Our Community Breakfasts remain successful, well attended events which are delivered by the Association and NHS Improvement Teams and are targeted to combat isolation. Other events also continue to be well supported and attended by the local community.

Governance work has focused on preparing to submit our first Annual Assurance Statement to the Scottish Housing Regulator in the Autumn of 2019.

During early 2018, the Association focused on the roll out of GDPR. Our focus now moves on to preparation for Freedom of Information and appropriate resources are currently be planned to ensure full compliance.

We continue to invest in our IT systems and are moving forward with the digitisation of our systems. This project has now expanded to include a full asset management system, which will integrate with our current housing system.

On the Friday the 16th August the Association moved into its new purpose build offices at 200 Crown Street.

Investment Activity

New Build

In December 2019, we took hand over of 46 new build units and 9 Shared Equity units for sale.

28 new build units in Sandiefield, our new office and public space were completed August 2019 and this completes the current phase of our development programme.

Planning for potential future new build developments is underway. Although we have no firm commitment to funding at present, we are hopeful that we will be able to progress during 2019 to 2020.

Stock Investment

The Association will continue to invest in and upgrade our stock to ensure it retains asset value. The District Heating project in Riverside will complete in August 2019. This will give the residents of our Riverside multi-storey properties access to heating and hot water that will be cheaper than their current electric heating systems.

Ongoing replacement of components will be carried out to ensure best value. Our in house teams will replace components while carrying out void works, with larger component replacements and modernisation of stock carried out by external contractors.

Housing Review

During 2019 the Association consulted with our tenants on a planned annual rent increase of 2.75%.

We also engaged with tenants in relation to our Annual Tenant Report, which covered progress against annual key performance indicators.

Changes to the Housing Scotland Act, required us to write to all our tenants. This included information on:

- Informing the Association on household
- Subletting, Assignment and Joint Tenancy
- Ending a Scottish Secure Tenancy Agreement
- Adapted Properties
- Taking over a Tenancy after a Tenants Death
- Conversion to a Short Scottish Secure Tenancy for Antisocial Behaviour
- Right To Buy

We also reviewed our Allocations Policy during 2018.

The Association transitioned to full service Universal Credit in September 2018 and we had 184 cases at 31st March 2019.

During 2018 to 2019, the Association let 197 properties.

**New Gorbals Housing Association Ltd
Report of the Committee of Management
For the year ended 31 March 2019**

Our Welfare Rights team are still in demand for assistance with welfare advice, assistance with claims or appeals. Although demand is lower than previous financial year, staff remain exceptionally busy. At the year end our two advisors had 313 open cases. During 2018 to 2019 they assisted in claiming £2.34m of benefits for our tenants.

Performance

The table below summarises the Association's performance against key performance indicators for 2018 to 2019.

Indicator	Target 2018/19	Outturn Performance 2018/19
Void rent loss	0.25%	0.28%
Gross rent arrears	4.9%	5.5%
%age of tenancies sustained for over 1 year	95%	98%
Average timescale - emergency repairs	4 hours	1.98 hours
Average timescale – non-emergency repairs	10 days	4.87 days
Annual gas safety inspections	100%	100%
Overall tenant satisfaction	90%	90.25%

Rent arrears remains a priority for the Association. Targeted arrears prediction software will assist in maintaining focus on arrears cases that need further help and assistance.

Financial Review

Turnover of £14,512,950 (2018 : £13,682,739) relates to the income from the letting of properties at affordable rents and the provision of factoring services.

Operating surplus for the year was £3,178,703 (2018 : £3,444,796). SPF reduction in pension liability was £423,000 with SHAPS pension liability increasing by £867,000, resulting in a net increase in pension liabilities of £444,000. Note 22 in these accounts gives further details of the breakdown of these figures and also see impact of accounting changes section below.

Accounting Changes

The way in which we have to account for the SHAPS pension scheme has changed. Under Financial Reporting Standard 102 (FRS 102) an employer participating in a defined benefit pension scheme is required to recognise its share of the assets and liabilities of that scheme. However, in a multi-employer scheme, such as SHAPS, sufficient information was not always available to fully meet this requirement. The alternative, permitted under FRS 102, and adopted by the Association for all years up to and including 31st March 2018, was to recognise a liability for future contributions to the agreed deficit recovery plan.

From 31 March 2019 sufficient information has now become available to enable employers in SHAPS to meet the full requirement of FRS 102.

Impact of Accounting Changes

The SHAPS pension scheme had previously been treated as a defined contribution scheme in line with FRS 102 with a liability of £691k recognised as at 31st March 2018 based on the Net Present Value of the past service deficit funding agreement. Due to recent developments as at 1st April 2018 the share of assets and liabilities per employer is now available such that the scheme can now be

accounted for on a defined benefit basis. Further detail in relation to this change in accounting is included in Note 22 to the financial statements.

The new defined benefit liability as at 1st April 2018 is £1,348k, resulting in a remeasurement through other comprehensive income of £657k. The new defined benefit liability as at 31st March 2018 is £1,558k. This has therefore resulted in an increase in the liability at 31st March 2019 of £210k.

The accounting changes have not had any impact on compliance with loan covenants.

Financing and Liquidity

During the year further loans of £nil (2018: £nil) were drawn down. Under the terms of the financing agreement, there are a number of financial and operational covenants that limit the Association's operating and financial flexibility. A failure to comply with any of these covenants could result in default under the agreement and an acceleration of repayment of the debt outstanding.

All covenants are met and regularly reviewed by the Board.

Treasury Management

The Association has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Committee of Management. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

The Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2019 £28,237,112 (74.92%) (2018 £28,507,419 (74.06%)) of borrowings were subject to fixed rates of interest in excess of two years.

Strategic Risk Assessment

Our 3 year Business Plan included a comprehensive review of risk, including identification of and controls for our top-scoring 10 strategic risk factors, together with mitigation actions.

The Association monitors and responds to emerging or changing risks on an ongoing basis. We have not currently identified additional strategic risk, but some comments are noted below in relation to our Business Plan strategic risk factors, which we will take into account:

Strategic Risk	Comments
1. Political/financial uncertainties threaten future rental income	Economic and other impacts of UK exit from European Union will be closely monitored
2. Loss of rental income due to Welfare Reform /housing benefit changes	No change, though the Association is closely monitoring the financial impact of Universal Credit roll-out in Glasgow
3. Inability to provide statutory service to tenants due to contractor liquidation / contract determination	Residual risk should reduce due to contract services including gas safety, having been taken in house by NGHA
4. Failure to comply with loan covenants	No change
5. Major health and safety or stock disaster incident	We reviewed of all aspects of fire safety in light of the Grenfell high-rise tragedy, with specialist consultancy advice commissioned. Our Health and Safety Manger is in post and a Health and Safety Framework has been approved.
6. Failure to comply with legal obligations due to gas servicing procedures not being followed	Residual risk should reduce due to our in-house gas service. This reduces the number of parties involved in delivery, with NGHA fully in control
7. Employer pension contributions continue to increase and have negative impact on NGHA finances	An independent review of our pension arrangements has been commissioned, with a report considered by Finance Sub-Committee.
8. Repairs and replacement/elemental costs increase above levels allowed for in Business Plan	Residual risk should reduce due to in-house services yielding cost savings for the Business Plan. Changes in our approach to element replacement should also generate cost savings going forward
9. Committee and staff lack capacity to deliver NGHA's strategy and operational targets and standards	No change
10. Development Contractor Liquidation	No change in respect of capital projects

A comprehensive review of strategic risk is planned for 2019 involving Management Committee and senior officers, as part of our 3 year Business Plan review, leading to production of a fully updated Risk Management Strategy and strategic risk register.

Fixed Assets

Changes in fixed assets in the year are set out in notes 11A, 11B and 11C of the financial statements.

Future Developments

The Association is in the process of completing developments in Sandiefield. Additional new build units are being pursued but planning at a very early stage with no concrete start dates.

Credit Payment Policy

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The Association's standard payment terms are 30 days.

Maintenance Policies

The Association maintains its properties to the highest standard. To this end, programmes of cyclical repairs are carried out in the medium term to deal with the gradual and predictable deterioration of building components. It is expected that the cost of all these repairs would be charged to the Statement of Comprehensive Income.

In addition, the Association has a long-term programme of major repairs to cover for works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. In line with the SORP, replacements to building components (as identified in Note 1) are capitalised in the accounts as they occur. All other major repairs are charged to the Statement of Comprehensive Income.

Employee Involvement and Health & Safety

The Association encourages employee involvement in all major initiatives.

Quality and Integrity of Personnel

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the Director.

Going Concern

The Committee of Management has reviewed the results for this year and has also reviewed the projections for the next five years. It, therefore, has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in these financial statements.

Budgetary Process

Each year the Committee of Management approves the annual budget and rolling five year strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Committee of variances from the budget, updated forecasts for the year together with information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

Rental income

The Association's Rent Policy is a points system based on the size, type and facilities of the accommodation. The policy ensures that the rent structure is easy to administer and covers the wide variations within the Association's properties. The point's value is reviewed annually to ensure that the rents cover the required costs. This policy follows the generally accepted practice/principles of the Housing Movement.

Our equality policy statement

New Gorbals Housing Association is committed to promoting cultural values that promote social justice. We are committed to:

- eliminating unlawful and unfair forms of discrimination; and
- promoting equal opportunity objectives.

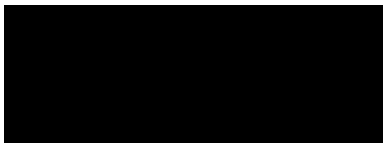
Disclosure of Information to the Auditor

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

Auditor

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

By Order of the Committee of Management



Secretary

Date: 2nd September 2019

New Gorbals Housing Association Ltd
Statement of the Committee of Management's Responsibilities
For the year ended 31 March 2019

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Committee of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the RSL and of the surplus or deficit for that period. In preparing these financial statements, the Committee of Management is required to:

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

The Committee of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Association and 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 Registered Housing Associations Determination of Accounting Requirements 2019. It has general responsibility for taking reasonable steps to safeguard the assets of the RSL and to prevent and detect fraud and other irregularities.

New Gorbals Housing Association Ltd
Statement of the Committee of Management's Responsibilities
For the year ended 31 March 2019

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

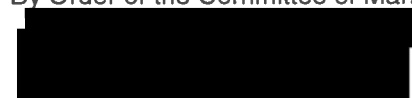
- the reliability of financial information used within the Association, or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposition.

It is the Committee of Management's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable, and not absolute, assurance against material financial mis-statement or loss or failure to meet objectives. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- experienced and suitably qualified staff take responsibility for the important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the Management Team and Committee of Management to monitor the key business risks, financial objectives and progress being made towards achieving the financial plans set for the year and for the medium term;
- monthly/quarterly management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures through the Committee of Management;
- Committee of Management receives reports from management and from the external and internal auditors, to provide reasonable assurance that control procedures are in place and are being followed, and that a general review of the major risks facing the Association is undertaken; and
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal and external audit reports.

The effectiveness of the Association's system of internal financial control has been reviewed by the Committee of Management for the year ended 31 March 2019. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in these financial statements or in the auditor's report on the financial statements.

By Order of the Committee of Management



Secretary

Date: 2nd September 2019

**New Gorbals Housing Association Ltd
Report by the auditors to the members of New Gorbals Housing Association Ltd on Internal
Corporate Governance Matters
For the year ended 31 March 2019**

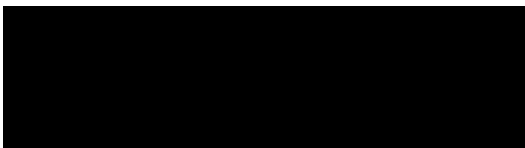
In addition to our audit of the Financial Statements, we have reviewed your statement on page 11 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and 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 through enquiry of certain members of the Management Committee and Officers of the Association and examination of relevant documents. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 11 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.



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

Date: 11.5.19.

Opinion

We have audited the financial statements of New Gorbals Housing Association Ltd (the 'Association') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Committee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters under the Co-operative and Community Benefit Societies Act 2014

In our opinion, the following continued to apply throughout the year of account:

- the reason given by the Committee in respect of a previous year of account for New Gorbals Property Management Limited subsidiary to not be dealt with in the financial statements (having been approved by the FCA under section 99, subsection (3)); and
- the grounds given by the Committee for that reason.

New Gorbals Housing Association Ltd
Independent Auditors Report to the Members of New Gorbals Housing Association
For the year ended 31 March 2019

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

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

Responsibilities of the Committee

As explained more fully in the Committee's responsibilities statement, the Committee 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 Committee 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 Committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

Date: 11/5/19.

New Gorbals Housing Association Limited
Statement of Comprehensive Income
For the year ended 31 March 2019

	Notes	2019 £	2018 £
Turnover	2	14,512,950	13,682,739
Operating expenditure	2	(11,334,247)	(10,243,943)
Remeasurement of SHAPS Pension	22	-	6,000
		3,178,703	3,444,796
Operating Surplus			
(Loss)/Gain on disposal of property, plant and equipment	9	(13,248)	102,774
Interest receivable	6	54,343	88,599
Interest and financing costs	7	(1,438,119)	(1,337,745)
		1,781,679	2,298,424
Surplus Before Tax			
Taxation		-	-
		1,781,679	2,298,424
Surplus for the Year			
Actuarial gain in respect of pension schemes	22	281,000	1,018,000
Initial Recognition of SHAPS defined benefit obligation		(657,000)	-
Total Comprehensive Income for the Year		1,405,679	3,316,424

The results relate wholly to continuing activities of the Association.

The accompanying notes form part of these financial statements.

New Gorbals Housing Association Limited
Statement of Financial Position
As at the 31 March 2019

	Notes	2019 £	2018 £
Fixed Assets			
Intangible Fixed Assets	11.C	293,674	144,830
Housing properties	11.A	133,666,918	127,279,515
Other fixed assets	11.B	4,512,563	1,905,878
Investment in subsidiary	11.D	1	1
		<u>138,473,156</u>	<u>129,330,224</u>
Current Assets			
Stock and work in progress	12	770,626	462,149
Trade and other debtors	13	2,880,848	2,303,721
Cash and cash equivalents		5,722,874	13,259,311
		<u>9,374,348</u>	<u>16,025,181</u>
Current Liabilities			
Creditors: amounts falling due within one year	14	(6,481,865)	(5,672,545)
Net Current Assets			
		<u>2,892,483</u>	<u>10,352,636</u>
Total Assets Less Current Liabilities			
		<u>141,365,639</u>	<u>139,682,860</u>
Creditors: Amounts falling due after more than one year	15	(109,046,658)	(109,219,289)
Provisions for liabilities:		-	-
Pension provision:	22	-	(691,000)
SHAPS -Deficit Funding Liability		(1,558,000)	-
SHAPS – Defined Benefit Funding Liability		(96,000)	(519,000)
SPF – Defined Benefit Funding Liability		(54,087)	(48,345)
Other provisions	18	(110,754,745)	(110,477,634)
		<u>30,610,894</u>	<u>29,205,226</u>
Total Net Assets			
		<u>30,610,894</u>	<u>29,205,226</u>
Reserves			
Income and expenditure reserve	19	30,610,807	29,205,128
Share Capital	19	87	98
		<u>30,610,894</u>	<u>29,205,226</u>

The financial statements on pages 15 to 46 were approved by the Committee of Management and authorised for issue on 2nd September 2019 and are signed on its behalf by:

Committee member

[Redacted Signature]

Committee member

[Redacted Signature]

Secretary

[Redacted Signature]

New Gorbals Housing Association Limited
Statement of Cashflows
For the year ended 31 March 2019

	Notes	2019 £	2018 £
Net cash generated from operating activities	20	4,400,848	5,041,098
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of intangible fixed assets		(275,423)	(117,536)
Purchase of tangible fixed assets		(12,063,738)	(10,679,856)
Proceeds from sale of tangible fixed assets		-	477,148
Grants received		2,586,140	4,307,651
Interest received		54,343	88,599
Net Cash (used) in Investing Activities		<u>(9,698,678)</u>	<u>(5,923,994)</u>
Cash Flow from Financing Activities			
Issue of share capital		4	7
Interest paid		(1,437,119)	(1,337,745)
New secured loans		-	-
Repayments of borrowings		(801,492)	(714,363)
Net Cash (Used in)/from Financing Activities		<u>(2,238,607)</u>	<u>(2,052,101)</u>
Net (Decrease)/Increase in Cash and Cash Equivalents		<u>(7,536,437)</u>	<u>(2,934,997)</u>
Cash and cash Equivalents at Beginning of Year		<u>13,259,311</u>	<u>16,194,308</u>
Cash and Cash Equivalents at End of Year	20	<u>5,722,874</u>	<u>13,259,311</u>

1. ACCOUNTING POLICIES

Legal Status

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010.

The address of the Association's registered office and principal place of business is 187 Crown Street, Glasgow, G5 9XT.

The Association's principal activities are detailed in the Committee of Management's Report. The nature of the Association's operations is detailed in the Committee of Management's Report.

New Gorbals Housing Association Limited meets the definition of a Public Benefit Entity.

Basis of Accounting

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

The financial statements are prepared in Sterling (£).

Basis of consolidation

The Association and its subsidiary undertaking comprise a group. The Financial Conduct Authority has granted exemption from preparing group financial statements. The accounts therefore represent the results of the Association and not the group.

Critical Accounting Estimates and Areas of Judgement

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

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

Critical accounting estimates

Useful lives of housing property - management reviews its estimate of the useful lives of depreciable assets at each reporting date based on industry averages and our review of our stock. Uncertainties in these estimates relate to the length of time certain components in our homes will last, with varying levels of use potentially lengthening or shortening the lives of these components.

Recoverable amount of rent arrears and debtors – management considers the reasonable likelihood of rent arrears and debtors being recoverable based on past experience. While every effort is made not to over-estimate the amounts which will be recovered by the Association in the future, the actual amounts which might be received are often outwith the Association's control.

Obligations under a defined benefit pension scheme

Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 22). The net defined benefit pension liability at 31 March 2019 was £1.654m.

Going Concern

The Committee of Management has reviewed the results for the year and has also reviewed the projections for the next 5 years.

On that basis the Committee of Management has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover and Revenue Recognition

Turnover relates to the income from the letting of properties at affordable rents, together with revenue grants receivable in the period. Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

Government Grants

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

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset and, where applicable, the individual components of the structure (excluding land) under the accruals model.

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

Other Grants

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

Intangible Fixed Assets

Intangible fixed assets are initially measured at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible fixed assets are amortised to profit or loss on a straight-line basis over their useful lives as follows:

Computer software - 4 years

Tangible Fixed Assets – Housing Properties

Housing properties are properties for the provision of social housing or to otherwise provide social benefit and are principally properties available for rent and shared ownership.

Completed housing and shared ownership properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets, are capitalised as improvements. Such enhancements can occur if improvements result in either:

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

Depreciation of Housing Properties

Freehold land or assets under construction are not depreciated.

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

Land	Nil
Assets under construction	Nil
Structure	50 years
Windows	45 years
Central Heating pipework	45 years
Roof	40 years
Lifts	30 years
Bathrooms	25 years
District Boilers	20 years
Electric Heating	15 years
Boilers	15 years
Kitchens	15 years
Over bath Showers	7 years

Impairment of Fixed Assets

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

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

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

Sales of Housing Accommodation

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale, except for first tranche sales. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

First tranche Share Ownership disposals are credited to turnover on completion, the cost of construction of these sales is taken to operating costs. Disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal taken to the Statement of Comprehensive Income, in accordance with the Statement of Recommended Practice.

Other Tangible Fixed Assets

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

Freehold Property	over 50 years
Computers and office equipment	over 4 years
Furniture, fixtures and fittings	over 4 years

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

Stock and Work in Progress

Stock and work in progress comprises the costs of properties being developed under the New Supply Shared Equity Scheme (NSSE). These units are valued at Historical Gross cost less Housing Association Grant.

Borrowing Costs

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

All other borrowing costs are expensed as incurred.

Taxation

The Association has charitable status and is registered with the Office of Scottish Charities Regulator and is therefore exempt from paying Corporation Tax on charitable activities.

Value Added Tax (VAT)

The Association is VAT registered, however a large proportion of income, namely rents, is exempt for VAT purposes therefore giving rise to a Partial Exemption calculation. Expenditure is shown inclusive of VAT.

Deposits and Liquid Resources

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

Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

Employees are entitled to carry forward up to 5 days of any unused holiday entitlement and 14 hours flexi at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the RSL is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement Benefits

Defined benefit plans

The Association participates in two funded multi-employer defined benefit schemes, the Scottish Housing Association Pension Scheme (SHAPS) and the Strathclyde Pension Fund (SPF).

The Scheme is classified as a 'last-man standing arrangement'. Therefore the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the 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.

In previous years, the Association was unable to recognise its share of the scheme assets and scheme liabilities, therefore had applied defined contribution accounting in respect of the SHAPS. For the year ended 31 March 2018, the Association had recognised a past service deficit liability of £691k, within provisions, based on the present value of the Association's deficit funding agreement.

For the year ended 31 March 2019, the Association is able to identify its share of the scheme assets and scheme liabilities from 1 April 2018 and therefore has applied defined benefit accounting from this date onwards. For accounting purposes, the relevant date for accounting for this change from defined contribution to defined benefit accounting is 1 April 2018. The scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates.

The deficit funding agreement liability that was previously recognised within provisions of £691k was derecognised on the 1 April 2018, and an initial net defined benefit pension liability of £1,348k was recognised at this date in the statement of financial position. The resulting net difference of £657k on initial recognition of the SHAPS obligation was recognised in other comprehensive income.

As at the year ended 31 March 2019, the net defined benefit pension deficit liability was £1,558k, which has been included within the provisions for pensions liability in the financial statements.

In the year ended 31 March 2019, the current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income. Refer to Note 22 for more details.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the Association's fair share of the Scheme's total assets to calculate the Association's net deficit or surplus at the accounting period start and end dates.

The Association, as a result of staff transferring during the GHA stock transfer, is now an admitted member of Strathclyde Pension Fund (SPF). The basis of admittance is that of a closed scheme and only transferred employees who already are or wish to join can be a member of this scheme. Retirement benefits to these employees are funded by the contributions from all participating employers and employees in the Fund. Payments are made to the independently administered Fund in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating member employers. As a closed scheme a slightly higher calculated rate is payable by the Association to reflect the limited future membership of the scheme.

The SPF Scheme is a defined benefit scheme which is externally funded and contracted out of the State Earnings Related Pension Scheme. The contributions are determined by qualified actuaries on the basis of periodic valuations using the projected unit method.

For defined benefit schemes the amount charged to the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other finance costs.

Defined benefit schemes are funded, with the assets held separately from the Association in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at

each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency.

A pension scheme asset is recognised in the Statement of Financial Position only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the company has a legal or constructive obligation to settle the liability.

Financial Instruments

The Association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument and are offset only when the Association currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Lease Policy

All leases are operating leases and the annual rents are charged to the Statement of Comprehensive Income on a straight line basis. Operating Lease are in operation for the leasing of 63 Mid Market Rented Units to New Gorbals Property Management Ltd.

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

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

Financial liabilities

Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense

is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

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

Derecognition of financial assets and liabilities

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

Provisions

Provisions are recognised when the RSL has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT

	Notes	Turnover £	Operating costs £	SHAPS Pension £	Operating Surplus/(deficit) £	2018 Operating Surplus £
Affordable letting activities	3	12,732,037	9,801,662	-	2,930,375	3,477,621
Other activities	4	1,780,913	1,532,585	-	248,328	(32,825)
Total		14,512,950	11,334,247	-	3,178,703	3,444,796
Total for previous reporting period		13,682,739	10,243,943	6,000	3,444,796	

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Social Housing	Supported Social Housing Accommodation	Shared Ownership Housing	Total 2019	Total 2018
	£	£	£	£	£
Rent receivable net of service charges	9,918,284	340,710	37,344	10,296,338	10,163,019
Service charges	379,454	102,537	6,360	488,351	447,753
Gross income from rents and service charges	10,297,738	443,247	43,704	10,784,689	10,610,772
Less voids	(29,199)	(966)	-	(30,165)	(81,008)
Net income from rents and service charges	10,268,539	442,281	43,704	10,754,524	10,529,764
Grants released from deferred income	1,736,204	57,115	18,838	1,812,157	1,685,290
Revenue grants received from Scottish ministers	165,356	-	-	165,356	189,590
Total turnover from affordable letting activities	12,170,099	499,396	62,542	12,732,037	12,404,644
Management and maintenance administration costs	2,724,728	89,462	24,298	2,838,488	2,693,661
Service costs	1,516,037	49,777	13,520	1,579,334	1,251,381
Planned and cyclical maintenance including major repairs costs	806,341	26,475	-	832,816	722,860
Reactive maintenance costs	1,501,563	49,301	-	1,550,864	1,456,865
Bad debts - rents and service charges	55,583	1,825	-	57,408	88,514
Depreciation of affordable let properties	2,821,843	92,651	28,258	2,942,752	2,713,742
Operating Costs for affordable letting activities	9,426,095	309,491	66,076	9,801,662	8,927,023
Operating surplus or deficit for affordable letting activities	2,744,004	189,905	(3,534)	2,930,375	3,477,621
Operating surplus or deficit or affordable letting activities for previous reporting period	3,393,531	75,202	8,888	3,477,621	

New Gorbals Housing Association Limited
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 For the year ended 31 March 2019

4. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	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 £	Operating surplus or deficit for previous reporting period £
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	266,194	-	-	266,194	-	367,056	(100,862)	(105,884)
Care and repair	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	855,235	855,235	(2,609)	862,928	(5,084)	25,485
Care activities	-	-	-	-	-	-	-	-	-
Contracted out activities undertaken for registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to other organisations	-	-	-	-	-	-	-	-	-
Gift aid distribution from subsidiary	-	-	-	289,281	289,281	-	-	289,281	-
Rental from mid-market properties and management charges income	-	-	-	240,917	240,917	-	234,750	6,167	33,214
Other activities	-	-	-	129,286	129,286	-	70,460	58,826	8,360
Total from other activities	-	266,194	-	1,514,719	1,780,913	(2,609)	1,535,194	248,328	(38,825)
Total from other activities for the previous reporting period	-	145,976	-	1,132,119	1,278,095	(2,663)	1,319,583	(38,825)	

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

5. ACCOMMODATION IN MANAGEMENT

	2019	2018
	Units	Units
General needs housing	2,464	2,416
Shared ownership	22	22
Supported housing	84	81
TOTAL UNITS IN MANAGEMENT	2,570	2,519

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019	2018
	£	£
Interest on bank deposits	54,343	88,599

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2019	2018
	£	£
Interest arising on:		
Bank loans and overdrafts	1,481,590	1,391,216
Defined benefit pension charges	49,000	39,000
Less: Interest capitalised on housing properties under construction	(92,471)	(92,471)
	1,438,119	1,337,745

8. OPERATING SURPLUS

	2019	2018
	£	£
Operating surplus is stated after charging/(crediting):		
Depreciation of housing properties (note 11.A)	2,942,749	2,713,743
Depreciation of other tangible fixed assets (note 11.B)		
- owned	113,654	87,841
Depreciation of intangible fixed assets (note 11.C)	126,578	57,723
(Surplus)/deficit on disposal of tangible fixed assets (note 9)	13,248	(102,774)
Inventories recognised as an expense	-	-
Lease payments recognised as an expense	151,693	71,743

Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:

	2019	2018
	£	£
Audit services - statutory audit of the Association	16,140	13,560
<i>Other services:-</i>		
Taxation compliance services	-	-
Taxation advisory services	-	5,076

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

9. SURPLUS OR DEFICIT ON SALE OF FIXED ASSETS – HOUSING PROPERTIES

	2019	2018
	£	£
Disposal proceeds	-	477,148
(Loss) on Renewal of components	(13,248)	(25,456)
Carrying value of fixed assets	-	(348,918)
	<u>(13,248)</u>	<u>102,774</u>

10. EMPLOYEES

	2019	2018
	No.	No.
The average monthly number of full time equivalent persons (including key management personnel) employed by the Association during the year was:		
Office and management/Administration	16	18
Housing support and care	50	41
In-house Services Team	32	29
Development	7	7
	<u>105</u>	<u>95</u>

	2019	2018
	£'000	£'000
Staff costs for the above persons:		
Wages and salaries	3,579	2,788
Social security costs	339	277
Other pension costs and current service cost (note 22)	521	608
	<u>4,439</u>	<u>3,673</u>

The key management personnel are defined as the members of the Management Committee, the Director and any other person reporting directly to the Directors or the Management Committee.

The number of key management personnel who received emoluments (excluding employer pension contributions) in excess of £60,000 during the reporting period fell within the following bands:

	2019	2018
	No.	No.
£60,000 - £70,000	-	4
£70,001 - £80,000	3	-
£80,001 - £90,000	1	1
£90,001 - £100,000	1	-
	<u>1</u>	<u>-</u>

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

10. EMPLOYEES (Continued)

	2019 £	2018 £
Aggregate emoluments for the above key management personnel (excluding pension contributions)	351,151	337,973
The emoluments of the Chief Executive (excluding pension contributions)	88,650	84,843
Aggregate pension contributions in relation to the above key management personnel	53,509	46,065
Total emoluments for the above key management personnel (including salary, pension and benefits)	403,167	384,037

No payment or fees or other remuneration was made to the Board members during the year.

11.A TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

	Social housing properties held for letting £	Housing properties for letting under construction £	Completed shared ownership housing properties £	Total housing properties £
Cost				
1 April 2018	134,804,695	18,326,604	1,541,311	154,672,610
Additions	-	7,244,430	-	7,244,430
Properties acquired	955,433	-	-	955,433
Works to existing properties	1,143,537	-	-	1,143,537
Schemes completed	7,876,245	(7,876,245)	-	-
Disposals	(63,731)	-	-	(63,731)
31 March 2019	144,716,179	17,694,789	1,541,311	163,952,279
Depreciation and impairment				
1 April 2018	26,753,108	-	639,987	27,393,095
Depreciation charged in year	2,914,491	-	28,258	2,942,749
Released on disposal	(50,483)	-	-	(50,483)
31 March 2019	29,617,116	-	668,245	30,285,361
Net book value				
31 March 2019	115,099,063	17,694,789	873,066	133,666,918
31 March 2018	108,051,587	18,326,604	901,324	127,279,515

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

EXPENDITURE ON WORKS TO EXISTING PROPERTIES

	2019	2018
	£	£
Replacement component spend capitalised	810,413	1,141,591
Amounts charged to income and expenditure	10,418	39,648
	<hr/>	<hr/>
Total major repairs spend	820,831	1,181,239

FINANCE COSTS

	2019	2018
	£	£
Aggregate amount of finance costs included in the cost of housing properties	782,053	689,582
	<hr/>	<hr/>

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

11.B TANGIBLE FIXED ASSETS – OTHER

	Freehold property £	Computers and Office Equipment £	Furniture, fixtures and fittings £	Total £
Cost				
1 April 2018	1,998,825	434,815	518,213	2,951,853
Additions	2,693,650	11,002	15,687	2,720,339
	<hr/>			
31 March 2019	4,692,475	445,817	533,900	5,672,192
Depreciation				
1 April 2018	237,766	344,808	463,401	1,045,975
Depreciation charged in year	39,976	43,010	30,668	113,654
	<hr/>			
31 March 2019	277,742	387,818	494,069	1,159,629
Net book value				
31 March 2019	4,414,733	57,999	39,831	4,512,563
	<hr/>			
31 March 2018	1,761,059	90,007	54,812	1,905,878
	<hr/>			

11.C INTANGIBLE FIXED ASSETS

	Computer Software £
Cost	
1 April 2018	230,892
Additions	275,422
	<hr/>
31 March 2019	506,314
Depreciation	
1 April 2018	86,062
Depreciation charged in year	126,578
	<hr/>
31 March 2019	212,640
Net book value	
31 March 2019	293,674
	<hr/>
31 March 2018	144,830
	<hr/>

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

11.D INVESTMENTS

	2019 £	2018 £
Investment in subsidiary undertakings	1	1

New Gorbals Housing Association Limited owns 1 ordinary £1 share in New Gorbals Property Management Limited. This represents a 100% shareholding in New Gorbals Property Management Limited, a company registered in Scotland, whose principal activity is that of provision of management of mid-market rented properties. As at 31 March 2019, the capital and reserves of New Gorbals Property Management Limited were £1 with a taxable profit for the year of £158,538.

12. STOCK AND WORK IN PROGRESS

	2019 £	2018 £
Cost – New Supply Shared Equity	770,626	462,149

13. DEBTORS

	2019 £	2018 £
Amounts falling due within one year:		
Rent and service charges receivable	1,049,845	951,058
Less: net present value adjustment	(12,997)	(9,785)
Less: provision for bad and doubtful debts	(234,764)	(188,487)
	<u>802,084</u>	<u>752,786</u>
HAG receivable	-	495,722
Other debtors	1,024,989	930,397
Prepayments and accrued income	836,113	62,198
Amounts due from group undertakings	217,662	62,618
	<u>2,880,848</u>	<u>2,303,721</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Debt (note 17)	764,118	745,864
Rent and service charges received in advance	222,772	205,549
Deferred capital grants (note 16)	1,812,157	1,685,290
Trade creditors	1,739,362	1,401,780
Other creditors	1,737,093	1,525,211
Accruals and deferred income	206,363	108,851
	<u>6,481,865</u>	<u>5,672,545</u>

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£	£
Debt (note 17)	36,927,343	37,747,090
Deferred capital grant (note 16)	72,119,315	71,472,199
	<u>109,046,658</u>	<u>109,219,289</u>

	2019	2018
	£	£
Included in creditors are:		
Amounts repayable by instalments falling due after more than five years	<u>33,853,742</u>	<u>34,747,220</u>

16. DEFERRED CAPITAL GRANT

	2019	2018
	£	£
As at 1 April	73,157,489	70,535,128
Grant received in the year	2,586,140	4,307,651
Capital grant released	(1,812,157)	(1,685,290)
As at 31 March	<u>73,931,472</u>	<u>73,157,489</u>

Amounts to be released within one year	1,812,157	1,685,290
Amounts to be released in more than one year	<u>72,119,315</u>	<u>71,472,199</u>
	<u>73,931,472</u>	<u>73,157,489</u>

17. DEBT ANALYSIS - BORROWINGS

	2019	2018
	£	£
Creditors: amounts falling due within one year:		
Bank loans	764,118	745,864
	<u>764,118</u>	<u>745,864</u>
Creditors: amounts falling due after more than one year:		
Bank loans	36,927,343	37,747,090
	<u>36,927,343</u>	<u>37,747,090</u>
Total	<u>37,691,461</u>	<u>38,492,954</u>

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

Bank borrowings mature annually at £764,118 per annum from 31 March 2019 until 31 March 2020, £28,237,112 (2018: £28,507,419) bears average fixed-rate coupons of 4.68% per annum (2018: 4.68% per annum) and £9,454,289 (2018: £9,985,533) bears average variable-rate coupons of 2.03% above LIBOR (2018: 1.75% above LIBOR). The Association makes quarterly repayments of the bank borrowings.

Bank borrowings of £37.6m (2018: £38.4m) are secured against the Association's housing properties.

17. DEBT ANALYSIS – BORROWINGS (continued)

Based on the lender's earliest repayment date, borrowing is repayable as follows:

	2019	2018
	£	£
Due within one year	764,118	745,864
Due in one year or more but less than two years	781,247	762,277
Due between two and five years	2,292,354	2,237,593
Due more than five years	33,853,742	34,747,220
	<u>37,691,461</u>	<u>38,492,954</u>

18. PROVISIONS

	Holiday pay
	£
1 April 2018	48,345
Utilised in the year	48,345
Additional provision in year	54,087
31 March 2019	<u>54,087</u>

Holiday Pay

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

19. SHARE CAPITAL & RESERVES

The Association is limited by guarantee and consequently has no share capital. Each of the Association's members agrees to contribute £1 in the event of the Association winding up.

	2019	2018
	Number	Number
Number of members		
1 April	98	148
Joined during the year	4	7
Left during year	(15)	(57)
31 March	<u>87</u>	<u>98</u>

RESERVES

Reserves of the Association represent the following:

	2019	2018
	£	£
Income and Expenditure Account		
1 April	29,205,128	25,888,704
Surplus for the year	1,781,679	2,298,424
Actuarial gain/(loss) for year	(376,000)	1,018,000
31 March	<u>30,610,807</u>	<u>29,205,128</u>

20. RECONCILIATION OF SURPLUS TO NET CASH GENERATED FROM /(USED IN) OPERATIONS

	2019	2018
	£	£
Surplus for the year	1,405,679	3,316,424
Adjustments for non-cash items:		
Depreciation of intangible fixed assets	126,579	57,723
Depreciation of tangible fixed assets	3,056,403	2,801,584
Amortisation of capital grants	(1,812,157)	(1,685,290)
Increase/(Decrease) in provisions	449,741	(1,116,897)
Loss/(Gain) on disposal of tangible fixed assets	13,248	(102,774)
Interest receivable	(54,343)	(88,599)
Interest payable	1,437,119	1,337,745
Share cancelled	(15)	(57)
Operating cash flows before movements in working capital	4,622,254	4,519,859
Increase in investments		-
(Increase) in trade and other debtors	(885,604)	(43,666)
Increase in trade and other creditors	664,198	564,905
Cash generated from operations	4,400,848	5,041,098

CASH AND CASH EQUIVALENTS

	2019	2018
	£	£
Cash and cash equivalents represent: -		
Cash at bank	177,344	177,711
Short-term deposits	5,545,530	13,081,600
	5,722,874	13,259,311

21. CAPITAL COMMITMENTS AND OTHER CONTRACTUAL OBLIGATIONS

	2019	2018
	£	£
Capital expenditure contracted for but not provided in the financial statements	1,971,294	8,522,968

The above commitments will be funded through existing finance and grant.

22. RETIREMENT BENEFITS

Scottish Housing Association Pension Scheme (SHAPS)

Certain employees of the Association are members of an industry-wide retirement benefit scheme the Scottish Housing Association Pension Scheme ("SHAPS").

The Association participates in the scheme, a multi-employer scheme which provides benefits to over 150 non-associated employers. The scheme is a defined benefit scheme in the UK.

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.

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

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 Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2017 to 28 February 2022:	£25,735,092 per annum (payable monthly, increasing by 3% each 1st April)
From 1 April 2017 to 30 June 2025:	£727,217 per annum (payable monthly, increasing by 3% each 1st April)
From 1 April 2017 to 31 October 2026:	£1,239,033 per annum (payable monthly, increasing by 3% each 1st April)

The Scheme is classified as a 'last-man standing arrangement'. Therefore the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the 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.

For financial years ending on or before 28 February 2019, it has not been possible for the Association to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Association has accounted for the Scheme a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Association to account for the Scheme a defined benefit scheme.

For the year ended 31 March 2018, the SHAPS obligation was being accounting for as a defined contribution as there was not sufficient information available to identify each employer's share of assets and liabilities in the scheme. Therefore, for 31 March 2018, the contributions payable from the association to the SHAPS under the terms of its funding agreement for past deficits was recognised as a liability within provisions in the Association's financial statements.

For the year ended 31 March 2019, sufficient information is available for the Association in respect of SHAPS to account for its obligation on a defined benefit basis. The most recent formal actuarial valuation was completed as at 30 September 2015 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2019 by a qualified independent actuary.

Under the defined benefit pension accounting approach, the SHAPS net deficit as at 1 April 2018 is £1,348k and is £1,558k as at 31 March 2019.

The proposals set out in FRED 71 requires the difference on transition from defined contribution accounting to defined benefit accounting to be presented separately in other comprehensive income. The change on transition has resulted in a re-measurement difference of £657k, which has been recognised at the relevant date of application, 1 April 2018, in other comprehensive income.

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

**PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND
DEFINED BENEFIT ASSET (LIABILITY)**

	31 March 2019	31 March 2018
	(£000s)	(£000s)
Fair value of plan assets	7,328	6,601
Present value of defined benefit obligation	8,886	7,949
Surplus (deficit) in plan	(1,558)	(1,348)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(1,558)	(1,348)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	-	-

RECONCILIATION OF THE IMPACT OF THE ASSET CEILING

	Period ended 31 March 2019 (£000s)
Impact of asset ceiling at start of period	-
Effect of the asset ceiling included in net interest cost	-
Actuarial losses (gains) on asset ceiling	-
Impact of asset ceiling at end of period	-

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2019 (£000s)
Defined benefit obligation at start of period	7,949
Current service cost	323
Expenses	5
Interest expense	209
Contributions by plan participants	40
Actuarial losses (gains) due to scheme experience	(129)
Actuarial losses (gains) due to changes in demographic assumptions	21
Actuarial losses (gains) due to changes in financial assumptions	636
Benefits paid and expenses	(168)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	8,886

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	Period ended 31 March 2019 (£000s)
Fair value of plan assets at start of period	6,601
Interest income	175
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	268
Contributions by the employer	412
Contributions by plan participants	40
Benefits paid and expenses	(168)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	7,328

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £443,000.

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCl)

	Period from 31 March 2019 (£000s)
Current service cost	323
Expenses	5
Net interest expense	34
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income (SoCI)	362

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended 31 March 2019 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) – gain (loss)	268
Experience gains and losses arising on the plan liabilities - gain (loss)	129
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(21)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(636)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(260)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in other comprehensive income - gain (loss)	(260)

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

ASSETS	31 March 2019 (£000s)	31 March 2018 (£000s)
Global Equity	1,179	1,188
Absolute Return	621	783
Distressed Opportunities	125	30
Credit Relative Value	127	-
Alternative Risk Premia	409	250
Fund of Hedge Funds	20	190
Emerging Markets Debt	235	226
Risk Sharing	212	60
Insurance-Linked Securities	190	181
Property	146	261
Infrastructure	307	120
Private Debt	95	61
Corporate Bond Fund	514	461
Long Lease Property	89	-
Secured Income	256	242
Over 15 Year Gilts	188	213
Index Linked All Stock Gilts	-	-
Liability Driven Investment	2,607	2,323
Net Current Assets	8	12
Total Assets	7,328	6,601

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

KEY ASSUMPTIONS

	31 March 2019 % per annum	31 March 2018 % per annum
Discount Rate	2.34%	2.60%
Inflation (RPI)	3.26%	3.15%
Inflation (CPI)	2.26%	2.15%
Salary Growth	3.26%	3.15%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	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

22. RETIREMENT BENEFITS (Continued)

Strathclyde Pension Fund

Some of the Associations employees belong to the Strathclyde Pension Fund which is administered by Glasgow City Council and is a defined benefit scheme. The assets of the scheme are held separately from those of the Association in investments under the overall supervision of the Fund Trustees. The most recent comprehensive actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at 31 March 2018.

The employer's contribution to the SPF by the RSL for the year ended 31 March 2019 were £102,973 (2018 - £79,033) at a contribution rate of 19.7% of pensionable salaries. The employer's contribution rate for the year ending 31 March 2019 has been set at 28.7%.

The principal assumptions used in the calculation of the valuation of the plan assets and the present value of the defined benefit obligation include:

	2019	2018
Discount rate	2.6%	2.7%
Future salary increases	2.0%	3.5%
Future pension increases	2.3%	2.3%
Proportion of employees opting for early retirement	-	-
Post-retirement mortality	1.5%	1.5%

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	2019	2018
	Years	Years
Male	21.4	25.8
Female	23.7	23.7

The average life expectancy for an employee retiring at 65 that is aged 45 at the reporting date is:

	2019	2018
	Years	Years
Male	23.4	21.7
Female	25.8	23.4

Amounts recognised in income and expenditure in respect of the defined benefit schemes are as follows:

	2019	2018
	£'000	£'000
Current service cost	145	139
Net interest on the net defined benefit pension liability	15	39
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement.	-	(74)
	<u>160</u>	<u>104</u>

New Gorbals Housing Association Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

22. RETIREMENT BENEFITS (Continued)

Changes in the present value of the defined benefit obligation:	£'000
Defined benefit obligation at 1 April	3,869
Current service cost	145
Past Service costs	67
Interest cost	107
Contributions by scheme participants	26
Plan introductions, changes, curtailments and settlements	(431)
Benefits paid	(19)
Defined benefit obligation at 31 March	<u>3,764</u>
Changes in the fair value of plan assets:	£'000
Plan assets at 1 April	3,350
Interest income	92
Actuarial (losses)/gains	-
Return on plan assets (excluding net interest on the defined benefit liability)	110
Contributions by employer	109
Contributions by scheme participants	26
Benefits paid	(19)
Plan assets at 31 March	<u>3,668</u>
Net provision at 31 March	<u>96</u>

The actual return on plan assets was £110,000 (2018: £35,000).

The analysis of the scheme assets at the reporting date were as follows:

	Fair value of assets	
	2019	2018
Equity instruments	54%	70%
Debt instruments	24%	18%
Property	10%	11%
Other assets	2%	1%
	<u>100%</u>	<u>100%</u>

The above figures take into account the effect of the McLoud case.

23. RELATED PARTY TRANSACTIONS

Committee of Management members are also tenants of the Association. Their tenancies are on normal commercial terms. During the year £57,932 (2018: £57,195) of rent was receivable from these tenant members. At the year-end there were £2,355 (2018: £3,735) of rent arrears due from these tenant members.

During the year we charged £240,917 in rent and management charges (2018: £234,268) to our subsidiary New Gorbals Property Management. NGPM was incorporated in January 2016 primarily for the letting of mid-market rented properties. At 31st March 2019 £133,207 (2018: £62,618) was due from the subsidiary in group debtors.

24. CONTINGENT LIABILITIES

Communities Scotland Stock Transfer

Various financial provisions were incorporated in the legal documentation when the Association acquired housing stock from Communities Scotland in 2002. The Association is required to account for major repair, capital expenditure and sales of properties under the Right to Buy legislation. At 31 March 2019, the Association had not breached these provisions.

Housing Association Grant allocated to components (as detailed in Note 3) that have subsequently been replaced by the Association are recognised in the Statement of Comprehensive Income, with the cost of the replacement and any additional funding for this replacement being capitalised. The recycled grant recognised in the Statement of Comprehensive Income at 31 March 2019 was £nil (2018: £nil).

At 31 March 2018, the Association had no other contingent liabilities (2018 - £nil).

25. COMMITMENTS UNDER OPERATING LEASE

At 31 March 2019 total future minimum lease payments under non-cancellable operating leases are set out below.

	2019		2018	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Amounts due:				
Within 1 year	-	151,693	5,000	66,743
Within 2 to 5 years	-	400,367	-	38,930
		552,060	5,000	105,673