Co-operative & Community Benefit Society
Registered Number: 18925R

Regulator of Social Housing
Registered Number: L2188

Harrogate Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2019

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For the year ended 31 March 2019

Contents **Page**

Harrogate Housing Association Limited

Board of Management, Registered Office and Advisers
For the year ended 31 March 2019

Chairman:	Mr Stuart Whyte	
Board of Management:	Mr Stephen Clarke	Chair of Audit, Risk and Governance Committee
	Mr Eric Armitage	(retired 19 September 2018)
	Mr Andy Gamble	(appointed Vice Chair 31 October 2018)
	Mrs Angela Macready	
	Mrs Carmen McCormack	(resigned 22 August 2018)
	Mr Bill Truin	Chair of Remuneration Committee
	Ms Jane Worrell	
	Ms Dot Tyrtania	
	Mr David Copley	
	Ms Megan Henderson	
	Ms Joanne Watson	
	Mr Jonathan Place	(co-opted 6 February 2019)
Officers:	Mr Steven Brook (Chief Executive and Secretary)	
Registered Office:	10 High Street Harrogate North Yorkshire HG2 7HY	
Registered Number:	Co-operative & Community Benefit Society 18925R Regulator of Social Housing (RSH) L2188	
External Auditors:	Beever and Struthers Statutory Auditor St George's House 215-219 Chester Road Manchester M15 4JE	
Bankers:	Yorkshire Bank 21 James Street Harrogate North Yorkshire HG1 1QU	CAF Bank Limited 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ

Accounts

The Board of Management presents its annual report and the audited financial statements for the year ended 31 March 2019. Consolidated accounts have been prepared incorporating the results of Applegarth Homes, an almshouse charity, which became a subsidiary of Harrogate Housing Association on 1 October 2017. The comparative numbers only include the results of Applegarth Homes from that date and not a full year.

Principal activities

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 (Registered Number 18925R) and with the Regulator of Social Housing (Registered Number L2188).

Its rules state that the Association is formed for the benefit of the community and its objects shall be to carry on for the benefit of the community:

> "the business of providing and managing housing and social housing and providing assistance to help house people and associated facilities and amenities or services for poor people or for the relief of aged, disabled (whether physically or mentally) or chronically sick people".

In addition the Association is able to undertake any other charitable object that can be carried out by an association registered with the Regulator of Social Housing, its regulator.

The Association only works within the Harrogate District, thus guaranteeing that any surplus generated is reinvested in that area.

Involving our customers

The Customer Liaison Committee (CLC) are the voluntary representatives of our customers. Their involvement helps to ensure that the Association delivers excellent services that customers want in an efficient manner. The Committee members are involved in and contribute to the key customer focused activities that form part of our housing management function. These activities include new tenancy visits where CLC members visit and welcome new customers and see how they have found the process of application and moving with the Association, together with their assessment of the quality of their new home. They get first hand feedback and pass any issues on to staff. Estate Walkabouts are also conducted alongside staff where they consider the provision of estate functions, working with staff in improving the community areas where the Association has housing stock.

Meetings are usually held monthly where the CLC members monitor the key performance targets with staff being present and held accountable for performance matters. These meetings are also used to discuss any difficult customer related decisions. Their views and recommendations on an appropriate course of action are obtained and then put into place.

CLC members are involved in kitchen choice on new developments as well as inspections of the finished homes where their views on quality, location and affordability are taken into consideration on future schemes. Their contribution also involves the discussion and review of all new policies and procedures that have a direct impact on customers with their views taken on board and where necessary incorporated.

In addition each year the CLC host a customer conference to which all customers of the Association are invited. They set the agenda, which ensures customers are informed about things which are important to them. They use this forum to promote their work and membership.

Supporting our community

The Association is working with the Positive Footprints Network in supporting the delivery of the "Raising Aspirations Project" for children and young people in local primary schools. The project enables primary school children to "discover their potential in the world of work". It aims to raise the children's aspirations for their future and shows them how they can develop employability skills which will help them overcome barriers and build their resilience . The Association has funded the project in four schools in the Starbeck area which have been chosen because a large proportion of its customers' children will attend those schools which are also in an area of relative low income and employment opportunities. This project is supported by staff getting involved in events, such as the Careers Carousel where local businesses talk to pupils about their careers and what their roles involve which enables pupils to learn about different opportunities. The project will have a positive impact for those schools and the Associations customers' children who have engaged with it. The project costs £2,400 per school and is delivered primarily by teachers. By providing the funding for these schools to deliver the programme, the Association is investing in the workforce of the future and delivering corporate, social responsibility.

Environmental sustainability statement

The Association is committed to protecting and supporting Harrogate's environment and quality of life objectives. It aims to reduce the impact it has on the local environment resulting from its business activities. As part of this it manages its activities in the workplace in various ways including:

- Reducing its energy consumption by converting office lights to digital LED fittings
- Lower temperatures for central heating and the fitting of TRVs on radiators.
- Reducing paper waste by providing electronic board papers, electronic works orders and scanning and sending documents electronically. Printing off is monitored to ensure that unnecessary printing is eliminated
- Recycling cardboard and plastic from the office including toner cartridges
- Limiting our carbon foot print by walking to local properties, sharing cars, using trains to external meetings and supporting working from home, use of skype and conference calls where appropriate
- Bulk ordering supplies to minimise transport of goods
- Using local contractors to avoid long journeys

For our homes the Association provides:

- Energy efficient new build properties with an EPC rating of C or above with a number of properties fitted with solar panels and air source heat pumps
- Reduced water consumption by installing water harvesters on a scheme
- Investment to improve the EPC levels in homes to a minimum code C by 2030 where possible
- Improved thermal efficiency by providing cavity wall and loft insulation, a programme of upgrades to more energy efficient combination boilers and has ensured all windows are double glazed
- Improved energy efficiency in our homes by providing LED light fittings on replacement

The Association will aim to ensure full compliance with all relevant environmental legislation, and also establish a management framework to achieve continual improvement and strive towards best practice in all its business activities. This will include the direct impacts that the business has on the environment, and will also consider indirect impacts and areas where we can exert influence to stimulate sustainable development. The Association will seek to educate and facilitate good environmental practice in partners, suppliers and stakeholders as well as the many residents and individuals that make use of its services

Results

The results for the year are set out in the accounts on pages 15 to 46.

Performance for the year

The commentary here concentrates on the results of the Association. Applegarth Homes is surplus generating and therefore has a positive effect when its results are added to those of the Association to produce group accounts. Applegarth Homes has produced its own accounts which can be found on the website www.hhal.org.uk.

The Association has had another successful year. The underlying operating surplus (excluding shared ownership first tranche sales) has grown from £457,455 to £510,477 and a healthy surplus on shared ownership first tranche sales of £382,184 has been achieved. Together these have produced an operating surplus of £892,661 for the year on turnover of £1,922,410. This position has been made possible by the property acquisitions in the year with an increase in the number of properties owned from 189 to 223. This growth has been achieved without a corresponding increase in the Association's overheads which ultimately makes it more efficient.

This level of growth coupled with sustained day to day operational performance has only been achieved with the support, hard work and dedication of staff. The Board would like to take this opportunity to formally thank them for their contribution to the Association's continuing success.

In addition to this growth the Association has also delivered on a number of other initiatives. Details of the primary ones are as follows:

- The anti social behaviour case referred to in last years report concluded in the Association's favour in February 2019 after two court appearances and a significant investment of time by the housing team supporting witnesses and preparing court papers. The associated legal costs were also significant.
- A new housing management system has been installed with additional functionality around repairs which will ultimately improve record keeping and performance. The installation of a new system was significantly more cost effective than upgrading the existing one.
- A customer satisfaction survey was undertaken with a 53% response rate indicating an increase in overall satisfaction from 87% to 91%.
- The management of Rogers Almshouses was successfully transferred back to the Trustees in October 2018, a month later than indicated in last years report, but this ensured a smooth transition of the services for the benefit of residents.
- The negotiations with Harrogate Borough Council on the future management arrangements for the Avondale Homeless Hostel, ensuring the continuance of the much needed service, have been concluded. The new arrangements are currently going through the Council approval process and, assuming approval is granted, will be put in place before the end of the current year.

Alongside the above the day to day operations of the Association have continued unabated. Focussing on the three most important areas of operation:

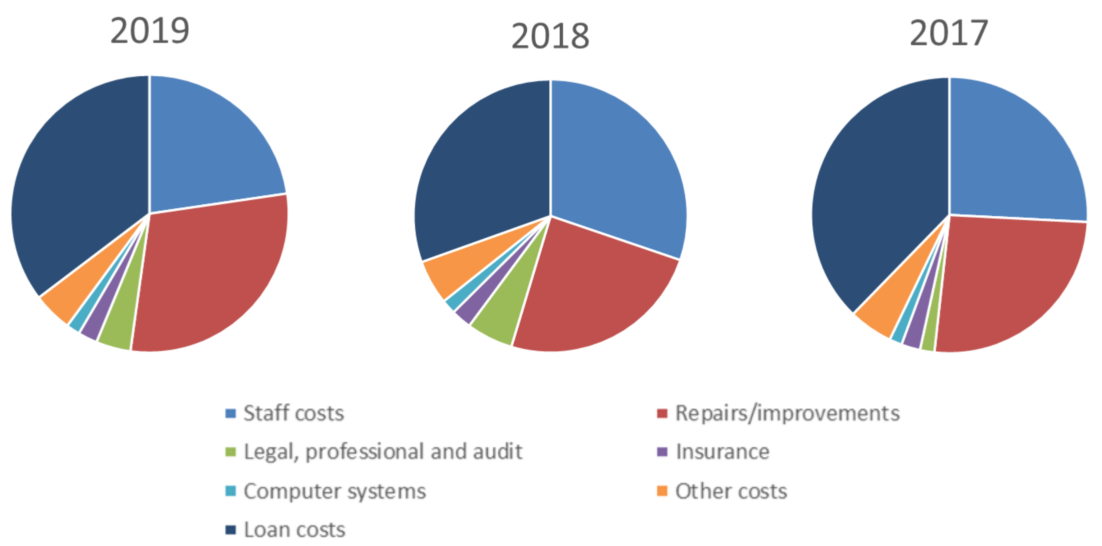
- Void losses have been kept to a minimum at only £1,453 for the year (0.1%). The Association is fortunate in usually receiving notice of an impending departure with properties returned in a lettable condition but staff work hard to ensure a nomination or waiting list applicant is in place for when the tenancy ends. Staff also worked hard to ensure the new properties were let immediately on handover from the developer.
- Arrears have reduced with the collection percentage improving to over 100%. Although problems still arise with Universal Credit staff work hard to ensure claims are followed up and chased by both the customer and the Association.
- Repairs spend and customer satisfaction with repairs have both increased. The planned improvement works carried over from last year were completed soon into the current year together with the replacement of 30 doors, 12 kitchens, eight bathrooms and seven boilers. In addition some remodelling work on two properties was undertaken to improve their customer appeal – the full £200,000 planned maintenance budget for the year was utilised. Although customer satisfaction with the repairs service was 100% on call backs to 44% of jobs only 95% of jobs were completed within the timeframes allocated. Whilst some of these missed targets were due to customer choice this is an area of focus for the coming year.

Performance for the year (continued)

The growth of the Association has been undertaken using the cash reserves from the bond drawn down last year with over £1.5m being invested in new properties. The Association still has cash reserves in excess of £1m and access to a £5m revolving facility with Yorkshire Building Society. Together these are easily sufficient to meet the contracted developments of the Association.

Although shared ownership sales have contributed positively to the financial performance of the Association they were lower than anticipated in the budget and business plan. Only seven properties were sold during the year compared with the planned 11, with three still held in stock at the year end. There are a number of contributing factors including the later than planned delivery of properties by developers, the need to sell to someone with a local connection under the planning approval and the desire by the Board to sell larger family houses to families who would fully benefit from the property size. Approval from the local authority to relax the local connection criteria has now been obtained and the sale of the stock held at the year end is expected during the current year.

During the last three years the income of the Association was spent as follows:



As can be seen the Association's three main areas of spend are staff, repairs and interest. Each is important to the Association in different ways. Staff deliver customer service and manage the Association, repairs are the most important service to customers and interest is on loans obtained to purchase properties which enables us to provide homes to more people. Reflecting the performance noted above the proportion of our income spent on loans and repairs have both increased during the year with that spent on overheads, which includes staff cost, reducing. It should be noted that resolving the anti social behaviour case involved incurring significant legal costs which is reflected in the above.

Future activities

Looking forward access to finance enables the Association to continue to grow.

The Association is able to express an interest in affordable housing under the S106 allocation process as opportunities become available. Properties are allocated based on demand from housing associations, numbers previously received by associations and the business case put forward by each association for a specific scheme. The price is pre-determined based on property size. There are over 2,000 affordable homes due to be built within the Harrogate District within the next five years giving the Association significant opportunity to grow.

At the year end the Association was in contract for 12 new properties with a further 13 reaching final contract stage. An additional 42 properties have been allocated to the Association for delivery over the next three years. The Association has in place sufficient funding to deliver this growth, however, additional loan facilities will be required for further expansion. Work has already commenced to put this in place with a number of funders offering additional facilities to the Association.

Future activities (continued)

Whilst it is anticipated that this growth will be deliverable with existing staff resources the small housing team is stretched when large numbers of new properties are handed over or staff are absent due to sickness or holidays and this potentially impacts on the service delivered. To manage this risk the Association has recently appointed an apprentice housing officer. Whilst this will increase the underlying costs of the Association, especially as no funding is available to support the apprenticeship due to the Association's size, it will help mitigate the risk.

Investing in existing properties remains important. We have allocated a budget of £205,000 for planned maintenance work in the coming year which will be used to replace 24 bathrooms and 12 kitchens in line with the results of the stock condition survey undertaken in early 2018. We have also started to look at improving the EPC rating on the lowest rated properties owned. Early indications are that this work will be expensive to implement and therefore will need careful management.

Reserves

The aim of the Association is to hold limited cash reserves with cash flow managed via a surplus generated on its housing activities and loan facilities. The long term additional funding obtained from GB Social Housing in 2018 and shared ownership sales has resulted in significant cash reserves being held at the year end. These cash reserves will be used to fund the development activities noted above. The Board approved the drawdown from GB Social Housing recognising that the growth of the Association, supported by long term financing, outweighed the cost of carry of the debt until development schemes were realised. The Board have also confirmed that no capital project can be contracted until adequate funding has been secured which is facilitated by the above approach.

Creditor payment terms

Invoices received by the Association and its subsidiary by the 7th of a month are paid on the last working day of that month where there are no issues with the work undertaken and no other payment terms have been agreed with the supplier.

Fixed assets

The changes in fixed assets during the year are set out in notes 12 and 13 of the accounts.

Political and charitable donations

During the year the Association and its subsidiary made no political or charitable contributions.

Value for money

The Association's definition of Value for Money (VFM) is simple: to deliver our social objectives in the most cost effective way possible by:

- Providing an increasing number of quality homes at affordable rents for customers
- Providing the services customers want, cost effectively, efficiently and to the standards customers expect
- Contributing to improving the physical and social sustainability of the areas in which it works

The Association recognises that it needs to constantly look at how it delivers its core services to ensure they are cost effective and efficient, monitor the satisfaction of customers in relation to those services, taking action where appropriate, and ensure demand for its properties remains high. However, the key strategic objective to deliver value for money centres on property growth without a corresponding increase in the costs of management. The latter though will be impacted by the recruitment of the apprentice mentioned above, undertaken to manage risk and ensure continued levels of customer service are delivered rather than cost control.

Value for money (continued)

Delivering on its value for money objective the Association has grown during the year increasing the number of properties it owns by 34 – a 15% increase as measured by the value for money metric below. Offset against this growth was the loss of 14 units managed for Rogers Almshouses as noted above. This net increase in property numbers though has not manifested itself in a reduction in the headline social housing cost per unit metric. The metric includes amounts spent on planned maintenance – both capital and revenue amounts. This was significantly higher in 2019 at £216,568 compared to £140,450 in 2018. This increase equates to £327 per unit. Taking this into account indicates that the underlying costs have continued to fall.

With sufficient funding in place to deliver the additional 67 properties already allocated to the Association and work in progress to obtain additional loans to continue to deliver the Association's growth aspirations further value for money gains are anticipated.

Whilst there are a significant number of S106 development opportunities available there is also an increasing number of housing associations in competition for the schemes offered. We continue to promote our USP of the added benefit the Association makes to the local Harrogate economy due to the location of our office, the employment of predominantly local people and the use of small local contractors, at site allocation meetings. As yet no preferential treatment has been obtained from being the only local housing association.

Affordability of rents remains key. Our rent policy sets rents at 80% of market levels or the local housing allowance level whichever is lower. On new properties it is the latter which is invariably used. Our properties therefore remain affordable to those in receipt of housing benefit and universal credit.

All our assets are located within the Harrogate district, the only area in which we operate, and are in high demand. No individual asset has been identified as loss making.

The management of properties for other housing associations is not, in itself, a social housing activity for the Association, but it has an underlying social housing purpose. We have reviewed and renegotiated the amounts we charge for the services we deliver to ensure they cover the costs we incur in undertaking the activity. Any reductions in our underlying costs are passed onto the associations at agreement renewal.

The metrics required under the value for money standard are as follows:-

VFM Standard metrics	Target 2020*	2019	2018	2017
1 Reinvestment percentage	12.8%	10.1%	8.9%	5.8%
2 New supply delivered **	2.1%	15%	0%	3.7%
3 Gearing	39.1%	31.9%	31.0%	28.8%
4 EBITDA MRI interest cover	208.1%	248.2%	157.7%	146.4%
5 Social housing costs per unit	£2,928	£2,786	£2,524	£2,392
6 Operating margin social housing	34.5%	40.6%	42.1%	42.9%
Operating margin overall	39.1%	46.1%	39.0%	40.9%
7 Return on capital employed	4.0%	5.1%	2.7%	3.5%

* - these are based on the Board approved business plan. In comparison to 2019 they are impacted by the timing of developments and receipt of completed units, a reduced volume of shared ownership sales, the employment of an apprentice, a higher group spend on planned maintenance and major repairs and a prudent budget
** - all new supply delivered was social housing units. A rolling target of 60 units over a three year period is in place (equating to approximately 8% per annum)

In June 2019 the Regulator issued guidance for small providers detailing, based on the annual accounts, how to calculate the VFM Standard metrics. All the numbers for each of the years presented above have been calculated in line with the guidance.

Value for money (continued)

Other key statistics for the Association are shown below:

Other metrics	**Target 2020** [a]	**2019**	**2018**	**2017**
Percentage of rent collected	100%	100.69%	98.91%	100.60%
Voids and bad debts percentage	0.2%	0.4%	0.9%	0.2%
Units owned	228	223	189	189
Total units managed	N/A	280	261	261
Net debt per owned unit £000s	<60	25	25	21
Customer satisfaction [b]				
Overall	97%	91%	87%	87%
Value for money of rent	95%	86%	84%	84%

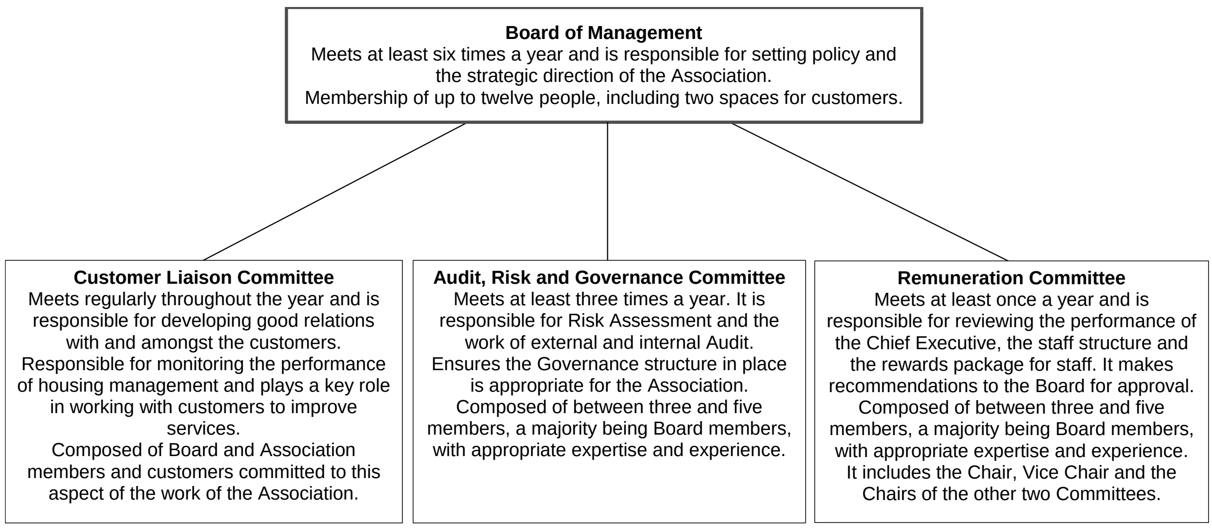
a - these are the stretch targets used for monitoring and management. Overall the Association is operating well within the parameters used in the business plan.
b - surveys undertaken in years ended 31 March 2019 and 31 March 2017, target is top quartile performance.

The significant increase in new supply, which consequently generated shared ownership first tranche sales and surpluses has had a positive impact on the majority of the metrics. In relation to the social housing metrics 5 and 6 this positive was offset by the increased spend on planned maintenance and costs incurred in relation to the anti social behaviour case.

The Association subscribes to SPBM – the smaller providers benchmarking group run by Acuity. Comparing ourselves with other associations of less than 1,000 units who predominately have general needs housing stock we sit firmly in the top quartile on all the VFM metrics where quartiles are published (data extracted on 7 June 2019). We are a top quartile performer on voids, second quartile on rent collected (even though in excess of 100% of the rent debits raised was collected) but sit in the third quartile in relation to the two customer satisfaction measures. The survey undertaken during the year shows we are continuing to improve but still have some way to go to reach the top quartile. An action plan is being developed from the survey results with the aim of further improving our customer satisfaction ratings. It is worth noting that although the base satisfaction survey response puts us in the third quartile our net promoter score is in the top quartile.

Governance

The following governance structure has been in place throughout the year and the Board have confirmed that it still meets the needs of the Association:



Governance (continued)

Details of the Board of Management and the changes during the financial year and up to the date of the approval of this report are included on page 1.

The Board have adopted the National Housing Federation's Code of Governance 2015. The Association complies fully with the code. Succession planning of skills gaps arising as members retire through the nine year rule has been considered with targeted recruitment of Board members with the appropriate skills. A formal Board performance review was undertaken by the Chair during the current year.

Under the nine year rule Stuart Whyte, the current Chair, will step down at the Annual General Meeting in September 2019. The Board have already confirmed that Andy Gamble will take his place. The Board would like to thank Stuart for his contribution to the growth of the Association and the strengthening of its financial performance.

The Association has also adopted the National Housing Federations voluntary code for Mergers, Group Structures and Partnerships. During the year a high level discussion exploring the opportunities for closer working took place with the Chair and Secretary of Lune Valley Rural Housing Association. Their location was prohibitive to the associations working together and the discussions ended. There was no other activity in this area during the year.

The Association has insurance policies through membership of the National Housing Federation that indemnify its Board and Chief Executive against liability when acting for the Association.

Board Members and their interests

The Board Members in office during the year are listed on page 1.

Each Board Member holds one fully paid share of £1 in the Association.

Statement of the Board's responsibilities in respect of the financial statements

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Association and of the income and expenditure for the period of account.

In preparing these financial statements, the Board is required to:

1. Select suitable accounting policies and then apply them consistently,
2. Make judgements and estimates that are reasonable and prudent,
3. State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
4. 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 and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. It 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.

Disclosure of information to Auditors

The Board members who held office at the date of approval of this Report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditors are unaware; and each Board member has taken all the steps that they ought to have taken as a Board member to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

Statement on the Association's system of internal control

The Board acknowledges its overall responsibility, for establishing and maintaining the whole system of internal control and for reviewing annually its effectiveness.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk, and to provide reasonable assurance that the key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls, which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Association is exposed and is consistent with principles incorporated in the regulator's guidance.

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal ongoing process of management review in each area of the Association's activities. The results continue to be reviewed by the Board on a regular basis. The Chief Executive is responsible for reporting significant risks or any changes in significant risks facing the Association to the Board within these reports.

The key risks as identified by the Board with additional commentary are given below:

- Inability to grow and deliver the business plan – significant growth has occurred during the year with further schemes already allocated to the Association. These will almost fully utilise the existing loan facilities and therefore additional funding is being sought. The properties completed during the year will provide the security for the new funding. Costs are being kept under control and the business plan already includes the cost of the new apprentice position. There remains a large number of S106 opportunities available to the Association. There is also significant headroom in the existing loan covenants.
- Shared ownership properties are not disposed of in a timely manner – on average shared ownership properties form approximately a third of each S106 scheme allocated to the Association. There is therefore an increased exposure to the sales market. The business plan assumes a six month delay in sale. Scenario planning looks at the conversion of unsold shared ownership properties to affordable rent and confirms this is manageable. Regular reporting to Board on sales is undertaken. An agreement with a local estate agent to market the properties is also in place. Two of the unsold shared ownership properties at the year-end have been held for longer than six months. The local connection criteria has now been relaxed so these sales will progress. In future a request to relax the local connection criteria will be done three months after the start of marketing.
- Increased loans increase exposure to interest rate rises – the nature of the current loan portfolio is such that all drawn loans are at fixed rates. New drawdowns going forward will be at variable rates but the business plan factors in rate rises which have been subject to scenario testing. As all new drawdowns are used for development activity which will generate additional surplus the risk is mitigated.
- Regulatory intervention resulting from lack of compliance with regulatory standards, especially in relation to governance and value for money – gap analysis undertaken which confirms compliance. Recognising improvements can always be made an improvement action plan is in place.
- Impact of loss of key staff through resignation or illness due to small number of employees – focus on upskilling staff to cover roles, longer notice periods for senior staff put in place. An Apprentice Housing Officer has also been recruited. Growth in the Association will aslo enable additional staff to be recruited if required.
- Welfare reform could have an adverse impact on cash flow – regular monitoring and collection of arrears takes place and customers are encouraged to build a buffer on their rent account. This should mitigate the impact.

Identification and evaluation of key risks (continued)

The Association does not have any tower blocks or buildings with cladding. Externally commissioned fire risk assessments have been undertaken for all properties with communal areas and any items identified as requiring attention have been dealt with. Regular inspections of the communal areas takes place.

The Board considered the impact of Brexit on the Association. With funding in place to meet existing allocated S106 schemes (and additional funding offers in the pipeline), no reliance on EU nationals to deliver its services, buoyant demand for its properties (both rented and shared ownership) and no direct construction activity undertaken the Board considered that increased costs of raw materials for major works and repairs was the main risk. They considered that sufficient surplus was being generated to manage this eventuality if it occurred.

Monitoring and corrective action

The Board is responsible for ensuring the process of control through self-assessment is effective and that management reporting on control issues provides hierarchical assurance to successive levels of management and to the Board. This includes a rigorous procedure for ensuring that effective monitoring is in place and that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the financial statements.

Control environment and control procedures

The Board retains responsibility for a defined range of issues covering strategic, operational, financial, and compliance issues including treasury strategy and new investment projects. Policies and procedures cover such issues as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

Information and financial reporting systems

Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the Board. The Board also reviews key performance indicators regularly to assess progress towards the achievement of key business objectives, targets and outcomes.

Auditors

In accordance with the Co-operative and Community Benefit Societies Act 2014 a resolution to re-appoint Beever and Struthers as the Association's auditors, will be proposed at the Annual General Meeting.

Governance and Financial Viability

The Board confirms that the Association complies with the Regulator of Social Housing's Governance and Financial Viability Standard.

Statement of compliance

The Board of Management confirm that this report has been prepared in accordance with the principles set out in paragraph 4.7 of the 2014 SORP for Registered Social Housing Providers.

Approved by the Board of Management on 31 July 2019

Mr S Whyte
Chairman

Opinion

We have audited the financial statements of Harrogate Housing Association Limited ("the 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 Financial Position, the consolidated and Association Statement of Changes in Reserves, the consolidated Statement of Cash Flows and the notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the Association's affairs as at 31 March 2019 and of the Group's income and expenditure and the 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 requirements of the Cooperative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group 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 to you in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board of Management 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which Cooperative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

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

Responsibilities of the Board of Management

As explained more fully in the Statement of Board's Responsibilities set out on page 9, the Board of Management are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management 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 of Management are responsible for assessing the Group's and 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 of Management either intend to liquidate the Group or 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 web-site at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it 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 for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers
Statutory Auditor
St George's House
215-219 Chester Road
Manchester
M15 4JE

Date: 13 August 2019

Harrogate Housing Association Limited

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2019

	Notes	2019 £	2018 £
Turnover	3a	1,968,721	1,195,604
Operating expenditure	3a	(1,060,897)	(729,473)
Profit on disposal of fixed assets	3c	378	-
Operating surplus		908,202	466,131
Interest receivable and similar income	5	9,496	5,027
Interest and financing costs	6	(360,203)	(283,611)
Movement in fair value of fixed asset investments	14	2,566	(4,902)
Negative goodwill		-	571,159
Surplus before taxation		560,061	753,804
Taxation	11	-	-
Surplus for the year	7	560,061	753,804
Other comprehensive income			
Initial recognition of multi-employer defined benefit scheme	10	(37,000)	-
Actuarial losses in respect of pension scheme	10	(38,000)	-
Total comprehensive income for the year		485,061	753,804

All of the above results derive from the continuing operations of the Group.

Historical cost surpluses and deficits were identical to those shown in the statement of comprehensive income.

The notes on pages 22 to 46 form an integral part of these financial statements.

The financial statements on pages 15 to 46 were approved and authorised for issue by the Board of Management on 31 July 2019 and were signed on its behalf by:-

Mr S Whyte **Chair of the Board**

Mr S Clarke **Chair of the Audit, Risk and Governance Committee**

Mr S Brook **Secretary**

Harrogate Housing Association Limited

Association Statement of Comprehensive Income
For the year ended 31 March 2019

	Notes	2019	2018
		£	£
Turnover	3b	1,922,410	1,170,729
Operating expenditure	3b	(1,029,749)	(713,274)
Profit on disposal of fixed assets	3c	378	-
Operating surplus		893,039	457,455
Interest receivable	5	4,967	2,378
Interest and financing costs	6	(360,203)	(283,611)
Surplus before taxation		537,803	176,222
Taxation	11	-	-
Surplus for the year	7	537,803	176,222
Other comprehensive income			
Initial recognition of multi-employer defined benefit scheme	10	(37,000)	-
Actuarial losses in respect of pension scheme	10	(38,000)	-
Total comprehensive income for the year		462,803	176,222

All of the above results derive from the continuing operations of the Association.

Historical cost surpluses and deficits were identical to those shown in the statement of comprehensive income.

The notes on pages 22 to 46 form an integral part of these financial statements.

The financial statements on pages 15 to 46 were approved and authorised for issue by the Board of Management on 31 July 2019 and were signed on its behalf by:-

Mr S Whyte **Chair of the Board**

Mr S Clarke **Chair of the Audit, Risk and Governance Committee**

Mr S Brook **Secretary**

Harrogate Housing Association Limited

Consolidated Statement of Financial Position
For the year ended 31 March 2019

	Notes	2019		2018	
Fixed assets		£	£	£	£
Housing properties	12a		16,630,638		15,234,633
Other tangible fixed assets	13		217,076		202,286
Investments	14		111,310		101,331
			16,959,024		15,538,250
Current assets					
Stock	15	135,289		184,695	
Trade and other debtors	16	89,646		79,812	
Current asset investments	17	104,000		1,104,000	
Cash and cash equivalents	18	1,178,581		800,060	
		1,507,516		2,168,567	
Less: **Creditors**: amounts falling due within one year	19	(760,840)		(529,960)	
Net current assets			746,676		1,638,607
Total assets less current liabilities			17,705,700		17,176,857
Creditors: amounts falling due after more than one year	20		(11,572,160)		(11,708,382)
Provisions for liabilities					
Pension – defined benefit liability	10		(180,000)		-
Total net assets			5,953,540		5,468,475
Reserves					
Non-equity share capital	23		28		25
Income and expenditure reserve	24		5,953,512		5,468,450
Total reserves			5,953,540		5,468,475

The notes on pages 22 to 46 form an integral part of these financial statements.

The financial statements on pages 15 to 46 were approved and authorised for issue by the Board of Management on 31 July 2019 and were signed on its behalf by:-

Mr S Whyte **Chair of the Board**

Mr S Clarke **Chair of the Audit, Risk and Governance Committee**

Mr S Brook **Secretary**

Harrogate Housing Association Limited

Association Statement of Financial Position
For the year ended 31 March 2019

	Notes	2019		2018	
Fixed assets		£	£	£	£
Housing properties	12b		16,239,298		14,838,963
Other tangible fixed assets	13		217,076		202,286
			16,456,374		15,041,249
Current assets					
Stock	15	135,289		184,695	
Trade and other debtors	16	89,009		78,980	
Current asset investments	17	104,000		1,104,000	
Cash and cash equivalents	18	1,074,606		712,213	
		1,402,904		2,079,888	
Less:					
Creditors: amounts falling due within one year	19	(753,418)		(521,862)	
Net current assets			649,486		1,558,026
Total assets less current liabilities			17,105,860		16,599,275
Creditors: amounts falling due after more than one year	20		(11,572,160)		(11,708,382)
Provisions for liabilities					
Pension – defined benefit liability	10		(180,000)		-
Total net assets			5,353,700		4,890,893
Reserves					
Non-equity share capital	23		28		25
Income and expenditure reserve	24		5,353,672		4,890,868
Total reserves			5,353,700		4,890,893

The notes on pages 22 to 46 form an integral part of these financial statements.

The financial statements on pages 15 to 46 were approved and authorised for issue by the Board of Management on 31 July 2019 and were signed on its behalf by:-

Mr S Whyte **Chair of the Board**

Mr S Clarke **Chair of the Audit, Risk and Governance Committee**

Mr S Brook **Secretary**

Harrogate Housing Association Limited

Consolidated Statement of Changes in Reserves
For the year ended 31 March 2019

	Non-equity share capital £	Income and expenditure reserve £	Total £
Balance at 1 April 2017	35	4,714,633	4,714,668
Surplus for the year	-	753,804	753,804
Shares issued during the year	3	-	3
Shares surrendered during the year	(13)	13	-
Balance at 31 March 2018	25	5,468,450	5,468,475
Surplus for the year	-	560,061	560,061
Initial recognition of multi-employer defined benefit scheme	-	(37,000)	(37,000)
Actuarial losses in respect of pension scheme	-	(38,000)	(38,000)
Shares issued during the year	4	-	4
Shares surrendered during the year	(1)	1	-
Balance at 31 March 2019	28	5,953,512	5,953,540

The notes on pages 22 to 46 form an integral part of these financial statements.

Association Statement of Changes in Reserves
For the year ended 31 March 2019

	Non-equity share capital £	Income and expenditure reserve £	Total £
Balance at 1 April 2017	35	4,714,633	4,714,668
Surplus for the year	-	176,222	176,222
Shares issued during the year	3	-	3
Shares surrendered during the year	(13)	13	-
Balance at 31 March 2018	25	4,890,868	4,890,893
Total comprehensive income for the year	-	537,803	537,803
Initial recognition of multi-employer defined benefit scheme	-	(37,000)	(37,000)
Actuarial losses in respect of pension scheme	-	(38,000)	(38,000)
Shares issued during the year	4	-	4
Shares surrendered during the year	(1)	1	-
Balance at 31 March 2019	28	5,353,672	5,353,700

The notes on pages 22 to 46 form an integral part of these financial statements.

Harrogate Housing Association Limited

Consolidated Statement of Cash Flows
For the year ended 31 March 2019

	2019	2019	2018	2018
	£	£	£	£
Net cash generated from operating activities (see Note 1 below)		1,159,314		553,558
Cash flow from investing activities				
Purchase of tangible fixed assets	(1,458,293)		(1,300,383)	
Purchase of shared ownership properties	-		(184,695)	
Proceeds from shared ownership staircasing sales	44,255		-	
Grants received	73,500		-	
Grants repaid	(18,734)		-	
Purchase of NAACIF shares	(2,970)		(2,970)	
Investments	1,000,000		(1,000,000)	
Release of THFC sinking fund	-		900	
Cash received on acquisition of Applegarth Homes	-		74,488	
Donations received	-		20	
Interest received	5,207		2,314	
		(357,035)		(2,410,326)
Cash flow from financing activities				
Shares issued	4		3	
Interest paid	(363,630)		(289,729)	
Refinancing/other loan related costs	(27,939)		(43,158)	
New secured loans	-		2,250,000	
Loan drawdown – existing facilities	-		350,000	
Repayments of loans	(32,193)		(380,968)	
		(423,758)		1,886,148
Net change in cash and cash equivalents		378,521		29,380
Cash and cash equivalents at beginning of year		800,060		770,680
Cash and cash equivalents at end of the year		1,178,581		800,060
Note 1				
Surplus for the year		560,061		753,804
Adjustments for non-cash items:				
Depreciation of tangible fixed assets		254,203		208,331
Amortisation of Government grants		(67,610)		(66,974)
Decrease in stock		49,406		-
Increase in trade and other debtors		(12,443)		(11,836)
Increase/(decrease) in trade and other creditors		26,094		(42,501)
Loss on disposal of fixed assets		1,462		427
Negative goodwill		-		(571,159)
Adjustments for investing or financing activities:				
Donations received		-		(20)
Interest and financing costs		360,203		283,611
Interest received		(9,496)		(5,027)
Movement in fair value of investments		(2,566)		4,902
		1,159,314		553,558

The notes on pages 22 to 46 form an integral part of these financial statements.

1. General information

Harrogate Housing Association Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Homes & Communities Agency as a Private Registered Provider of Social Housing. The registered office is 10 High Street, Harrogate, North Yorkshire, HG2 7HY.

The Group comprises the following entities:

Name	Incorporation	Registration status
Harrogate Housing Association Limited	Co-operative and Community Benefit Societies Act 2014	Registered – Regulator of Social Housing
Applegarth Homes	Unincorporated charity	Registered – Charity Commission

2. Principal accounting policies

Basis of accounting

The Group's financial statements have been prepared in accordance with applicable United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2014. The Group is required under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 to prepare consolidated Group accounts.

The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. The accounts are prepared on the historical cost basis of accounting as modified by the revaluation of investments and are presented in sterling £ for the year ended 31 March 2019.

The Group's financial statements have been prepared in compliance with FRS 102. The Group meets the definition of a public benefit entity (PBE).

Parent company disclosure exemptions:
In preparing the separate financial statements of the parent association, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No separate Statement of Cash Flows has been presented for the parent association.
- No separate disclosure has been given for the aggregate remuneration of the key management personnel of the parent association as their remuneration is included in the totals for the group as a whole.

Basis of consolidation

The consolidated financial statements incorporate the results of Harrogate Housing Association Limited and its subsidiary undertaking as at 31 March 2019 using the acquisition method of accounting.

Going concern

The Group's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future.

The Board of Management has a reasonable expectation that working capital is adequate to continue in operational existence for the foreseeable future. The Group holds various loan facilities (as detailed in note 20) which were taken out for the acquisition of housing properties. The Board of Management is not aware of any circumstances that may adversely affect the renewal of these facilities. Accordingly, the Board of Management believes it is appropriate to continue to prepare the financial statements on a going concern basis.

2. Principal accounting policies (continued)

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

a. Categorisation of housing properties
The Group has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals.

b. Impairment
The Group has identified a cash generating unit for impairment assessment purposes at a property scheme level.

Other key sources of estimation and assumptions:

a. Tangible fixed assets
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

b. Impairment of non-financial assets
Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified. The Group has assessed that no trigger for an impairment review has occurred in the year.

c. Grant amortisation
Grant received is included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals model.

d. Allocation of shared ownership costs between fixed assets and current assets
Shared ownership properties are split between fixed assets and current assets with the split determined by the % of the property to be sold under a first tranche disposal.

e. Accounting for the Social Housing Pension Scheme ('SHPS'). The Board's view, considering the guidance issued in FRED 71 and guidance issued by the National Housing Federation, is that the difference between the deficit funding agreement previously recognised in relation to SHPS, and the net defined benefit deficit, should be recognised in Other Comprehensive Income. The relevant date to apply the adjustment is judged to be 1 April 2018, as TPT Retirement Solutions does not have data to provide sufficient information before 31 March 2018.

2. Principal accounting policies (continued)

Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and Homes England, income from the sale of shared ownership properties, management income and other income and is recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion.

Service charges

Service charge income and costs are recognised on an accruals basis.

Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

Loan finance issue costs

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income in the year in which the redemption took place.

Taxation

The Association has charitable status and is therefore exempt from UK corporation tax on charitable activities.

The Association is not registered for VAT and therefore expenditure is stated inclusive of VAT.

Tangible fixed assets and depreciation

Housing properties
Housing properties are stated at cost less accumulated depreciation.

Housing properties under construction are stated at cost and not depreciated. These are reclassified as housing properties on practical completion of construction.

Freehold land is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The Group depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

The Group capitalises expenditure on housing properties that increases the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the rental income, a reduction in future maintenance costs, or a significant extension of the life of the property.

2. Principal accounting policies (continued)

UELs for identified components are as follows:

Structure	80 years
Windows and doors	30 years
Kitchens	20 years
Bathrooms	30 years
Boilers	15 years
Plumbing	30 years
Electrics	40 years
Roofs	70 years

The Group depreciates housing properties held on long term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected economic useful lives which are as follows:

Office furniture	10% on cost
Computer equipment	20% on cost
White goods for properties	12.5% on cost
Property held for own use	Between 15 and 80 years (see above)

The useful economic lives of all tangible fixed assets are reviewed annually.

Shared ownership properties

The costs of shared ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets.

Capitalisation of interest and administration costs

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress.

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into its intended use.

Fixed asset investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value through the statement of financial activities if the shares are publically traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

2. Principal accounting policies (continued)

Current asset investments

Current asset investments include cash and cash equivalents invested for periods of more than 3 months which are not accessible on demand.

Short-term debtors and creditors

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

Non-government grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as Turnover.

Social Housing and other government grants

Where developments have been financed wholly or partly by Social Housing and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. Social Housing Grant received for items of cost written off in the statement of comprehensive income is included as part of turnover.

When Social Housing Grant in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

Social Housing Grant must be recycled by the Group under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the Social Housing Grant can be used for projects approved by Homes England. However, Social Housing Grant may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as turnover. In certain circumstances, Social Housing Grant may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Recycling of Capital Grant

Where Social Housing Grant is recycled, as described above, the Social Housing Grant is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

Holiday pay accrual

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

Retirement benefits

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

2. Principle accounting policies (continued)

The Group participates in the Social Housing Pension Scheme ('SHPS'), a defined benefit multiemployer pension scheme administered by TPT Retirement Solutions ('TPT'). Historically, TPT has not been able to provide sufficient information for each social landlord's share of SHPS to allow defined benefit accounting to be applied. Instead, in accordance with FRS 102 paragraphs 28.11 and 28.11A and Housing SORP paragraphs 15.9 to 15.12, SHPS has been accounted for as a defined contribution scheme and recognised a liability for the present value of the landlord's deficit funding agreement.

Following changes made to systems and processes by TPT, sufficient information is now available for SHPS. In January 2019, the Financial Reporting Council issued FRD71 ('Draft amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland – Multi-employer defined benefit plans.') which provides proposed changes to FRS 102 on this issue.

Consistent with the guidance in FRED 71 paragraph 4 (FRS 102 paragraph 28.11B), the difference between the deficit funding liability and the net defined benefit deficit for SHPS has been recognised in Other Comprehensive Income. This constitutes a change in accounting policy. Further disclosures in this area are included in note 10.

Provisions

The Group only provides for contractual liabilities.

Operating leases

All costs are written off to the Statement of Comprehensive Income as they are incurred.

Financial Instruments

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

Basic financial instruments, where a financing transaction, are initially recognised at fair value including any premium or discount on issue and subsequently measured at amortised cost using the effective interest method.

Impairment of Financial Assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income immediately.

Avondale

The Avondale is a property leased by the Group to Harrogate Borough Council who use it to provide short term accommodation for homeless families. The day to day management of the accommodation rests with the Council but administration is shared. The amounts received by the Group for undertaking the administration are included in turnover as management income. Each year amounts are transferred to a sinking fund to be used in specific circumstances, as determined by the lease, for major repairs to the building, especially those which may be required at the end of the lease. These funds are held by the Group. In order to show a true and fair view, the bank account is shown as an asset within the financial statements with a corresponding liability within creditors: amounts falling due within one year. Upon expiry of the lease any remaining funds will revert to the Group and be recognised as income at that time.

Harrogate Borough Council are responsible for reporting the financial results of the activities of the Avondale each year.

3a. Group particulars of turnover, operating expenditure and operating surplus

	2019		
	Turnover	**Operating Expenditure**	**Operating Surplus**
	£	**£**	**£**
Social housing lettings (see note 4a)	1,277,933	(759,682)	518,251
Other social housing activities			
First tranche low cost home ownership sales	632,250	(250,066)	382,184
Management income	49,717	(43,131)	6,586
Other	8,821	(8,018)	803
Total	1,968,721	(1,060,897)	907,824

	2018		
	Turnover	**Operating Expenditure**	**Operating Surplus**
	£	**£**	**£**
Social housing lettings (see note 4a)	1,123,422	(650,551)	472,871
Other social housing activities			
First tranche low cost home ownership sales	-	-	-
Management income	59,525	(62,123)	(2,598)
Other	12,657	(16,799)	(4,142)
Total	1,195,604	(729,473)	466,131

3b. Association particulars of turnover, operating expenditure and operating surplus

	2019		
	Turnover £	Operating Expenditure £	Operating Surplus £
Social housing lettings (see note 4b)	1,220,122	(718,457)	501,665
Other social housing activities			
First tranche low cost home ownership sales	632,250	(250,066)	382,184
Management income	61,217	(53,208)	8,009
Other	8,821	(8,018)	803
Total	1,922,410	(1,029,749)	892,661

	2018		
	Turnover £	Operating Expenditure £	Operating Surplus £
Social housing lettings (see note 4b)	1,093,804	(628,522)	465,282
Other social housing activities			
First tranche low cost home ownership sales	-	-	-
Management income	64,268	(67,953)	(3,685)
Other	12,657	(16,799)	(4,142)
Total	1,170,729	(713,274)	457,455

3c. Profit on disposal of fixed assets

	Group and Association 2019 £	2018 £
Disposal proceeds	45,000	-
Carrying value of fixed assets	(42,804)	-
Other cost of sales	(1,818)	
	378	-

4a. Group particulars of turnover and operating expenditure from social housing lettings

	General needs housing £	Supported housing £	Shared ownership £	Total 2019 £	Total 2018 £
Income					
Rent receivable net of identifiable service charges and net of voids	1,096,744	52,618	29,695	1,179,057	1,032,531
Service charge income	29,460	-	1,806	31,266	23,917
Amortised government grants	55,203	10,626	1,781	67,610	66,974
Total turnover from social housing lettings	1,181,407	63,244	33,282	1,277,933	1,123,422
Operating expenditure					
Management	261,417	12,093	19,650	293,160	257,931
Service charge costs	26,246	-	1,473	27,719	23,817
Routine maintenance	93,427	2,165	-	95,592	97,208
Planned maintenance	39,466	9,135	-	48,601	25,142
Major repairs expenditure	48,384	-	-	48,384	38,354
Bad debts	3,957	-	-	3,957	6,882
Depreciation of housing properties	210,296	23,935	8,038	242,269	201,217
Total operating expenditure on social housing lettings	683,193	47,328	29,161	759,682	650,551
Operating surplus on social housing lettings	498,214	15,916	4,121	518,251	472,871
Voids losses (being rental and service charge income lost as a result of property not being let, although it is available for letting)	1,399	54	-	1,453	2,451

4b. Association particulars of turnover and operating expenditure from social housing lettings

	General needs housing	Supported housing	Shared ownership	Total 2019	Total 2018
	£	£	£	£	£
Income					
Rent receivable net of identifiable service charges and net of voids	1,049,857	52,618	29,695	1,132,170	1,008,494
Service charge income	18,536	-	1,806	20,342	18,336
Amortised government grants	55,203	10,626	1,781	67,610	66,974
Total turnover from social housing lettings	1,123,596	63,244	33,282	1,220,122	1,093,804
Operating expenditure					
Management	245,016	12,093	19,650	276,759	249,017
Service charge costs	15,997	-	1,473	17,470	18,931
Routine maintenance	85,899	2,165	-	88,064	94,757
Planned maintenance	36,749	9,135	-	45,884	23,694
Major repairs expenditure	48,384	-	-	48,384	38,354
Bad debts	3,957	-	-	3,957	6,882
Depreciation of housing properties	205,966	23,935	8,038	237,939	196,887
Total operating expenditure on social housing lettings	641,968	47,328	29,161	718,457	628,522
Operating surplus on social housing lettings	481,628	15,916	4,121	501,665	465,282
Voids losses (being rental and service charge income lost as a result of property not being let, although it is available for letting)	1,399	54	-	1,453	2,451

5. Interest receivable and similar income

	Group 2019	Group 2018	Association 2019	Association 2018
	£	£	£	£
Bank interest received	5,053	2,396	4,967	2,378
Investment income	4,443	2,631	-	-
	9,496	5,027	4,967	2,378

6. Interest and financing costs

	Group 2019	Group 2018	Association 2019	Association 2018
	£	£	£	£
Loan interest	367,570	307,288	367,570	307,288
Costs associated with financing and refinancing	40,763	31,506	40,763	31,506
Amortisation of bond premium	(31,262)	(14,768)	(31,262)	(14,768)
Interest on pension scheme deficit	4,000	1,000	4,000	1,000
Less: interest capitalised/prepaid	(20,868)	(41,415)	(20,868)	(41,415)
	360,203	283,611	360,203	283,611

The average cost of borrowing used to capitalise interest was 4.49% (2018 – 4.53%).

7. Surplus for the year

	Group 2019	Group 2018	Association 2019	Association 2018
	£	£	£	£
Surplus for the year is stated after charging/(crediting):				
Auditor's remuneration (excluding VAT):				
In their capacity as auditors	7,022	7,300	5,486	5,800
In respect of other services	711	816	711	816
Operating lease rentals	732	732	732	732
Depreciation of housing properties	242,269	201,217	237,939	196,887
Depreciation of office fixtures and fittings	11,934	7,114	11,934	7,114
Loss on disposal of other fixed assets	1,841	427	1,841	427
Amortisation of government grants	(67,610)	(66,974)	(67,610)	(66,974)

8. Employee information

The average weekly number of persons employed during the year (full time equivalents, i.e. 37 hours per week) was:

	Group and Association	
	2019	**2018**
	No	**No**
Housing management and administration	5	6

	2019	**2018**
	£	**£**
Staff costs (for the above persons):		
Wages and salaries	182,468	208,533
Social security costs	15,143	14,922
Other pension costs	33,600	34,197
	231,211	257,652

Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the year	**2019 No**	**2018 No**
£80,000 – £90,000	1	1

9. Key management personnel emoluments

Key management personnel are defined as Members of the Board of Management and the Chief Executive.

No member of the Board of Management received any remuneration in the year (2018 – none).

The remuneration paid to the Chief Executive was:	Group and Association	
	2019	**2018**
	£	**£**
Emoluments and total key management personnel remuneration: (Including pension contributions and benefits in kind)	82,931	80,516
Emoluments: paid to the highest paid employee (the Chief Executive) (Excluding pension contributions)	75,392	73,196

The Chief Executive is a member of the Social Housing Pension Scheme. He is an ordinary member of the scheme and no enhanced or special terms apply. The Association did not make any further contribution to individual pension arrangements for the Chief Executive.

10. Pension obligations

Social Housing Pension Scheme

The Association participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

For the year ended 31 March 2018 it was not possible for the Association to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounted for the scheme as a defined contribution scheme. The contributions payable from the Association to the SHPS under the terms of its funding agreement for past deficits was recognised as a liability within creditors in the Association's financial statements. The net present value of £102,000 was recognised with creditors for this contractual obligation for the year ended 31 March 2018.

For the year ended 31 March 2019, sufficient information is available for the Association in respect of SHPS to account for its obligation on a defined benefit basis. The most recent formal valuation was completed on 31 September 2017 and rolled forward allowing for the different financial assumptions required under FRS102, to 31 March 2019 by a qualified independent actuary.

Under the defined benefit pension accounting approach, the net deficit as at 1 April 2018 is £139,000 and £180,000 as at 31 March 2019.

The proposals set out in FRED71 requires the difference on transition from defined benefit 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, which has been recognised at the relevant date of application, 1 April 2018, in other comprehensive income.

	2018
	£
Past service deficit liability as at 1 April derecognised	102,000
Net pension scheme deficit under defined benefit accounting as at 1 April	(139,000)
Loss recognised in other comprehensive income on initial recognition at 1 April	(37,000)

The major assumptions used by the actuary in assessing scheme liabilities were:

	2019	**2018**
	% per annum	**% per annum**
Discount rate	2.29%	2.54%
Inflation (RPI)	3.30%	3.20%
Inflation (CPI)	2.30%	2.20%
Salary growth	3.30%	3.20%

Mortality Assumptions

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

	2019
	No. of years
Male retiring in 2019	21.8
Female retiring in 2019	23.5
Male retiring in 2039	23.2
Female retiring in 2039	24.7

10. Pension obligations (continued)

Amount recognised in the Statement of Financial Position

	Group and Association	
	31 March 2019	**1 April 2018**
	£	**£**
Fair value of plan assets	598,000	541,000
Present value of defined benefit obligation	(778,000)	(680,000)
Net liability to be recognised	(180,000)	(139,000)

Analysis of amount charged to operating expenditure in the Statement of Comprehensive Income

	2019
	£
Current service cost	30,000
Expenses	2,000
Total operating charge	32,000

Analysis of pension finance income / (expenses)

	2019
	£
Interest expense	18,000
Interest income	(14,000)
Amounts charged to financing costs	4,000

Amount of gains and losses recognised in the Statement of Comprehensive Income

	2019
	£
Actuarial gains on pension scheme assets	15,000
Actuarial losses on pension scheme liabilities	(53,000)
Actuarial loss recognised	(38,000)

Movement in deficit during year

	2019
	£
Deficit in scheme at 1 April	139,000
Current service cost	30,000
Expenses	2,000
Employer contributions	(33,000)
Net interest expense	4,000
Actuarial loss	38,000
Deficit in scheme at 31 March	180,000

10. Pension obligations (continued)

Reconciliation of opening and closing balances of the defined benefit obligation

	2019 £
Defined benefit obligation as at 1 April 2018	680,000
Current service cost	30,000
Expenses	2,000
Interest expense	18,000
Contributions by plan participants	15,000
Actuarial losses due to scheme experience	8,000
Actuarial losses due to changes in demographic assumptions	2,000
Actuarial losses due to changes in financial assumptions	43,000
Benefits paid and expenses	(20,000)
Defined benefit obligations as at 31 March 2019	778,000

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

	2019 £
Fair value of plan assets as at 1 April 2018	541,000
Interest income	14,000
Experience on plan assets (excluding interest income)	15,000
Contributions by the employer	33,000
Contributions by plan participants	15,000
Benefits paid and expenses	(20,000)
Fair value of plan assets as at 31 March 2019	598,000

11. Taxation

The Association has Charitable Status and is therefore exempt from UK corporation tax on charitable activities.

12a. Group tangible fixed assets – housing properties

	Social housing properties for letting completed	Social housing properties for letting under construction	Shared ownership properties completed	Shared ownership properties under construction	Housing properties total
	£	£	£	£	£
Cost					
At 1 April 2018	15,280,865	1,153,373	590,299	297,346	17,321,883
Property additions	-	1,232,228	-	280,666	1,512,894
Schemes completed	2,207,685	(2,207,685)	526,252	(526,252)	-
Component additions	168,184	-	-	-	168,184
Component disposals	(64,460)	-	-	-	(64,460)
Property disposal	-	-	(44,128)	-	(44,128)
At 31 March 2019	17,592,274	177,916	1,072,423	51,760	18,894,373
Depreciation					
At 1 April 2018	2,068,264	-	18,986	-	2,087,250
Charge for the year	234,231	-	8,038	-	242,269
Eliminated on disposals	(64,460)	-	(1,324)	-	(65,784)
At 31 March 2019	2,238,035	-	25,700	-	2,263,735
Net book value					
At 31 March 2019	15,354,239	177,916	1,046,723	51,760	16,630,638
At 31 March 2018	13,212,601	1,153,373	571,313	297,346	15,234,633

Housing properties comprise:	**2019**	**2018**
	£	**£**
Freeholds	15,480,928	14,270,484
Long leasehold	1,149,710	964,149
	16,630,638	15,234,633

The following amounts have been capitalised during the year:

	2019	**2018**
	£	**£**
Interest	20,868	41,415
Management costs	22,657	22,052
	43,525	63,467

12b. Association tangible fixed assets – housing properties

	Social housing properties for letting completed	Social housing properties for letting under construction	Shared ownership properties completed	Shared ownership properties under construction	Housing properties total
	£	£	£	£	£
Cost					
At 1 April 2018	14,880,865	1,153,373	590,299	297,346	16,921,883
Property additions	-	1,232,228	-	280,666	1,512,894
Schemes completed	2,207,685	(2,207,685)	526,252	(526,252)	-
Component additions	168,184	-	-	-	168,184
Component disposals	(64,460)	-	-	-	(64,460)
Property disposal	-	-	(44,128)	-	(44,128)
At 31 March 2019	17,192,274	177,916	1,072,423	51,760	18,494,373
Depreciation					
At 1 April 2018	2,063,934	-	18,986	-	2,082,920
Charge for the year	229,901	-	8,038	-	237,939
Eliminated on disposals	(64,460)	-	(1,324)	-	(65,784)
At 31 March 2019	2,229,375	-	25,700	-	2,255,075
Net book value					
At 31 March 2019	14,962,899	177,916	1,046,723	51,760	16,239,298
At 31 March 2018	12,816,931	1,153,373	571,313	297,346	14,838,963

Housing properties comprise:	**2019**	**2018**
	£	**£**
Freeholds	15,089,588	13,874,814
Long leasehold	1,149,710	964,149
	16,239,298	14,838,963

The following amounts have been capitalised during the year:

	2019	**2018**
	£	**£**
Interest	20,868	41,415
Management costs	22,657	22,052
	43,525	63,467

12c. Tangible fixed assets – housing properties (continued)

Works to existing properties in the year:	**Group 2019 £**	**Group 2018 £**	**Association 2019 £**	**Association 2018 £**
Components capitalised	168,184	102,096	168,184	102,096
Amounts charged to expenditure	48,384	38,354	48,384	38,354
	216,568	140,450	216,568	140,450

13. Tangible fixed assets – other

Group and Association

	Freehold offices £	**Office furniture and equipment £**	**Computer equipment £**	**Other fixed assets total £**
Cost				
At 1 April 2018	215,135	21,870	27,005	264,010
Additions	2,337	-	26,227	28,564
Disposals	(2,888)	(3,600)	(15,744)	(22,232)
At 31 March 2019	214,584	18,270	37,488	270,342
Depreciation				
At 1 April 2018	25,337	12,539	23,848	61,724
Charge for the year	3,054	1,849	7,031	11,934
Disposals	(2,600)	(2,150)	(15,642)	(20,392)
At 31 March 2019	25,791	12,238	15,237	53,266
Net book value				
At 31 March 2019	188,793	6,032	22,251	217,076
At 31 March 2018	189,798	9,331	3,157	202,286

14. Fixed asset investments

Valuation	Group	Association
	£	£
At 1 April 2018	101,331	-
Additions during the period	7,413	-
Unrealised gain in period	2,566	-
At 31 March 2019	111,310	-

The historic cost of these investments at 31 March 2019 was £86,707 (31 March 2018 – £79,293).

		Group		Association	
		2019	2018	2019	2018
		£	£	£	£
The investments comprise:					
Listed	NAACIF income shares	111,310	101,331	-	-

15. Stock

	Group		Association	
	2019	2018	2019	2018
	£	£	£	£
Shared ownership properties completed	100,782	-	100,782	-
Shared ownership properties under construction	34,507	184,695	34,507	184,695
	135,289	184,695	135,289	184,695

16. Debtors

	Group 2019 £	Group 2018 £	Association 2019 £	Association 2018 £
Rental debtors	34,173	36,692	33,998	36,508
Less: Provision for bad debts	(20,127)	(19,760)	(20,127)	(19,760)
	14,046	16,932	13,871	16,748
Prepayments	56,784	45,427	56,322	44,779
Other debtors	18,816	17,453	18,816	17,453
	89,646	79,812	89,009	78,980

17. Current asset investments

	Group 2019 £	Group 2018 £	Association 2019 £	Association 2018 £
THFC sinking fund	104,000	104,000	104,000	104,000
Aviva liquidity sterling investment fund	-	1,000,000	-	1,000,000
	104,000	1,104,000	104,000	1,104,000

The THFC sinking fund is a designated interest bearing account charged in respect of The Housing Finance Corporation £2m facility to cover 12 months interest. The Association is not able to access the fund.

18. Cash and cash equivalents

	Group 2019 £	Group 2018 £	Association 2019 £	Association 2018 £
Cash at bank	1,178,581	800,060	1,074,606	712,213

19. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Association 2019 £	Association 2018 £
Trade creditors	292,233	45,334	289,197	42,976
Rents paid in advance	44,347	36,811	42,107	35,066
Accruals	98,580	106,063	96,434	102,068
Other taxation and social security	3,995	3,891	3,995	3,891
Other creditors	1,545	1,864	1,545	1,864
Provision for works at the Avondale	186,677	175,026	186,677	175,026
Loan balance – secured (Note 20)	33,406	32,193	33,406	32,193
Premium on issue of bonds	32,447	31,262	32,447	31,262
Pension obligations	-	17,000	-	17,000
Unamortised government grants (Note 21)	67,610	66,974	67,610	66,974
Recycled capital grant (Note 22)	-	13,542	-	13,542
	760,840	529,960	753,418	521,862

20. Creditors: Amounts falling due after more than one year

	Group and Association	
	2019	**2018**
	£	**£**
Loan balances – secured	6,558,173	6,591,580
Premium on issue of bonds	865,238	897,685
Loan issue costs	(144,690)	(158,187)
Total housing finance	7,278,721	7,331,078
Unamortised government grants (Note 21)	4,276,742	4,292,304
Recycled capital grant fund (Note 22)	16,697	-
Pension obligations	-	85,000
Total	11,572,160	11,708,382

Loans have been advanced by GB Social Housing, Yorkshire Bank, Quaker Housing Trust and The Housing Finance Corporation Limited, and are secured on properties owned by the Association. The loans are all at fixed rates. At the year end the interest rates on the portfolio ranged from zero to 5.2%.

The Association also has access to a £5m revolving facility with Yorkshire Building Society which was undrawn at the year end.

	£	£
Within one year	33,406	32,193
Between one and two years	34,866	33,406
Between two and five years	103,362	105,806
In more than five years	6,419,945	6,452,368
Total loans repayable	6,591,579	6,623,773
Premium on issue of bonds	897,685	928,947
Loan issue costs	(144,690)	(158,187)
	7,344,574	7,394,533

21. Deferred income

The amount of unamortised government grants at the year end relate to social housing grant which is amortised in accordance with the stated accounting policy.

	Group and Association	
	2019	**2018**
Unamortised government grant	**£**	**£**
At start of year	4,359,278	4,426,252
Grants received in the year	87,041	-
Grants recycled in the year	(34,357)	-
Released to income in the year	(67,610)	(66,974)
	4,344,352	4,359,278
Amounts due to be released < 1 year	67,610	66,974
Amounts due to be released > 1 year	4,276,742	4,292,304
	4,344,352	4,359,278

22. Recycled capital grant fund

		Group and Association Homes England £
Opening balance		13,542
Inputs to RCGF:	Grants recycled	16,697
	Interest accrued	-
	Transfers from other PRPs	-
		30,239
Recycling of grant:	New build	(13,542)
	Major works and works to existing stock	-
	Transfers from other PRPs	-
	Other	-
Repayment of grant to Homes England		-
Closing balance		16,697
Amount three years or older where repayment may be required		-

23. Non-equity share capital

	Group and Association 2019 £	2018 £
Allotted, issued and fully paid:		
At 1 April 2018	25	35
Issued during the year	4	3
Surrendered during the year	(1)	(13)
At 31 March 2019	28	25

The par value of each share is £1. The shares do not have a right to any dividend or distribution in a winding up, and are not redeemable. Each share has full voting rights.

24. Reserves

Income and expenditure reserve
The income and expenditure reserve represents the cumulative surplus and deficits net of other adjustments.

25. Capital commitments

	Group and Association 2019	2018
	£	£
Capital expenditure that has been contracted for but has not been provided for in the accounts:	733,926	697,656
Capital expenditure that has been authorised by the Board of Management but has not yet been contracted for:	6,668,435	6,120,890
	7,402,361	6,818,546

The contracted for commitments will be met from existing cash balances and secured loan facilities.

26. Accommodation in management

	Group 2019	Group 2018	Association 2019	Association 2018
	No	No	No	No
Under development at end of year:				
General needs housing – affordable rent	9	21	9	21
Shared ownership	3	9	3	9
	12	30	12	30
Under management at end of year:				
General needs housing – social rent	112	111	112	111
General needs housing – affordable rent	82	61	82	61
Housing for older people	10	10	-	-
Shared ownership	19	10	19	10
Total number of properties owned and managed	223	192	213	182
General needs housing on behalf of others	27	27	27	27
Almshouses for older people on behalf of others	-	14	10	24
Total number of properties managed	250	233	250	233

The Association owns property managed by other bodies.

	2019	2018
	No	No
General needs housing – affordable rent	2	-
Supported housing	11	11
	13	11

In addition the Association owns the Avondale which is leased to Harrogate Borough Council for use as temporary homeless accommodation. The Avondale is 17 self-contained flats.

27. Contingent liabilities – Group and Association

At the balance sheet date there were no contingent liabilities (2018 – £Nil).

28. Commitments under operating lease commitments

The Association holds office equipment under non-cancellable operating leases. At the end of the year the Association had commitments of future minimum lease payments as follows:

	Group and Association Other Commitments	
	2019	**2018**
	£	**£**
Leases expiring:		
Not later than one year	732	732
Later than one year and not later than five years	456	1,188
Later than five years	-	-
	1,188	1,920

29. Social Housing and Other Grants

	Group and Association	
	2019	**2018**
	£	**£**
The total accumulated government grant and financial assistance received or receivable at 31 March.	5,408,809	5,357,933
Held as deferred capital grants	4,344,352	4,359,278
Recognised as income in the Statement of Comprehensive Income	1,064,457	998,655
	5,408,809	5,357,933

30. Related party transactions

Under FRS 102 related parties consist of the Board of Management and the Associations for which Harrogate Housing Association Limited acts as managing agent – Harrogate Flower Fund Homes Limited and Rogers' Almshouses (resigned 31 October 2018).

Board members received expenses in the year totalling £1,378 (2018 – £610).

During the year there was one tenant member of the Board who resigned on 22 August 2018. Their tenancy was on normal commercial terms and they were not able to use their positon to their advantage. During the year ended 31 March 2019, while they were a Board member, they paid rent totalling £2,046 (2018 – £5,118).

30. Related party transactions (continued)

During the year the Association sold services to:

- Harrogate Flower Fund Homes Limited totalling £32,386 (2018 – £32,037). At the balance sheet date £Nil (2018 – £7,050) was due from Harrogate Flower Fund Homes Limited.
- Rogers' Almshouses totalling £8,967 (2018 – £15,773). At the balance sheet date £Nil (2018 – £100) was due from Rogers' Almshouses. The Association ceased being managing agent to Rogers' Almshouses from 31 October 2018.

31. Subsidiary undertakings

The results of Applegarth Homes for the year are as follows:

	£
Income	62,340
Surplus for the period	26,588

32. Financial instruments

	Group		Association	
	2019	2018	2019	2018
	£	£	£	£
The Group and Association's financial instruments may be analysed as follows:				
Financial assets measured at historical cost:				
Rental debtors	14,046	16,932	13,871	16,748
Other debtors	18,816	17,453	18,816	17,453
Current asset investments	104,000	1,104,000	104,000	1,104,000
Cash and cash equivalents	1,178,581	800,060	1,074,606	712,213
Total financial assets	1,315,443	1,938,445	1,211,293	1,850,414
Financial liabilities measured at historical cost:				
Trade creditors	292,233	45,334	289,197	42,976
Other creditors	5,593,878	5,727,422	5,589,492	5,721,682
Financial liabilities measured at amortised cost:				
Loans payable	6,591,579	6,623,773	6,591,579	6,623,773
Total financial liabilities	12,477,690	12,396,529	12,470,268	12,388,431