INQUILAB

Financial Statements

For the year ended
31 March 2018

Co-operative & Community Benefit Societies Act 2014
No. 25733R

Registered Social Landlord
No. LH3728

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

CONTENTS

EXECUTIVES AND ADVISORS

BOARD OF MANAGEMENT

Olu Olanrewaju **Chair**
Duncan Hughes
Zakia Raja (resigned December 2017)
Nigel Newman
Pamela Leonce
Nisha Makwana
Puneet Rajput
Gordon Mattocks
Gina Amoh

SECRETARY AND REGISTERED OFFICE

Gina Amoh
Unit 3
8 Kew Bridge Road
Brentford
London
TW8 0FJ

SENIOR STAFF TEAM

Gina Amoh – Chief Executive
Eric Nelson-Addy – Director of Finance & Resources
Christian Carlisle - Director of Operations
(resigned 22 June 2018)

STATUTORY REGISTRATIONS

Co-operative & Community Benefit Societies Act 2014
No. 25733R

Registered Social Landlord
No. LH3728

BANKERS

National Westminster Bank
1 The Mall
Ealing
London
W5 2PL

AUDITOR

Nexia Smith & Williamson
25 Moorgate
London
EC2R 6AY

SOLICITORS

Prince Evans
Craven House
40-44 Uxbridge Road
Ealing
London
W5 2BS

Devonshires Solicitors
30 Finsbury Circus
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REPORT OF THE BOARD OF MANAGEMENT

PRINCIPAL ACTIVITIES

Inquilab Housing Association Limited (the Association or Inquilab) is a charitable social landlord administered by a board of management. Inquilab is regulated by the Regulator of Social Housing (RSH) and is principally engaged in:

- the provision and management of affordable rented social housing for people who cannot afford to rent in the open market.
- the provision of shared ownership homes to meet the needs of people who cannot afford the outright purchase of homes on the open market.
- working in close partnership with other Registered Providers, local authorities, community groups, local contractors and encouraging residents' participation in all levels of our decision making to improve the quality of life in the local communities.

STATEMENT OF RESPONSIBILITIES OF THE BOARD

The Board is responsible for preparing the Report of the Board and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law and social housing legislation require the Board members to prepare financial statements for each financial year for the Association in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102, 'The Financial Reporting standard applicable in the UK and Republic of Ireland' and applicable law. The Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Association and of the surplus or deficit for that period.

In preparing these financial statements, the Board members are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice for Registered Social Housing Providers (SORP 2014) have been followed, subject to any material departures disclosed, and explained in the financial statements
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Association will continue in business

The Board is responsible for keeping proper accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association, and to enable them to ensure that the financial statements comply with the Co-operative & Community Benefit Societies Act, the Housing and Regeneration Act 2008, the Accounting Direction for private registered providers of social housing 2015, and the Statement of Recommended Practice: Accounting by Registered Social Landlords (2014).

They are also responsible for safeguarding the assets of the Association and, hence, for taking reasonable steps to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Key aspects of the Association's current governance procedures are detailed below.

BOARD

The Board has eight members. Seven are non-executives and one is an executive member. The non-executive members embrace a broad range of experience in business, finance, property development, risk management and housing services.

The Board meets regularly to set and review the strategic direction and financial and operational performance of the Association. The Chief Executive, in consultation with the Chair, produces an agenda for each meeting supported by papers from executive members who present the papers and answer any questions that arise as part of the Board discussion. The Board has a framework of delegation to committees whose functions are set out below. It also has a number of matters that are reserved to the Board. Authority for implementing the agreed strategy and for general management of the Association is delegated to the Chief Executive and the Board.

All Board members are briefed and are aware of their responsibilities to bring independent judgement on all issues. On appointment, they are informed of the procedure for obtaining professional advice at the Association's expense. Regular site visits, presentations and meetings with senior management and advisers are arranged to ensure that all Board members are kept informed of their responsibilities, the Association's activities and objectives and the environment in which it operates. In addition, the Chief Executive and senior management team are fully accessible to all Board members and maintain regular contact with them.

BOARD COMMITTEES

The Board formally delegates specific responsibilities to the following committees, each of which operates under terms of reference agreed by the Board. The committee members are all non-executive members of the Board, but the committees are supported by executive team members as appropriate.

THE AUDIT AND ASSURANCE COMMITTEE (A&AC)

This committee comprises four Board members and normally meets four times a year. It has been set up to support the Board in discharging its responsibilities, particularly in maintaining an effective system of internal control. The committee's objective is to give assurance to the Board on the effectiveness of the system of risk management and internal control, the integrity of the Association's annual report and accounts, the work of the internal audit service, the external audit by the external auditor and such other matters as may be referred to it by the Board. The external and internal auditors attend key meetings and have direct access to the committee Chair. The committee keeps the relationship between the Association and its auditors under review and considers their independence, including the extent of their fees from non-audit services.

REMUNERATION COMMITTEE

This committee comprises three Board members. It is responsible for the recruitment of Board members, the Board member appraisal system, advising on general corporate governance issues and the pay and remuneration of the Board and executive team.

RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board reviews the Association's financial performance regularly and in light of this, assesses the risks facing the Association through a structured risk management process. Risk management is a planned and systematic approach to the identification, evaluation, prioritisation and control of risks and opportunities and is defined as the chance of something happening that will have an impact (positive or negative) on the achievement of the organisation's objectives.

We are committed to ensuring that consideration of risks is a part of everyday management processes across the organisation and is intended to:

- improve our decision making and optimise opportunities
- promote innovation in efficient and effective service delivery
- enhance our reputation
- minimise levels of inspection and regulation
- deliver value for money
- avoid unbudgeted expenditure and/or loss of income

We manage risk rather than avoid it and we identify, analyse, prioritise and mitigate the risks we face. We do this through a risk register that records and analyses risks according to their potential impact and probability. We encourage innovative solutions that we can implement with an awareness and active management of the risks that they carry. Our internal control and corporate governance arrangements include a risk management strategy which aims to:

- deliver our objectives more effectively
- promote service improvement through cost effective actions that manage risk and exploit areas of potential
- minimise and manage unacceptable and avoidable errors and serious incidents
- minimise our exposure to fraud and corruption
- make risk management an integral part of key management processes and discharge our duty of care to our customers and employees.

NHF GOVERNANCE CODE

The Board is committed to a high standard of corporate governance and adheres to the NHF's Governance Code 2015 and regularly reviews its activities against this. The Association is fully compliant with the provisions of the Code.

COMPLIANCE WITH THE GOVERNANCE AND FINANCIAL VIABILITY STANDARD

The Board undertakes a regular assessment of compliance with the governance and financial viability standard. The Association is fully compliant with the provisions of the standard.

OUR MISSION

At Inquilab we are passionate about supporting our communities, providing homes and a good service to help our customers.

We provide more than 1,270 homes through a wide range of rental and homeownership opportunities to over 3,500 customers in West and North-West London, Elmbridge and Slough.

In practice this means that we build high quality homes at affordable rents. We sell some of our homes on a shared ownership basis, let homes at sub-market rents and provide services to tenants and leaseholders. We also help our residents to find employment to increase self-reliance and independence.

We invest all our income in support of our charitable objectives. These objectives include building new affordable homes, letting and maintaining our existing homes, improving our customer service and supporting our most vulnerable customers and local communities.

OUR STRATEGIC OBJECTIVES

We are committed to helping address wider social issues among our residents and communities, such as financial inclusion. Our corporate plan for 2016-21 sets out our key objectives and growth strategy and recognises the important influence of the political and economic operating environment. We will review the corporate plan on an on-going basis in response to significant changes in the operating environment.

OUR VALUES

Service	Delivering services residents value and we are proud of
Trust	Being open, honest and showing integrity
Accountability	Taking ownership and responsibility
Respect	Showing care, commitment and fairness
Strength	Building on the strength of people, legacy and resources

CORE PRINCIPLES

Our corporate plan 2016-21 is to provide good customer experience, invest in new homes and more specifically:

- we will continue to develop our services to residents, in partnership with them, through our Residents Scrutiny Panel and resident involvement framework
- we will take all reasonable steps to achieve top regulatory rankings for governance and financial viability
- we recognise how difficult it is for a growing number of people to afford a decent home at market prices, so we are committed to building homes and making them available for people on a broader range of incomes
- we will continue to invest in helping our residents to become more self-reliant, more aspirational and less dependent on benefits
- we will remain independent but open to opportunities for growth through manageable mergers or partnerships with other housing associations

Our corporate plan sets out core themes with key objectives as set out in the table below. These aspirations guide our business planning, budgeting and performance monitoring; we expect to make sustainable progress towards them each year, complying at all times with prudent financial parameters. This is the framework we will use to assess our value for money achievements by 2020/21.

OUR 2021 GOALS

CORE THEMES	KEY OBJECTIVES
FINANCIAL STRENGTH	*We will maintain an annual surplus to turnover ratio of at least 10% year on year to 2020-21.* *Risk management and the delivery of capital programmes will include a focus on protecting Inquilab appropriately from downside risks.*
NEW HOMES	*We will aim to maximise the number of new rented homes we can deliver through cross-subsidy from other tenure and using grant where available on acceptable terms.* *We will aim to build new shared ownership homes to meet the aspirations of those who seek to own their own home.*
OUR LANDLORD SERVICES	*We will tailor the services we provide to meet the different requirements of social rental and leaseholders.* *We will invest in our stock to ensure that our assets are managed cost effectively and maintained to achieve agreed levels of customer satisfaction.* *Existing tenancies will be maintained on existing terms. New lettings will be on five-year renewable tenancies.*
FINANCIAL INCLUSION AND PARTNERSHIPS	*We will deliver cost effective initiatives to help residents into work.* *We will use our supply chain to create training and employment opportunities for our residents.* *We will build financial awareness.*
PEOPLE	*We will improve our recruitment processes to deliver high calibre appointments.* *We will build staff capacity to deliver great services, growth and commercial success.* *We will improve staff engagement, leading directly to improved performance.*

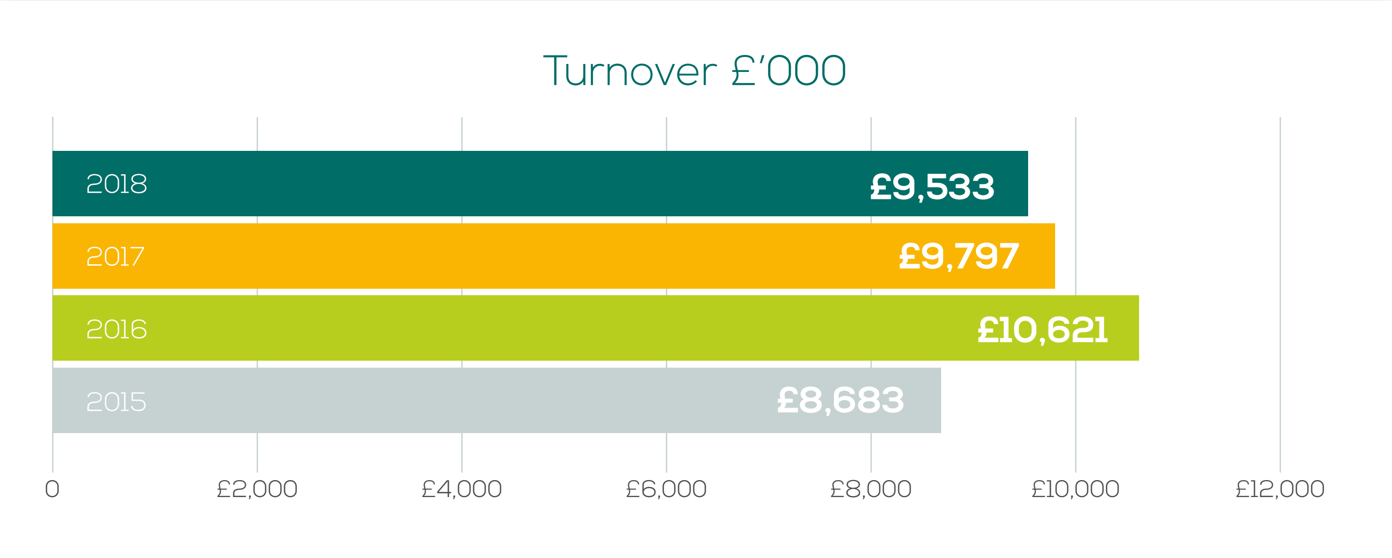
Financial review

Our financial strength remains key to delivering our social objective. This year we made a surplus of £3.03 million (2017: £2.75 million) and remain financially strong and robust. Our continued sound finances will enable us to continue investing in the services we provide our residents and improving the condition of our properties.

The prime objective is to maintain our financial health and viability, enabling us to invest in quality homes and services.

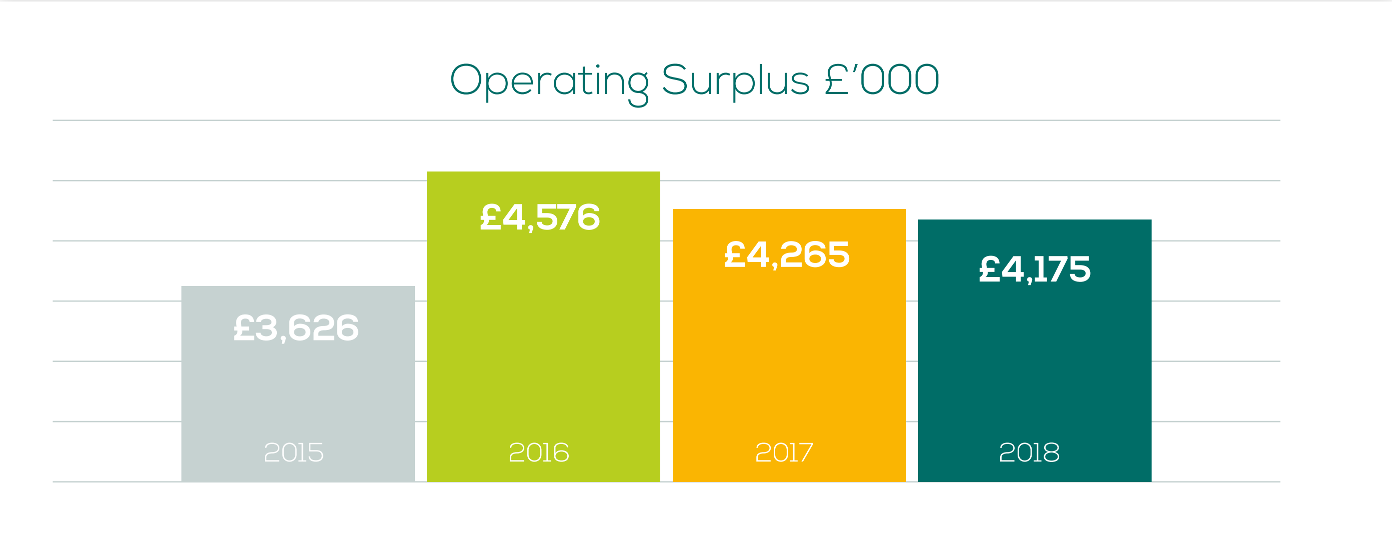
We use a number of key performance indicators to track and monitor performance, together with regular peer group benchmarking.

Turnover was down by 3% to £9.5 million (2017: £9.8 million) with income generated from lettings and associated income of £9.48 million (2017: £9.52 million).

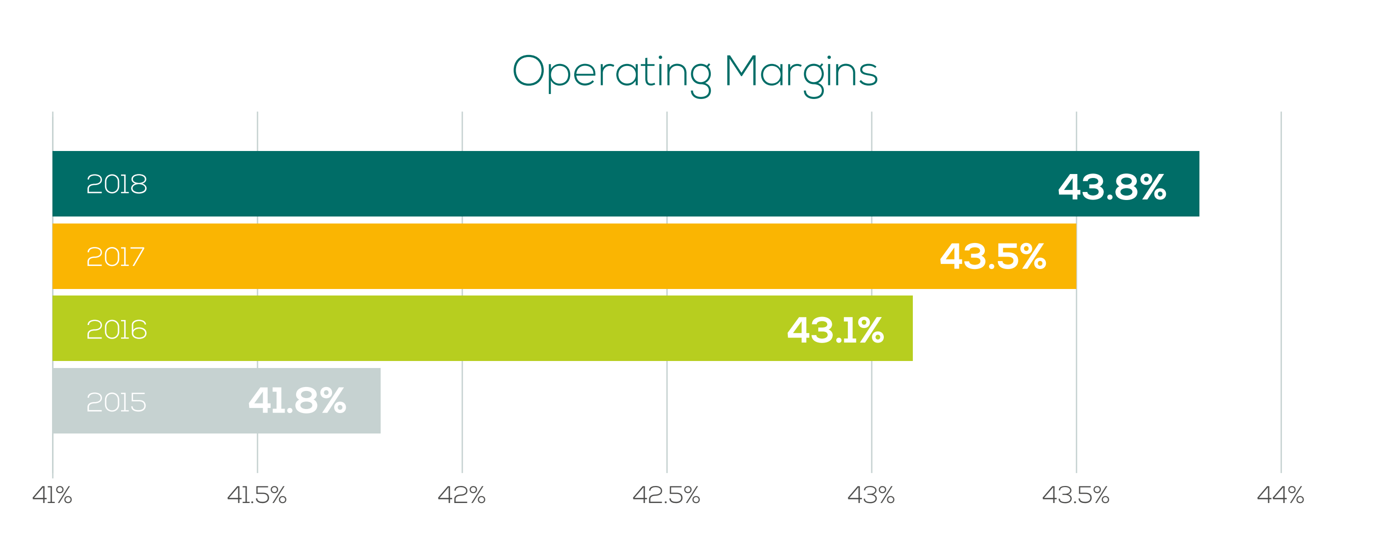


The reduction in turnover is mostly attributable to the impact of a 1% cut in rents. Key features of the results were as follows:

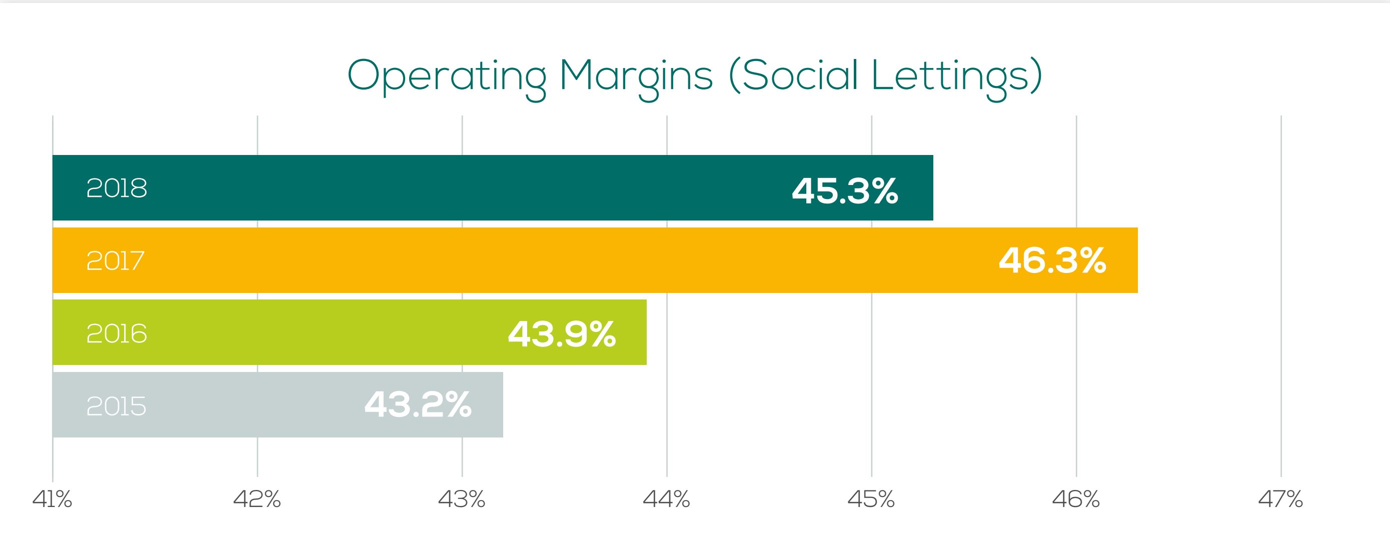
- an operating surplus of £4.18 million (2017: £4.27 million)



- an overall operating margin of 44% (2017: 44%)



- social housing lettings activities generated an operating surplus of £4.29 million (2017: £4.41 million) while containing operating costs
- social housing lettings operating margins of 45% (2017: 46%)



- social housing cost per home of £3,137 (2017: £3,535)
- operating costs of social letting activities increased by £0.08 million (1.54%)
- gross interest payable of £2.17 million (2017: £2.34 million)

SUMMARY STATEMENT OF COMPREHENSIVE INCOME (£000)	2018	2017	2016	2015
Turnover	**£9,523**	£9,797	£10,621	£8,683
Operating costs and cost of sales	**(£5,358)**	(£5,532)	(£6,045)	(£5,057)
Operating surplus	**£4,175**	£4,265	£4,576	£3,626
Operating surplus margin	**43.8%**	43.5%	43.1%	41.8%
Net interest charge and other finance costs	**(£1,839)**	(£1,943)	(£2,161)	(£1,787)
Surplus on disposal of assets	**£697**	£375	£248	£176
Movement in fair value of investment	**£8**	£52	£17	£69
Surplus for the year	**£3,033**	£2,749	£2,680	£2,084
Retained Surplus % of Turnover	**31.9%**	28.1%	25.2%	24.0%

SUMMARY STATEMENT OF FINANCIAL POSITION (£000)	2018	2017	2016	2015
Housing properties at cost less depreciation	**152,282**	143,803	145,197	144,990
Other tangible fixed assets and investments	**2,653**	2,289	202	197
Net current assets	**126**	10,548	11,590	10,221
Total assets less current liabilities	**155,061**	156,640	156,989	155,408
Loans due after one year	**55,447**	58,474	60,814	63,099
Unamortised grant liability	**68,556**	68,893	69,475	68,711
Other long-term liabilities	**1,688**	2,936	3,112	2,690
Revenue reserve	**29,370**	26,337	23,588	20,908
Total	**155,061**	156,640	156,989	155,408

TREASURY

Treasury activities focus on ensuring that the Association has sufficient liquidity to fund its operations for a minimum of one year, mitigating the impact of adverse movements in interest rates, ensuring that loan covenants are met and ranking the preservation of capital ahead of returns when making investment decisions.

Inquilab is financed by a combination of non-distributable retained reserves, long and medium-term committed loan facilities from banks and other lending institutions and Social Housing Grant. Loans and bonds are wholly secured by way of mortgages on certain housing properties.

The treasury management policy focuses on the maintenance of an efficient capital structure and the management of liquidity, interest rate, counterparty and other treasury risks. We monitor covenant compliance on a regular basis and report covenant compliance to the lenders and borrowers on a quarterly basis.

At 31 March 2018 the Association had drawn facilities of £59 million (2017: £61 million), with total undrawn fully secured and committed revolving credit facility of £5 million (2017: £5 million). The loan portfolio comprises a mix of 83% loans and 17% bonds. Approximately 73% (2017: 73%) of the loans have fixed rate interest arrangements.

The maturity profile of the debt portfolio reflects the long-term nature of the Association's assets and reduces financing risk by staggering repayment of the principal.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board, Audit & Assurance Committee and Executive Team consider the risks throughout the year. Economic, political and social factors are among those that affect the risks faced by the Association. Some also relate to governance structures and inadequate resources.

A formal review of the risk map is undertaken by the Board annually and the Audit and Assurance Committee at least three times a year. Risks across the business are managed according to the overall risk appetite of the Association and analysed according to their potential impact and probability. These risks are also reviewed and updated by the Executive Team quarterly with action plans updated to mitigate any risks.

The Association has assessed that the risks in the following table are those most likely to influence future performance:

RISK	RISK MITIGATION
Welfare reform will lead to lower rental income, increasing management costs and more transient/less prosperous communities	We have allocated additional resources to deal with the impact of welfare reform. Intervention projects and proposed changes to our business processes are currently being embedded to address these issues. Our modelling work and stakeholder engagement with the DWP and local authorities has helped us to improve our knowledge of those affected, enabling us to target our interventions.
Unknown and unforeseen changes to government policy / regulatory regime / external environment	The landscape for housing associations continues to shift as we respond to a challenging political and economic environment. We continue to manage these risks through business plan sensitivity testing, stress testing, loan covenant compliance testing and cash flow/liquidity testing.
Significant health and safety failure	We continue to undertake detailed reviews of our health and safety governance arrangements, including scheduled inspection visits. Additional fire safety checks have been incorporated into the inspection regime in response to the Grenfell Tower fire.
Failure to achieve the growth strategy due to inability to secure enough new developments	Potential causes include an insufficient land bank and unavailable suitable, affordable sites. In order to manage these risks, we regularly review our project evaluations and monitoring procedures.

Value for Money (VfM)

OVERVIEW

Inquilab created a new Corporate Plan in 2016 called Building a Better Future. This coincided with a reduction in rent levels, so measures were introduced to achieve savings and generate income to enhance service delivery and investment.

In this time of ever increasing pressure on resources Inquilab has adopted a lean and agile business model. This has helped us to deliver the Corporate Plan vision of supporting sustainable communities. Being lean and agile gives Inquilab the capacity to invest in new and existing homes, enhance the customer experience, and create a strong sustainable business; which are the objectives of the Plan.

The Corporate Plan was reviewed in May 2018 and a strong Value for Money (VfM) framework has remained a key part of our lean and agile business model that delivers for residents.

The Association's Value for Money (VfM) strategy is a core factor in supporting our vision 'To be a top performing, customer driven business, making a positive contribution to supporting diverse and cohesive communities'. The VfM strategy supports the Corporate Plan and is in turn linked to the Balanced Scorecard (BSC) and underlying strategies of the Association.

OUR STRATEGIC APPROACH TO VFM

The Board is responsible for ensuring we have a comprehensive and strategic approach to achieving VfM.

Our overarching strategic approach to VfM can be summarised as an ambition to become an Association that delivers 'High quality services at Low to Medium costs' within our peer group. We have reflected our current performance against this ambition in the benchmarking below.

Our approach to VfM is structured around:

- understanding our costs, benchmarking them internally and with our sector peers
- ensuring that we deliver VfM through service, team and individual plans
- making sure that quality is an essential element in VfM decisions
- actively involving residents in decisions that affect services
- reinvesting financial savings into improving current and future services
- challenging how we deliver services and deliver VfM
- ensuring that our staff become VfM 'champions' and embed VFM into our culture
- quantifying efficiencies to monitor savings, quality improvement and regulatory compliance
- procuring goods and services more effectively.

Effective scrutiny, governance and communication with our stakeholders ensures we deliver VfM and maximise our resources for current and future residents.

Our governance arrangements comply with the National Housing Federation's Excellence in Governance (2015). This is complemented by the Residents' Scrutiny Panel (RSP), the Audit and Assurance Committee and the Resident Services Committee. Together with a fully functioning performance management system, they ensure that Inquilab has an effective means of monitoring VfM targets.

Our VfM strategy is integrated into the planning and performance management frameworks through:

- strong financial management
- regular VfM reviews with managers to flag up risks and opportunities to be reported to the Executive Team
- robust performance management structures, with VfM routinely included in performance reports
- benchmarking with London housing association peer groups using HouseMark data, as well as cost comparison using the HCA Global Accounts
- resident involvement in setting priorities and monitoring performance.

Over the last year, a key example of how we have continued to drive VfM is our work with the RSP to re-procure the repairs contract. This is now delivering increased satisfaction and reduced costs.

Resident feedback is an important part of the policy review process and during the year our rolling programme of service reviews has produced positive results in both cost and customer satisfaction levels.

Looking to the future, our primary objective is to build new homes for people in need. Our ambition is to continue building more affordable homes over the next five years and we will largely fund this through loans, reserves and grants that are available. We aim to find other ways of funding our activities and will seek to increase our VfM performance to support our future development programme.

VALUE FOR MONEY METRICS: COMPARATIVE PERFORMANCE

Benchmarking and cost comparison are key drivers in our continuous improvement programme. We utilise both HCA Global Accounts and HouseMark benchmarking data to understand how our cost and performance compare to other providers and to prioritise our work. We have chosen to compare ourselves with other London and South East-based housing associations managing fewer than 7,500 properties, selecting this peer group because the location we share has a strong correlation between cost and satisfaction.

The Regulator of Social Housing (RSH) has issued a new VfM Standard that applies to all registered providers (RPs). This came into effect on 1st April 2018. It sets nine key sector metrics which providers must report on. Our performance for the years to 2018 and 2017 is set out in the table below.

SUMMARY	INQUILAB MARCH 2018	INQUILAB MARCH 2017	YEAR ON YEAR CHANGE (%AGE POINTS)	PEER GROUP MEDIAN 2017
Reinvestment %	**2.58%**	3.56%	**-0.98%**	n/a
New supply delivered % (social housing)	**1.57%**	0.00%	**1.57%**	1.30%
New supply delivered % (non-social housing)	**n/a**	n/a	**n/a**	n/a
Gearing %	**36.30%**	38.79%	**2.49%**	38.08%
EBITDA MRI Interest Cover %	**228.01%**	193.83%	**34.17%**	192.55%
Headline Social Housing Cost per unit	**£3,137**	£3,535	**£398**	£4,800
Operating Margin % (SH)	**45.30%**	46.29%	**-0.99%**	27.90%
Operating Margin % (overall)	**43.80%**	43.53%	**0.27%**	29.15%
Return on capital employed (ROCE)	**3.14%**	2.96%	**0.18%**	3.12%

Reinvestment: considers the investment in properties (existing as well as new supply) as a percentage of the value of total properties held. In the year ended March 2018, we acquired a block of 20 homes from another Registered Provider (RP). The acquisition was funded entirely from cash reserves. We also undertook a comprehensive review of our asset management strategy which led to the establishment of new 5year re-investment plan. A total of £412k was also spent on the renewal of components in our existing stock.

New supply delivered % (social housing): sets out the number new social housing units acquired or developed in the year as a proportion of the total social housing units. We increased our stock numbers by 1.57% following the acquisition of twenty homes in the London Borough of Hillingdon.

New supply delivered % (non-social housing units): this sets out the number of non-social housing units. We have not delivered any non-social housing units in 2017/18. This is because the focus of our growth and development is on social housing.

Gearing: assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance. Our ratio improved from 38.79% to 36.30% following the amortisation of loans drawn in prior years.

Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA-MRI) Interest Cover: a key indicator for liquidity and investment capacity as it seeks to measure the level of surplus generated compared to interest payable. The ratio for the year (228%) exceeded the prior ratio of 194% and the peer group median ratio for 2017 of 193%.

Headline Social Housing cost per unit: measures the cost per unit of managing and maintaining our social housing stock. Our cost per unit reduced to £3,137 (March 2018) from £3,535 (March 2017) mainly as result of a reduced spend on our major works programme. Major works expenditure is expected to be back at March 2017 levels for the year to March 2019. The reduced spend on major repairs in the year to March 2018 was attributable to the late start of works following a re-tendering of the programme of works.

Our cost per unit breakdown £

YEAR TO MARCH	MANAGEMENT £	SERVICES £	REPAIRS £	MAJOR REPAIRS £	OTHER £	TOTAL £
2018	**749**	**528**	**1402**	**324**	**133**	**3,137**
2017	744	513	1,344	767	167	3,535
2016	859	491	1,338	1,046	139	3,873
2015	778	364	1,311	625	122	3,199

Operating Margin % Social Housing (SH): measures the profitability of the social housing operating assets before exceptional expenses are taken into account. Our ratio of 45.3% was a slight reduction in the previous year's ratio of 46.3%. This ratio has been adversely impacted by the reduction in our income following the requirement to reduce rents by 1% for four years starting from April 2016. The median ratio for the peer group was 27.9% in 2017.

Operating Margin % (overall): measures the profitability of the organisational operating assets before exceptional expenses are taken into account. Our ratio of 43.8% was a slight improvement on the previous year's ratio of 43.5%. The median ratio for the peer group was 29.15% in 2017.

Return on Capital Employed (ROCE): measures the efficient investment of capital resources. The metric compares the operating surplus to total assets less current liabilities. ROCE for the year March 2018 was 3.14% (March 2017: 2.96%). The peer group's median score was 3.12% in 2017.

RETURN ON ASSETS

Alongside the RSH's mandatory metrices we also consider the return on assets to be a key measure for Inquilab in assessing how we deliver Value for Money. The table below shows our annual operating return on assets from 2015 to the present. We calculate this by dividing the cost of our homes by the operating surplus they generate. In 2018/19 we will use this information to help us identify more efficiently how the different values of our properties affect our returns, according to location and type. We believe this will make the links clearer and help us better understand how we can deliver our objectives more effectively.

Our shared ownership asset values relate to the retained element of the unsold property which may fluctuate from year to year due to staircasing and the varying levels of first tranche equity shares.

Social Rents	2018	2017	2016	2015
Fixed asset cost £000	**£156,140**	£153,982	£153,549	£143,537
Operating Surplus £00	**£3,999**	£4,116	£3,865	£3,346
Return	**2.56%**	2.67%	2.52%	2.33%

Shared Ownership	2018	2017	2016	2015
Fixed asset cost £000	**£6,428**	£6,949	£7,409	£7,257
Operating Surplus £00	**£288**	£292	£320	£280
Return	**4.48%**	4.20%	4.32%	3.86%

CASH FLOW AND LIQUIDITY

Cash flow from operating activities during the year was £5.40 million (March 2017: £1.20 million). The Association had cash reserves of £3.29 million at 31 March 2018 (March 2017: £5.08 million).

CAPITAL STRUCTURE

The Association's assets are financed by a combination of:

- social housing grants of £69 million (44%),
- private finance (loans) of £59 million (38%), and
- internally generated funds of £29 million (19%)

At March 2018, we had a fully secured, unused revolving credit facility of £5 million.

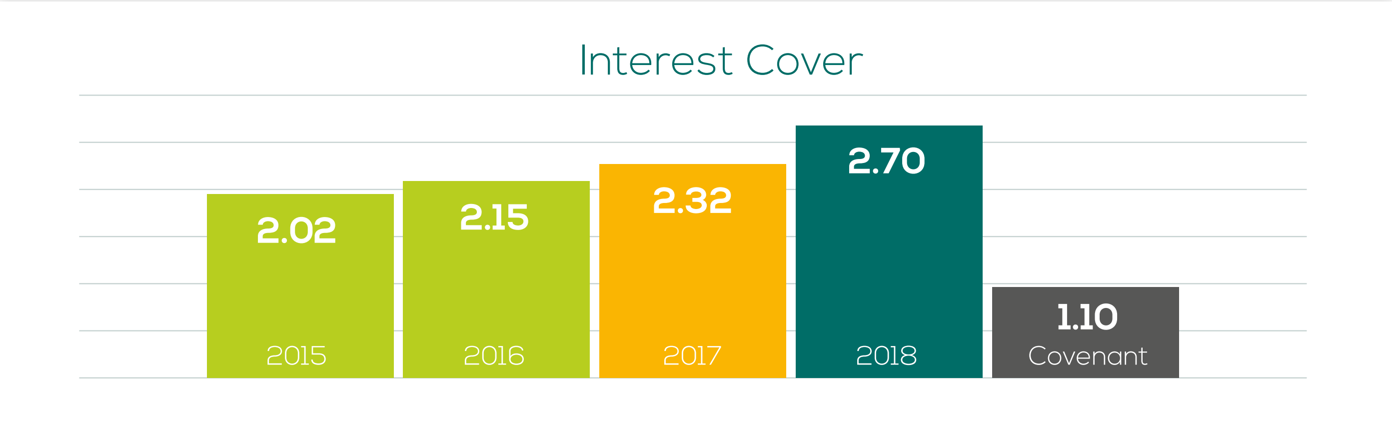
RENT POLICY

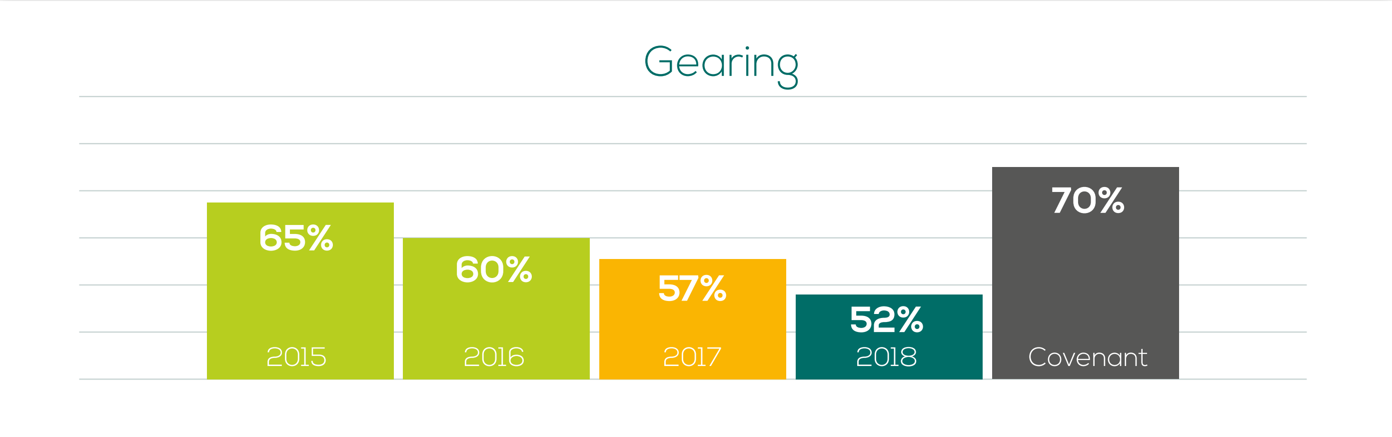
In line with the government's objective of rent harmonisation across the social housing stock, our rent policy is regularly reviewed to ensure compliance. On average our affordable rents are set at 72% of the market rent. The average assured rent charged during the year to 31 March 2018 was £112.90 (March 2017: £113.90).

COMPLIANCE WITH LOAN COVENANTS

The Association continues to operate within the limits set by its lenders. Loan covenants are based primarily on gearing and interest cover; our covenants are based on gearing ratio of 70% and an interest cover ratio of 1.10.

Gearing is calculated as total debt divided by total reserves and grant. The gearing ratio (level of indebtedness) at March 2018 was 52% (March 2017: 57%).





RESERVES STRATEGY

Our policy on reserves is to build up sufficient funds from our rents to provide a safe working margin for our business and to produce comfortable cover for all our medium and longer-term loans and other liabilities. Our policy on major repairs is to set a strategy that matches the build-up of the liability arising from the ageing of our properties over their assumed lives.

Our strategy is to use the reserves to:

- upgrade the current stock in line with return on asset initiatives
- subsidise the development of new homes
- improve our service delivery to residents
- invest in our communities.

INTERNAL CONTROLS

We are committed to high standards of corporate governance. The Board recognises and accepts that it is responsible for the Association's system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. It can only provide reasonable, not absolute, assurance against misstatement or loss.

The Board believes that our system of internal controls is proportionate and provides reasonable assurance that we are not exposed to material miss-statement or loss.

The Board confirms that the key processes for identifying, evaluating and managing the significant risks faced by the Association have been in place throughout the year under review, up to and including the date of approval of the annual report and financial statements.

Some of the key policies and processes the Board has established to provide effective internal control include:

- clear delegated powers to Board committees, the Chief Executive and directors
- robust strategic and business planning processes with detailed financial budgets and forecasts
- regular reporting to the Board and appropriate committees on key business objectives, targets and outcomes
- an annual Board review of risk management processes
- documented policies and procedures for all key operational areas
- establishment of a fraud register and related processes, including the review of the register at the Audit and Assurance Committee (A&AC) meetings
- adoption of an internal audit programme monitored by the A&AC
- Board review of the external audit management letter, and A&AC members' interview with the external auditors
- review of the performance standard returns and all regulatory reports
- staff being fully conversant with key controls and procedures relating to financial operational systems.

We have an anti-fraud policy designed to tackle fraud, corruption, theft, cybercrime and breaches of regulations. We also have a fraud response plan to help ensure that we respond quickly to fraud or fraud allegations and can recover our assets where necessary.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can delegate authority to the A&AC to review regularly the effectiveness of the system of internal control, which it has. The Board receives minutes from the A&AC meetings.

The A&AC reviews the effectiveness of the system of internal control by considering risk reports, internal audit reports, management assurances, the external audit management letter and specialist reviews.

The A&AC has received and reviewed assurance on the effectiveness of the Association's system of internal control, together with the annual report of the internal auditor. It has reported its findings to the Board through an annual report to the Board and the minutes of its meetings. The Board can confirm that there are no significant problems in relation to internal controls which require disclosure in the financial statements.

The Board confirms that there have been no regulatory concerns which have led the Regulator of Social Housing to intervene in the affairs of the Association, nor are there significant problems in relation to failures of internal controls which required disclosure in the annual report and financial statements. Any weaknesses identified by the Board are being acted on.

GOING CONCERN

The Board has made enquiries and examined areas that could give rise to significant financial exposure and is satisfied that no material or significant exposures exist, other than as reflected in these financial statements. Our business activities, current financial position and factors likely to affect our future operations are set out within the business plan and the Board is satisfied the plan has sufficient funding and is sufficiently robust to ensure that there will be no financial covenant breaches over the next five years. We have in place long term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with our day-to-day operations, for the foreseeable future. For this reason, the going concern principle has been applied in preparing these financial statements.

POST BALANCE SHEET EVENTS

There have been no significant events between the year-end date and the date of approval of these financial statements which would require an adjustment to the financial statements.

AUDITOR

All current Board members have taken all the steps they ought to have taken to make themselves aware of any information needed by the Association's auditor for the purposes of the audit and to establish that the auditor is aware of that information. The directors do not know of any relevant audit information of which the auditor is unaware.

Nexia Smith and Williamson has expressed its willingness to continue in office. A resolution for the re-appointment of Nexia Smith and Williamson as auditor of the Association is to be proposed at the forthcoming General Meeting.

Gina Amoh

Secretary
Date: 24 July 2018

INDEPENDENT AUDITOR'S REPORT

OPINION

We have audited the financial statements of Inquilab Housing Association Limited (the 'Association') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flow, the Statement of Changes in Equity and Reserves 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 Association's affairs as at 31 March 2018 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the 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.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

The other information comprises the information included in the Financial Statements, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

RESPONSIBILITIES OF THE BOARD

As explained more fully in the Statement of the Board's Responsibilities, set out on page 3, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal controls as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

This report is made solely to the Association's members, as a body, in accordance with 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's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nexia Smith & Williamson

Nexia Smith & Williamson

Statutory Auditor

Chartered Accountants

2 August 2018

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Turnover	2	9,533	9,797
Cost of sales	2	-	(226)
Operating expenditure	2	(5,358)	(5,306)
Operating surplus	2	**4,175**	**4,265**
Gain on disposal of housing properties	5	697	375
Loss on disposal of fixed assets		(8)	-
Interest receivable	6	38	87
Interest payable and financing costs	7	(1,877)	(2,030)
Movement in fair value of investment	11	8	52
Surplus for the financial year		3,033	2,749
Other comprehensive income		**-**	**-**
Total comprehensive income for the financial year		**3,033**	**2,749**

All amounts relate to continuing activities.

STATEMENT OF FINANCIAL POSITION
Year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Housing properties	9	152,282	143,803
Other property, plant & equipment	10	2,653	2,289
		154,935	**146,092**
Current assets			
Investments	11	777	763
Properties for sale	12	3,057	9,887
Trade and other debtors	13	591	478
Cash & cash equivalent		3,290	5,079
		7,715	16,207
Creditors amounts falling due within one year	14	(7,589)	(5,659)
Net current assets		**126**	**10,548**
Total assets less current liabilities		**155,061**	**156,640**
Creditors: amounts falling due after more than one year	15	(125,276)	(129,838)
Provisions for liabilities			
Pension provision	18	(357)	(415)
Other provisions	19	(58)	(50)
Total net assets		**29,370**	**26,337**
Reserves			
Revenue reserve		29,370	26,337
Total reserves		**29,370**	**26,337**

These financial statements were approved by the Board and signed on its behalf by:

Olu Olanrewaju
Chairperson

Duncan Hughes
Chair – Audit Committee

Gina Amoh
Secretary

Date of approval: 24 July 2018

STATEMENT OF CASH FLOW
Year ended 31 March 2018

	2018 £'000	2017 £'000
Net cash generated from operating activities (see Note 25)	**5,440**	1,199
Cash flow from investing activities		
Purchase of tangible fixed assets	**(4,447)**	(3,150)
Proceeds from sale of tangible fixed assets	**1,231**	720
Grants received	**562**	346
Interest received	**32**	60
	(2,622)	(2,024)
Cash flow from financing activities		
Interest paid	**(2,158)**	(2,213)
Repayments of borrowings	**(2,314)**	(2,348)
Grants repaid	**(135)**	-
	(4,607)	(4,561)
Net change in cash and cash equivalents	**(1,789)**	(5,386)
Cash and cash equivalents at beginning of the year	**5,079**	10,465
Cash and cash equivalents at end of the year	**3,290**	5,079

STATEMENT OF CHANGES IN EQUITY AND RESERVES
Year ended 31 March 2018

	Share Capital £'000	Revenue £'000	Total £'000
Balance as at 1 April 2017	**-**	**26,337**	**26,337**
Total comprehensive income for the year	-	3,033	3,033
Balance at 31 March 2018	**-**	**29,370**	**29,370**

	Share Capital £'000	Revenue £'000	Total £'000
Balance as at 1 April 2016	**-**	**23,588**	**23,588**
Total comprehensive income for the year	-	2,749	2,749
Balance at 31 March 2017	**-**	**26,337**	**26,337**

NOTES ON THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

1.1 LEGAL STATUS

The Association is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing (RSH).

The Association's principal activities are stated in Report of the Board of Management on page 3.

The Association's registered office is Unit 3, 8 Kew Bridge Road, Brentford, London, TW8 0FJ.

1.2 ACCOUNTING BASIS

The financial statements of the Association are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice for Registered Social Housing Providers (SORP 2014) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015 ("the Direction"). The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets in accordance with the Association's accounting policies.

In accordance with FRS 102 (3.3A), the Association is a public benefit entity that has applied the "PBE" prefixed paragraphs.

The financial statements are presented in sterling (£'000).

1.3 GOING CONCERN

The Association's business activities, its current financial position and factors likely to affect its future development are set out within the Report of the Board of Management. The Association has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Association's day to day operations. The Association also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

On this basis, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future and for at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

1.4 SIGNIFICANT JUDGEMENTS AND ESTIMATES

Preparation of the financial statements in conformity with general accepted accounting practices requires management to make significant judgements and estimates that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the period.

Judgements

The following are the significant management judgements made in applying the accounting policies of the Association that have the most significant effect on the financial statements.

Identification of housing property components

Housing property depreciation is calculated on a component by component basis. The identification of such components is a matter of judgement and may have material impact on the depreciation charge. The components selected are those which reflect how the major repairs to the property are managed.

Capitalisation of property development costs

Distinguishing the point at which a project is more likely than not to continue, allowing capitalisation of associated development costs requires judgement. After capitalisation management monitors the asset and considers whether changes indicate that impairment is required.

Categorisation of housing properties as investment properties or property, plant and equipment

Class of properties within the category of housing properties that are held to earn commercial rentals or for capital appreciation or both are accounted for as investment properties. Properties rented to provide social housing and properties used for the production or supply of goods and services or for administrative purposes are classified as property, plant and equipment.

Financial instruments classification

The classification of financial instruments as "basic" or "other" requires judgement as to whether all applicable conditions as basic are met. This includes consideration of the form of the instrument and its return.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Bad debt provision

The rent debtors balance of £267k recorded in the Association's Statement of Financial Position comprise a relatively large number of small balances. A full line by line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to 'technological obsolescence' with regard to IT equipment/software and any changes to decent homes standard requiring frequent replacement of components. The accumulated depreciation at 31 March 2018 was £18.6 million.

Housing property impairments

For impairment purposes, as explained in the accounting policies, housing properties are grouped into schemes which reflects how the properties are managed.

Recoverable amounts are based on either future cash flows or, for assets held for their service potential, depreciated replacement cost. The assessment of whether an asset is held for its service potential is a matter of judgement and in making that judgement the Board considers the current use of the asset and the expected future use of the asset. If the asset is unable to be let in its current condition or is not being used for a social purpose, either now or in the foreseeable future, it is assessed as not being held for its service potential.

Recoverable amounts for assets held for their service potential is assessed as the depreciated replacement cost which is the lower of (a) the cost of purchasing an equivalent property on the open market; and (b) the land cost plus the rebuilding cost of the structure and components. The Association has no history of acquiring or selling properties from or to other registered providers and the Board considers that there is no active market. The accumulated impairment provision at 31 March 2018 was £nil.

Percentage of shared ownership properties to be sold under first tranche sales

An estimate is required in determining the percentage of shared ownership properties to be sold under first tranche sales and hence the amount to be recognised as stock rather than housing properties. Management base their estimate on a number of factors, including past experience, reservations and minimum percentage policies. The stock balance as at 31 March 2018 was £3.1m.

Multi-employer pension obligation

The Association has entered into a contractual agreement with the Social Housing Pension Scheme (SHPS) to determine how the deficit will be funded. Contributions not expected to be settled within 12 months after the reporting date are measured at the present value of the contributions payable by using a discounted rate (discounted present value basis). The rate used is determined by reference to market yields at the reporting date on high quality bonds. A liability of £357k is recorded the Statement of Financial Position at 31 March 2018.

Impairment of work in progress and properties held for sale

In assessing whether work in progress and properties held for sale are impaired management make an assessment of the expected net realisable value of the units. This assessment is based upon the anticipated sale price less costs to complete and sell.

1.5 TURNOVER AND REVENUE RECOGNITION

Turnover comprises rental and service charge income, income from shared ownership first tranche sales and sales of properties built for sale, fees and revenue grants receivable from local authorities, government grants received for housing properties recognised in income on a systematic basis and other income.

Rental and service charge income is recognised in the period to which it relates net of rent and service charge losses from voids. Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Service charge and other income are accounted for on the basis of the value of goods or services supplied during the period. Any over or under recovery of variable service charge amounts due is reflected as a creditor or debtor respectively.

Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. First tranche sales are included within turnover and the related portion of the cost of the asset recognised as an operating cost. The resultant surplus or deficit on first tranche sales is recognised within the income statement.

Revenue grants are accounted for once the Association is legally entitled to the grant. Revenue grants are recognised in the Statement of Comprehensive Income in the same period as the expenditure to which they relate.

Government capital grants received are initially deferred and then credited to turnover in the Statement of Comprehensive Income on a straight-line basis over the expected life of the asset which they have funded.

1.6 SHORT TERM EMPLOYEE BENEFITS

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

1.7 VAT

Since a large proportion of the Association's income, including its rents, is exempt for VAT purposes whilst the majority of its expenditure is subject to VAT that cannot be reclaimed, expenditure is shown inclusive of irrecoverable VAT.

1.8 INTEREST PAYABLE

Interest is capitalised on borrowings to finance the development of qualifying assets to the extent that it accrues in respect of the period of development if it represents:

a) interest on borrowings specifically financing the development programme after deduction of related grants received in advance; or

b) a fair amount of interest on borrowings of the Association as a whole after deduction of SHG received in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to the statement of comprehensive income in the year.

1.9 SALE OF PROPERTIES

Sales of housing properties and stock are recognised at the date of completion of each property sold. Sales of housing properties under the Right to Acquire (RTA) are credited to the Disposal Proceeds Fund in accordance with the Direction. This will be utilised to fund future housing programmes.

Gains or losses arising on the sale of properties are determined as the difference between the sale proceeds and the carrying amount of the property and are recognised as part of the surplus/deficit for the year.

1.10 TAXATION

The Association has charitable status and therefore is not subject to Corporation Tax on surpluses derived from charitable activities, provided that the surpluses are applied to the charitable objects of the Association.

1.11 HOUSING PROPERTIES

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period.

Where the Association has a mixed tenure development which has more than one element, the Association allocates the cost of the land to each element of the scheme to reflect the respective values of the land for different tenure types.

Where an asset comprises components with materially different useful economic lives, those assets are separately identified and depreciated over those individual lives. The identification of such components is a matter of judgement and may have a material impact on the depreciation charge. The components selected are those which reflect how the major repairs to the property are managed.

The Association depreciates the major components of its housing properties at the following annual rates:

	ESTIMATED USEFUL LIFE
House structure	100 years
Roof structure and covering	70 years
Windows and external doors	30 years
Bathrooms	30 years
Kitchens and lifts	20 years
Central heating boilers and hard-wired alarms	15 years
Heating, ventilation and plumbing systems	30 years
Electrics	40 years

Subsequent expenditure which relates to either the replacement of previously capitalised components or the enhancement of such components which results in incremental future benefit is capitalised and the carrying amount of any replaced component or part component is derecognised.

Properties acquired from another registered provider as a result of stock swaps are recorded at their fair value.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The split is determined by the percentage of the property sold under the first tranche disposal and the remainder retained by the Association. The first tranche proportion is classed as current asset and related sales proceeds included in turnover, and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

The exception to the above is where this would result in a surplus on the disposal of the current asset that would exceed the anticipated overall surplus. In these circumstances any surplus on disposal of the first tranche is limited to the overall surplus by adjusting the costs allocated to current or fixed assets.

The overall surplus is the difference between the net present value of cash flows and the cost. The net present value of the cash flows is the sum of the first tranche proceeds, net rental streams and expected receipts from subsequent disposals of the asset, less any grant repayable.

The Association does not depreciate Shared ownership properties as the residual value is estimated to be equal to the cost of the properties. Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

The residual values of fixed assets, their useful lives, and their depreciation rates are reviewed at each reporting date and where there is an indication of a significant change since the previous reporting date, they are adjusted prospectively.

1.12 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprises other fixed assets and are stated at cost less accumulated depreciation.

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land.

Leased Properties are written down over the life of the asset.

Long term leases or virtual freehold assets and offices are written down over the life of the asset up to a maximum of 100 years.

The principal annual rates used for other assets are:

Furniture, fixtures and fittings	25%
Computers and office equipment	25%

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus/deficit for the year.

1.13 WORK IN PROGRESS AND PROPERTIES HELD FOR SALE

Stocks and work in progress is stated at the lower of cost and net realisable value. Additions to these properties include the costs of finance charges specifically related to the funding of the purchase and development of the property, except that interest costs incurred prior to construction and after practical completion are written off in the period to which they relate.

Properties completed for outright sale and the proportion of shared ownership properties expected to be sold under first tranche sales are recorded within current assets at the lower of cost and net realisable value. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

1.14 FINANCIAL INSTRUMENTS

Financial assets and liabilities comprise investments, trade and other debtors, cash and cash equivalents, trade and other payables, accruals and loan balances.

Financial assets and financial liabilities are recognised when the Association becomes party to the contractual provisions of the financial instrument.

All financial assets and financial liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the Statement of Comprehensive Income, which are initially measured at fair value (normally the transaction price less transaction costs), unless the arrangement constitutes a financial transaction. If an arrangement constitutes a financial transaction, the financial asset or financial liability is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument. A financing transaction may take place in connection with the sale of goods or services, for example, if payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Financial assets and liabilities are only offset in the Statement of Financial Position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Association intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Debt instruments which meet the conditions of Section 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Other financial instruments and investments in equity instruments are recognised at fair value with any gains or losses being reported in surplus or deficit.

Financial assets are only derecognised when and only when:

- the contractual rights to the cash flows from the financial asset expire or are settled
- the Association transfers to another party substantially all the risk and rewards of ownership of the financial asset
- the Association, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Investments represent a debt service reserve fund which is equivalent to one year's interest on the THFC loan and comprise cash and investment in gilts. Investments are measured at fair value.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits and bank overdrafts which are an integral part of the Association's cash management. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash without significant risk of change in value.

1.15 IMPAIRMENT

Non-financial assets

Non-financial assets comprise housing properties, property, plant and equipment and stock.

Non-financial assets, other than those measured at fair value, are assessed for indications of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income as described below.

A non-financial asset is impaired where there is objective evidence that, as a result of one or more events after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of a non-financial asset is the higher of its fair value less costs to sell and its value in use.

Value in use for housing properties which are able to be let in their current condition and which are fulfilling the social purpose for which they were acquired is based on the value in use for assets held for their service potential, being the depreciated replacement cost of the asset. For other schemes, value in use is defined as the net present value of the future cash flows before interest generated from the scheme.

Financial assets

Financial assets comprise investments, trade and other debtors and cash and cash equivalents.

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

1.16 GOVERNMENT GRANTS

Government grants include grants receivable from the Homes and Communities Agency (HCA), Greater London Authority (the GLA), local authorities, and other government organisations.

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

The unamortised element of the government grant is recognised as deferred income in creditors due within one year or due after more than one year as appropriate in the Statement of Financial Position.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with the HCA.

Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the Statement of Financial Position in creditors. If unused within a three-year period, grants received from the Greater London Authority or Homes and Communities Agency are repayable, including any accrued interest. The development programme of the Association is such that the recycled grant is expected to be re-used before it becomes repayable. Any unused recycled capital grant held within the recycled capital grant fund is disclosed in the balance sheet, split between creditors falling due within one and after one year.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised in the Statement of Comprehensive Income.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to the Statement of Comprehensive Income. Upon disposal of the associated property, the Association is required to recycle these proceeds and recognise them as a liability.

Government grants relating to revenue are recognised in the Statement of Comprehensive Income under the performance model of accounting. They are release to income over the same period as the expenditure to which they relate, once reasonable assurance has been gained that the Association will comply with the conditions and that the funds will be received.

1.17 OTHER GRANTS

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the Association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability in the Statement of Financial Position.

1.18 PENSIONS

The Association participates in the Social Housing Pension Scheme (SHPS). SHPS is a multi-employer defined contribution pension scheme administered independently. The Association is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

Contributions payable by the Association to SHPS for current service are charged to the Statement of Comprehensive Income based upon the contributions payable for the accounting period.

Where there is a contractual agreement between the scheme and the Association that determines how the deficit will be funded, the contributions payable that arise from the agreement, to the extent that they relate to the deficit are recognised as a liability in the Statement of Financial Position and the resulting expense in the Statement of Comprehensive Income. When the contributions are not expected to be settled within 12 months after the reporting period, the liability is measured at the present value of the contributions payable by using a discounted rate (discounted present value basis). The rate used is determined by reference to market yields at the reporting date on high quality bonds.

1.19 LEASES

Leases are classified as finance leases where the terms of the leases transfer substantially all the risks and the rewards incidental to ownership of the leased asset. All other leases are classified as operating leases.

Rentals paid or receivable under operating leases are recognised to the Statement of Comprehensive Income on a straight-line basis over the term of the lease, including where payments or receipts are not required to be made on a straight-line basis. Lease incentives are similarly spread on a straight-line basis over the relevant lease terms.

Assets held under finance leases are measured initially at the fair value of the leased asset and the corresponding lease liability. Assets held under finance leases are included in tangible fixed assets and depreciated in the same way as owned assets.

On transition to FRS 102 the Association elected to determine whether an arrangement existing at the date of transition to FRS 102 contained a lease on the basis of facts and circumstances existing at that date rather than when the arrangement was entered into. The Association also elected to not restate lease incentives where the lease commenced before the date of transition to FRS 102 and has continued to recognise any residual benefit or cost associated with lease incentives on the same basis that applied prior to transition to FRS 102.

1.20 PROVISIONS FOR LIABILITIES

Provisions for liabilities and charges are recognised when the Association has a present obligation (whether legal or construction) as a result of a past event that can be reliably estimated, and it is probable that a transfer of economic benefit will be required to settle the obligation.

1.21 REVENUE RESERVES

Revenue reserves relate to the cumulative surpluses less amounts transferred to designated and restricted reserves.

2 LETTINGS AND OTHER RELATED INFORMATION

2 (a) PARTICULARS OF TURNOVER, COST OF SALES, OPERATING EXPENDITURE AND OPERATING SURPLUS

	2018				2017			
	Turnover	Cost of sales	Operating expenditure	Operating surplus/ (deficit)	Turnover	Cost of sales	Operating expenditure	Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (Note 2b)	9,493	-	(5,193)	4,300	9,523	-	(5,115)	4,408
Other social housing activities								
First tranche low cost home ownership sales	-	-	-	-	260	(226)	-	34
Other	40	-	(165)	(125)	14	-	(191)	(177)
Total	9,533	-	(5,358)	4,175	9,797	(226)	(5,306)	4,265

2 (b) PARTICULARS OF TURNOVER AND OPERATING EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	Housing Accommodation	Supported Housing	Shared Ownership	Total 2018	Total 2017
	£'000	£'000	£'000	£'000	£'000
Income					
Rents receivable net of identifiable service charges	**7,692**	**25**	**313**	**8,030**	8,103
Service charges receivable	**514**	**15**	**111**	**640**	627
Water Rates Receivable	**24**	**-**	**-**	**24**	22
Amortised government grants	**783**	**5**	**11**	**799**	771
Turnover from social housing lettings	**9,013**	**45**	**435**	**9,493**	9,523
Operating expenditure					
Service charge costs	**543**	**16**	**112**	**671**	643
Management	**901**	**15**	**35**	**951**	932
Routine maintenance	**1,160**	**19**	**-**	**1,179**	1,264
Major repairs	**255**	**-**	**-**	**255**	36
Bad debts	**22**	**3**	**-**	**25**	49
Planned Maintenance	**347**	**-**	**-**	**347**	384
Depreciation of housing properties	**1,685**	**5**	**-**	**1,690**	1,652
Loss on disposals and component replacements	**71**	**-**	**-**	**71**	137
Water rates	**4**	**-**	**-**	**4**	18
Operating expenditure on social housing lettings	**4,988**	**58**	**147**	**5,193**	5,115
Operating surplus/(loss) on social housing lettings	**4,025**	**(13)**	**288**	**4,300**	4,408
Rent losses from voids	25	2	-	27	14

3 BOARD MEMBERS & DIRECTORS' EMOLUMENTS

For the purpose of this note, the directors are defined as the Board Members, the Chief Executive and the Senior Staff Team.

	2018 £'000	**2017** £'000
Aggregate emoluments and expenses payable to the executive directors (including pension contributions and benefits in kind)	**300**	212
Pensions Contribution	**19**	14
Emoluments paid to the highest paid director of the Association excluding pension contributions	**110**	107
Pensions contributions in respect of the highest paid director	**8**	7
Total expenses reimbursed to directors not chargeable to United Kingdom income tax	**-**	-

During the year to 31 March 2018, three (2017: 2) executive directors were remunerated by the Association. The Chief Executive is an ordinary member of the Social Housing Pension Scheme (SHPS). SHPS is a final salary contributory scheme. The employers' contribution rate is currently set at 6.45%.

Board member remuneration	**2018** **Total** £'000	**2017** **Total** £'000
Olu Olanrewaju (Chair)	**8.0**	8.0
Duncan Hughes	**3.0**	3.0
Zakia Raja	**1.3**	1.8
Nigel Newman	**1.8**	1.8
Pamela Leonce	**2.0**	2.0
Nisha Makwana	**1.8**	1.8
Puneet Rajput	**2.5**	2.5
Gordon Mattocks	**1.8**	1.8
	22.2	22.7

4 EMPLOYEE INFORMATION

	2018 Number	2017 Number
The average weekly number of persons (including the Chief Executive) employed during the year was (full time equivalents based on 35 hours per week):	**19**	**18**

Staff costs during the year:	£'000	£'000
Wages and salaries	**966**	826
Social security costs	**108**	90
Pension costs	**59**	50
	1,133	966

Salary banding for all employees earning over £60,000 (including salaries, performance-related pay and benefits in kind but excluding pension contributions paid by the employer and any termination payments):

Bands	2018 Number	2017 Number
£60,000 - £70,000	**-**	**-**
£70,001 - £80,000	**1**	**1**
£80,001 - £90,000	**1**	**-**
£90,001 - £100,000	**1**	**1**
£100,001 - £110,000	**1**	**1**
Total	**4**	**3**

5 SURPLUS ON SALE OF HOUSING PROPERTIES

	2018 £'000	2017 £'000
Disposal proceeds	**1,234**	720
Carrying value of fixed assets	**(521)**	(343)
Grant amortised	**(13)**	-
Selling cost	**(3)**	(2)
	697	375

6 INTEREST RECEIVABLE

	2018 £'000	2017 £'000
Bank interest	**32**	58
Investment income	**6**	29
SHPS Pension re-measurement (impact of changes in assumptions)	**-**	-
	38	87

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2018 £'000	2017 £'000
SHPS pension - unwinding of the discount factor	**5**	9
SHPS pension - re-measurement (impact of changes in assumptions)	**(5)**	11
Loans and bank overdrafts	**2,178**	2,280
Cost of raising finance	**(7)**	35
	2,171	2,335
Interest payable capitalised on housing properties under construction	**(294)**	(305)
	1,877	2,030
Capitalisation rate used to determine the finance costs capitalised during the period	**3.56%**	3.73%

8 SURPLUS FOR THE YEAR

	2018 £'000	2017 £'000
Is stated after charging:		
Auditor's remuneration (excluding VAT):		
- in their capacity as auditor	**18**	15
- other services	**4**	3
Operating lease payments	**-**	82
Depreciation	**1,877**	1,769

9 HOUSING FIXED ASSETS

	Housing properties held for letting £'000	Completed Shared ownership housing properties £'000	Shared ownership housing properties under construction £'000	Total £'000
Cost				
At 1 April 2017	153,982	6,949	-	160,931
Transfer from current assets	-	-	6,830	6,830
Additions	1,996	-	1,229	3,225
Capitalised Interest	-	-	294	294
Components additions	412	-	-	412
Disposals	(249)	(521)	-	(770)
At 31 March 2018	**156,141**	**6,428**	**8,353**	**170,922**
Depreciation and impairment				
At 1 April 2017	17,128	-	-	17,128
Charged for year	1,690	-	-	1,690
Disposals	(178)	-	-	(178)
At 31 March 2018	**18,640**	**-**	**-**	**18,640**
Net book value				
At 31 March 2018	**137,501**	**6,428**	**8,353**	**152,282**
At 31 March 2017	136,854	6,949	-	143,803

The cost incurred on improvement works to existing properties during the year is analysed as follows:	**2018** £'000	**2017** £'000
Amounts capitalised (all relating to components)	**412**	961
Amounts charged to the income and expenditure account	**255**	36
	667	997

Carrying amount of secured and unsecured properties	**2018** £'000	**2017** £'000
Secured properties	**78,067**	81,220
Unsecured properties	**59,434**	55,633
	137,501	136,854

10 OTHER TANGIBLE FIXED ASSETS

	Leased Office Premises £'000	Long Leased Office Premises £'000	Office Furniture And Equipment £'000	Total £'000
Cost				
At 1 April 2017	123	2,039	599	2,761
Additions	-	293	272	565
Disposals	(123)	-	(75)	(198)
At 31 March 2018	**-**	**2,332**	**796**	**3,128**
Depreciation				
At 1 April 2017	111	-	361	472
Charge for year	-	23	164	187
Disposals	(111)	-	(73)	(184)
At 31 March 2018	**-**	**23**	**452**	**475**
Net book value				
At 31 March 2018	**-**	**2,309**	**344**	**2,653**
At 31 March 2017	12	2,039	238	2,289

11 INVESTMENTS

The Association deposited £520k which is held in trust on behalf of The Housing Finance Corporation as part of the loan agreement. As at March 2018 the balance including accrued interest was £777k (2017: £763k). Fair value movement of the investment recognised in the Statement of Comprehensive Income is £8k (2017: £52k).

12 PROPERTIES HELD FOR SALE

	2018 £'000	**2017** £'000
Properties under development for sale	**-**	9,887
Shared ownership under construction 1st tranche	**3,057**	-
	3,057	9,887

13 TRADE AND OTHER DEBTORS

Amounts receivable within one year:	2018 £'000	2017 £'000
Rent arrears	**267**	271
Housing benefits in arrears	**114**	196
Less: provision for bad debts	**(159)**	(187)
	222	280
Prepayments and accrued income	**182**	62
Other debtors	**187**	136
	591	478

14 CREDITORS

Amounts falling due within one year:	2018 £'000	2017 £'000
Trade creditors	**580**	383
Taxation and social security payable	**35**	29
Loan repayments (note 17)	**3,125**	2,392
Loan interest	**132**	109
Other creditors and accruals	**1,071**	1,321
Recycled Capital Grant Fund (note 20)	**274**	136
Disposal Proceeds Fund (note 21)	**1,136**	150
Rent in advance	**399**	319
Issue premium (30year bond)	**38**	38
Deferred grant income (note 16)	**799**	782
	7,589	5,659

15 CREDITORS

Amounts falling due after more than one year:	2018 £'000	2017 £'000
Deferred grant income (note 16)	**68,556**	68,893
Issue Premium (30year bond)	**934**	973
Recycled Capital Grant Fund (note 20)	**339**	516
Disposal Proceeds Fund (note 21)	**-**	982
Housing loans (note 17)	**55,447**	58,474
	125,276	129,838

16 DEFERRED GRANT INCOME

	2018 £'000	2017 £'000
At 1 April	**69,675**	70,274
Grant received in the year	**648**	330
Recycled on disposal	**(182)**	(147)
Released to income in the year	**(799)**	(782)
Released on disposal	**13**	-
At 31 March	**69,355**	69,675
Amounts to be released within one year	**799**	782
Amounts to be released in more than one year	**68,556**	68,893
	69,355	69,675

	2018 £'000	2017 £'000
Government grant previously amortised to income	**11,191**	10,406
Government grant included in deferred income	**69,355**	69,675
Total government grant received	**80,546**	80,081

Previous stock swaps entered into by the Association have resulted in associated grants of £7,285k (2017: £5,395k). These grant liabilities are not recognised within deferred grant income, in line with the related accounting policy, but nevertheless represent a contingent liability.

17 HOUSING LOANS

Housing loans from lending institutions are secured by specific charges on the Association's housing properties at rates of interest between 0.57% and 10.34%. They are repayable in instalments due as follows:

	2018 £'000	2017 £'000
In five years or more	**43,730**	46,779
Between two and five years	**8,990**	9,022
Between one and two years	**3,076**	3,041
Loan finance costs	**(348)**	(368)
	55,447	58,474
In one year or less	**3,125**	2,392
	58,572	60,866

18 PENSIONS

The Association participates in the Social Housing Pension Scheme (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. It is not possible for the Association to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme. Therefore, it accounts for the Scheme as a defined contribution scheme.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the Scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

A full actuarial valuation for the Scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the Scheme as follows:

Present values of provision

	31 March 2018 £'000	1 March 2017 £'000	31 March 2016 £'000
Present value of provision	**357**	**415**	451

Reconciliation of opening and closing provisions

	2018 £'000	2017 £'000
Provision at start of period	**415**	451
Unwinding of the discount factor (interest expense)	**5**	9
Deficit contribution paid	**(58)**	(56)
Re-measurements - impact of any change in assumptions	**(5)**	11
Provision at end of period	**357**	415

Income and expenditure impact

	2018 £'000	2017 £'000
Interest expense	**5**	9
Re-measurements – impact of any change in assumptions	**(5)**	11
Costs recognised in income and expenditure	**59**	20

Assumptions

	31 March 2018 % per annum	1 March 2017 % per annum	31 March 2016 % per annum
Rate of discount	**1.72**	**1.33**	2.06

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

Contributions payable for 2017/18 are £61,000 (2016/17 £58,000).

19 PROVISIONS FOR LIABILITIES – OTHER PROVISIONS

	Sinking Fund £'000
At 1 April 2017	50
Additions	8
At 31 March 2018	**58**

20 RECYCLED CAPITAL GRANT FUND

	GLA £'000
At 1 April 2017	**652**
Inputs to RCGF:	
Recycling of grant	182
New Build	(86)
Repayment of Grant	(135)
At 31 March 2018	**613**
Amounts 3 years old or older where repayment may be required	**273**

21 DISPOSAL PROCEEDS FUND

	GLA £'000
At 1 April 2017	**1,132**
Inputs to DPF:	
Interest accrued	4
At 31 March 2018	**1,136**
Amounts 3 years old or older where repayment may be required	**1,136**

22 SHARE CAPITAL

Allotted, issued and fully paid	2018 £'000	2017 £'000
At 1 April	**8**	8
Shares cancelled during the year	**(1)**	-
As at 31 March	**7**	8

The share capital of the Association consists of shares with a nominal value of £1 each which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. Where a shareholder ceases to be a member, that person's share is cancelled, and the amount paid up thereon becomes the property of the Association. Therefore, all shareholdings relate to non-equity interests; there are no equity interests in the Association.

23 CAPITAL COMMITMENTS

	2018 £'000	2017 £'000
Capital expenditure that has been committed to but has not been provided for in these financial statements:		
- authorised and contracted for	**950**	870
- authorised but not contracted for	**321**	-
	1,271	870

Capital commitments are financed from loan funding already drawn down.

24 OPERATING LEASES

Operating lease payments amounting to £nil (2017: £34k) are due within one year for office premises.

25 NOTES ON THE CASHFLOW STATEMENT

	2018 £'000	2017 £'000
Surplus for the year	**3,033**	**2,749**
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	**1,877**	1,769
Disposal of other tangible fixed assets	**6**	-
Components disposal	**71**	137
Amortised grant	**(799)**	(771)
Increase in stock	**-**	(4,084)
Decrease / (increase) in trade and other debtors	**(113)**	22
(Decrease) / increase in trade and other creditors	**278**	(89)
Increase in provisions for sinking funds	**8**	6
(Increase) / decrease in pension costs less contributions payable	**(63)**	(56)
Adjustments for investing or financing activities:		
Gain on sale of tangible fixed assets	**(697)**	(375)
Fair value of investments	**-**	(52)
Interest payable	**1,877**	2,030
Interest received	**(38)**	(87)
Net cash generated from operating activities	**5,440**	1,199

26 TAXATION

No provision for United Kingdom corporation tax has been made due to the Association's charitable status.

27 UNITS AND BEDSPACES

Under development at end of year:	**2018 Number**	**2017 Number**
Outright sale	**-**	37
Shared Ownership	**37**	-
	37	37
Under management at end of year:		
Owned – General needs	**1,203**	1,183
Owned – Supporting people bed spaces	**6**	6
Owned – Shared ownership	**61**	64
	1,270	1,253

28 RELATED PARTY TRANSACTIONS

There was one tenant Board member at the start of the year. Their tenure on the board ended on the 31 December 2017. The tenancy has been granted on the same terms as for all tenants, and the housing management procedures, including those relating to management of arrears have been applied consistently to this tenant. Rent charged on the property up to 31 December 2017 was £5k and rent account had a credit balance of £3k.

Disclosures in relation to key management personnel are set out below:

	2018 £'000	**2017** £'000
Basic salary	**280**	197
Employers national insurance	**35**	25
Pensions contributions	**19**	14
As at 31 March	**334**	236

29 FINANCIAL INSTRUMENTS

The carrying values of the RP's financial assets and liabilities are summaries by category below:

	2018 £'000	2017 £'000
Financial assets		
Measured at fair value through the profit or loss		
Investments in equity instruments	**777**	763
Measured at undiscounted amounts receivable		
Gross debtors	**382**	467
Other debtors	**187**	136
Cash and cash equivalents	**3,290**	5,079

	2018 £'000	2017 £'000
Financial liabilities		
Measured at amortised cost		
Loans repayable	**58,572**	60,866
Other creditors and accruals	**1,071**	1,321
Trade creditors	**580**	383
Loan interest	**132**	109

The Association's income, expense, gains and losses in respect of the financial instruments are summaries below:

	2018 £000	2017 £000
Interest income and expense		
Total interest income for financial assets at amortised cost	**32**	58
Total interest income for financial assets at fair value through profit or loss	**6**	29
Total interest expense for financial liabilities at amortised cost	**1,877**	2,030
Fair value gains and losses		
On financial assets measured at fair value through profit or loss	**8**	52

Financial assets measured at fair value are valued based upon quoted market prices.

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