

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Group Accounts

Registered Number: SP1860RS

Report and Financial Statements

For the year ended 31 March 2019

Report and Financial Statements

For the year ended 31 March 2019

Contents	Page
Board, Executive and Advisers	2
Report of the Board of Management (incorporating the Strategic Report)	3-11
Statement of the Board of Management's Responsibilities	12
Report of the Auditor on the Financial Statements	13-14
Report of the Auditor on Corporate Governance	15
Group Statement of Comprehensive Income	16
Association Statement of Comprehensive Income	17
Group Statement of Changes in Capital and Reserves	18
Association Statement of Changes in Capital and Reserves	19
Group Statement of Financial Position	20
Association Statement of Financial Position	21
Group Statement of Cash Flows	22-23
Notes to the Financial Statements	24-59

Registration information

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014 Registered number SP1860RS
Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered number 172
Registered Scottish Charity	SC036434

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Report of the Board of Management (incorporating the Strategic Report) For year ended 31 March 2019

Board, Executives and Advisers

Board of Management – elected

Marilyn Clewes	Chair
David Horner	Vice Chair
Sadie Gordon	Vice Chair
Margaret Glass	
Anne Ramsey	
Ian Elrick	
Christine Thomson	
Andrew Burns	
John McIntyre	
Bronwyn Wyper	Co-opted 25.9.18

Executive Officers

Shona Stephen	Chief Executive
Neil Manley	Director of Finance and Corporate Support
Louise Smith	Director of Neighbourhood Services
Rona Anderson	Director of Property Enterprise and Regeneration

Registered Office

45 Firhill Road
Glasgow
G20 7BE

Auditor

Wylie & Bisset
168 Bath Street
Glasgow

Bankers

Clydesdale Bank plc
1 Woodside Crescent
Charing Cross
Glasgow
G3 7UL

Solicitors

Harper Macleod 45 Gordon St Glasgow G1 3PE	T C Young 7 West George St Glasgow G2 1BA
---	--

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Report of the Board of Management (incorporating the Strategic Report) For year ended 31 March 2019

The Board of Management present their report (incorporating the Strategic Report) and the audited consolidated financial statements for the year ended 31 March 2019.

Overview

Queens Cross Housing Association Limited is a social landlord and registered charity operating in the Queens Cross, Woodside, Westercommon/Hamiltonhill and Dundasvale areas of North West Glasgow. The Group was formed in 1976 with the aim of providing high quality social housing. The Group as at the 31st of March 2019 refers to Queens Cross Housing Association Limited and Queens Cross Factoring Limited. The Association fully owned subsidiary company Queens Cross Factoring Limited provides a factoring service to over 2,491 owners of property in the area. The group also works together with Queens Cross Workspace Limited, which until the balance sheet date, was an independent development agency promoting economic regeneration in the area. Queens Cross Workspace Limited became part of the Queens Cross group as at 1st April 2019.

The Group's main business is the provision of long term affordable rented housing, the provision of housing support for those who need additional help, residents property management and the rental of mid-market housing properties. The housing support service is currently funded by a combination of Supporting People grant, self-directed support personalisation budgets from Glasgow City Council and service charge income.

The Association owned outright 4,335 properties as at 31 March 2019 and manages the tenancies for the majority of these homes. The Association also has a share in 40 shared ownership units. Within this total stock the Association leases 123 units/bed spaces to other care providers who manage these tenancies. Of the total stock 511 units are dedicated to the provision of supported housing to care groups such as older people, people experiencing mental health related issues and young people.

The Association's housing stock has been increased through construction, funded through grant and loan finance, and by stock transfer from other bodies such as Scottish Homes, Glasgow City Council (GCC) and Glasgow Housing Association Limited (GHA). The Association has completed two stock transfers from Glasgow Housing Association Limited in recent years with 438 homes transferring during 2010 in the Hamiltonhill area. Of these properties added to the housing stock, 290 were demolished as part of a clearance programme. The Association also completed the transfer of two other Local Housing Organisations from GHA on 28 March 2011, with 781 properties at Dundasvale, and 1,057 at Woodside South Maryhill transferring. The Association continues to have an active development programme with 309 new homes build in a mix of affordable tenures in the past five years. As part of its vision and values the Association aims to contribute to the development of the area in social, economic and environmental terms. The Association secures Wider Action funding from a variety of sources for this work. Over and above this the Association funds specific wider action work from its own resources if it is seen as contributing to its overall objectives.

Objectives and Strategy

The Group has completed a business planning process for the period 2017-2020 and an internal management plan which is reviewed annually and approved by the Board of Management. From our vision *Excellent Housing in vibrant Communities*, and reflecting our values of *respect, integrity* and *aspiration* strategic objectives have been agreed.

The strategic aims for 2017-20 are:

- Build more desirable homes in popular neighbourhoods;
- Deliver more excellent services to suit our tenants' lives;
- Invest in our people to grow and develop their skills;
- Find more ways to ensure value for money;
- Continue to challenge fuel poverty;
- Put more focus on community health and wellbeing; and

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Report of the Board of Management (incorporating the Strategic Report) For year ended 31 March 2019

Objectives and Strategy (continued)

- Be ready for opportunities.

The association is now in the process of working up its new business plan for the period 2020-2025.

Below the strategic objectives, key departmental priorities are laid out in the internal management plan. As part of this plan, actions and desired outcomes have been identified.

Performance of Business

Key Performance Indicators are reported to the Board quarterly across a range of performance, satisfaction and financial indicators and reported annually to the regulator via the Annual return on the Charter and other key financial returns including this annual report. The association has also chosen to be a member of Housemark, a cost and outcomes benchmarking club as a means of promoting and evidencing value for money.

The following are the results in 2018/19 for specific key performance indicators.

Housing

The average void re-let period was 19 days (27 days 17/18) against the set target of 16 days with a void rent loss of £134,980 (2017/18: £205,121) in the year. This performance has seen an improvement from 2017/18 as our significant capital investment programmes in Westercommon and Cedar are nearing completion and initiatives have been introduced to improve performance in this area..

The net tenant rent arrears were £453,845 (2018: £421,419). This represents 2.4% (2018: 2.3%) of the total rental and service charge income figure and we continue to focus closely on managing this aspect of the business. A bad debt write off of £258,391 (2018: £152,596) in relation to former tenants was made in the year.

As at 31 March 2019 there were 1,255 applicants on the housing list with 1,128 new applicants added in 2017/18. 632 tenancy offers (918 - 2017/18) were made in the year.

Asset Management

There were 18,232 reactive maintenance jobs in the year (19,186 in 17/18) with 95% completed right first time against a target of 85%. This equates to an average of 4.21 (4.43 2018) repairs per property in the year at an average reactive cost of £132.87 per reactive repair. Of the total, 4950 repairs were emergencies and were responded to within 4 hours, whilst urgent repairs have a target of 2 days and routine repairs are within 5 days. Our performance to these response targets is detailed here:

	Actual	Target
Emergency	99.9%	100%
Urgent	99.6%	98.5%
Routine	99.06%	98.5%

As at 31 March 2019, 100% of all properties (2,866) requiring one had a current gas safety certificate at their anniversary date. Across the year 100% of stock requiring a gas certificate renewal were inspected within the set timescale.

The major repairs programme continued with significant investment during the year in stock transfer properties on heating and ventilation systems, new lifts and foyers, cladding and other housing improvements.

As at 31 March 2019, 96% of our stock met the Scottish Housing Quality Standard (SHQS), whilst the remaining 158 properties are exempt from the standard due to their nature. The Association therefore has brought all properties where possible up to the SHQS and is now focussed on achieving full compliance with EESSH by 2020. At 31 March 2019, 68% of our properties met the required Energy Efficiency standard (up from 66% the previous year) whilst 7% do not need the standard and there are 25% of properties where this is as yet unknown.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Report of the Board of Management (incorporating the Strategic Report) For year ended 31 March 2019

Operating and Financial Review

Customer satisfaction.

The association has a framework of engagement surveys across the range of its services. For 2018/19 87% of customers were satisfied by our overall service and 92.7% were satisfied with the repair service they received. For new tenants 90% of customers were satisfied with standard of their new home when moving in.

Financial and non-financial key performance indicators

The Association's key objectives include the achievement of sound finances and good value for money in the delivery of its services. Central to this is ensuring the Association continues to demonstrate its financial viability through its 30 year cash-flow. The Association completes this 30 year plan using the BRIXX financial model. This model, the key assumptions within it and the key business risks for the Association are reviewed, validated and approved by the Board each year. It is the Board's view that these financial assumptions are prudent and realistic and should ensure that we can continue to deliver affordable rents. The key risks incorporated into the model are detailed in the risk assessment section. The Association's financial plan and cash forecast, the projection of operating surpluses and the major repairs and maintenance expenditure, retained reserves and borrowing assumptions behind them are central to the organisation's business plan. It is this business plan which projects the future flows of resources in and out of the Association and against which any new developments or activities are assessed. This assessment measures the benefits of new activity against any impact on the financial objectives described above.

Within the 2019/20 budgeting process the Board has sought to continue to meet the affordability measures we apply using the SFHA's affordability model. Balanced against this the association needs to ensure sufficient resources are available to meet its investment obligations on its existing stock and retain the breadth of its tenancy management and support services.

The Association is a member of the Housemark benchmarking club which provides the Association with a scorecard for its services in terms of their costs, quality, quantity and overall effectiveness of the services provided compared to a selected peer group.

The Housemark results for the 2017/18 year, the latest data available, demonstrate that the organisation is in the upper quartile for performance measured by both satisfaction and performance against time to complete targets in its repairs services and this performance is achieved with a lower quartile cost per property than those within the peer group with an average direct cost of repairs per property each year being £619.98. Within Housing services our performance in areas like void letting period and rent arrear write off places us in the mid to lower quartile and our performance has declined in this area. In 2018/19 we undertook a series of approaches to tackle this dip in the void performance and these 2018/19 accounts demonstrates some success in this matter. We also sit in the lower quartile in terms of costs for both Housing management per property and overheads as a share of turnover and we will continue to focus on these areas to seek improvements. The association is participating in the sector scorecard value for money benchmark project and the 2017/18 results will be shared when available.

The Association has a web based purchase order system to support better and controlled procurement and, in line with new procurement legislation, has developed new procurement policies and procedures which outline the required routes to market. These outline thresholds where the use of appropriate frameworks and or procurement portals, such as Public Contracts Scotland, are required and also suggests where social benefits should be included in any tendering exercise. It is continuing to review and re-procure its services and contracts on an on-going basis.

The Association continues to review its pension schemes for their affordability in line with each schemes' valuation cycle. For the SHAPS scheme the association has now adopted full FRS102 disclosure of the liability and the consequential deficit changes are incorporated within these results.

There continues to be uncertainty in relation to funding for supported housing programmes delivered both by the Association and by partners based in our properties. We have reviewed our funding streams and increased the

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Report of the Board of Management (incorporating the Strategic Report) For year ended 31 March 2019

level of service charges, for our supported housing projects, to maximise secure income whilst balancing affordability. We have also undertaken a full review of our leased properties to mitigate the potential risk of funding changes for partner care providers.

The Association wants to be in a position to take advantage of any development opportunities that arise. This is done by the accumulation of sufficient reserves over the business cycle, the prudent use of borrowing against assets when necessary, and the accessing of available funding opportunities to cover service and support costs. The level of major repairs work is determined from the 30 year asset lifecycle work-plan. The table below illustrates this point.

Association's results	2018/19	2017/18	2016/17	2015/16	2014/15
	£'000's	£' 000	£'000	£'000	£'000
Turnover	23,066	21,871	23,971	23,400	25,771
Operating expenditure	20,079	18,512	19,756	19,218	17,994
Operating surplus	2,987	3,357	4,215	4,182	7,777
Capitalised major repairs	2,879	9,204	11,577	6,509	4,355

The Association is required to meet financial covenants in respect of its borrowings which are linked to the level of surplus each year and so future commitments on major repairs spend must be affordable through retained surpluses.

The Association is currently on site completing investment projects that enable us to meet the Scottish Housing Quality Standard and this expenditure is incorporated into the budget plan. Over the next five years, the Association is budgeting to invest £35m on capital repairs to its housing stock. The Association has prioritised regeneration investment in key areas of its stock and is working with a number of contractors in accessing ECO funding to supplement the Association's investment plans and provide enhanced specifications in the works with the aim of making it easier and cheaper to heat our homes. The innovative ground source heating system installation at Westercommon was impacted by the contractor entering administration at a late stage of the programme and the Association has worked with alternate providers to complete the works. The refurbishment of the Cedar multi storey flats is currently the major project being undertaken and will complete in 2019/20.

The Association sees its wider contribution to the economic and social development of the area as very important. Whilst the Association's care work has been supported through supporting people income, our wider action activities benefit from other grant funding sourced by the Social Regeneration section. These services aim to be self-financing over the long term and make appropriate contributions to the support costs that help service them, however the Association has in the past contributed to them to ensure continuity of service provision. Given the current changes to the sector, the ability to do this going forward may be more limited. The business plan and risk strategy have highlighted the significance of this income in the overall financial objectives and this is an area where significant changes are likely to affect the Association in the future.

Capital Structure

At the year-end borrowings totalled £ 70,015,520 (2018: £41,037,294). In 2018/19 the association prepared for the significant development project at Hamiltonhill by refinancing its loan portfolio. It secured two private placement bonds of £25m and £15m respectively from pension providers. These two bonds have terms of 22 and 30 years respectively with the £25m bond being amortising over the last 5 years of its term. This bond finance is supplement by two revolving credit facilities from the Clydesdale and Royal bank of Scotland.

	Fixed/Capped £	Floating/Callable £
Private placement bond	40,000,000	
Royal Bank of Scotland	2,966,666	7,033,334
Clydesdale Bank	4,892,640	15,362,880
Amortised loan fees		(240,000)
Total	47,859,306	22,156,214

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Report of the Board of Management (incorporating the Strategic Report) For year ended 31 March 2019

As part of the refinancing the banking covenants have been aligned to the revised business plan and updated to reflect current accounting rules.

Cash reserves continue to be placed on deposit with the Group's main banker, Clydesdale Bank and the Royal Bank of Scotland whilst £15m was deposited with the Prudential security trust as at the 31st of March whilst the loan security exercise for the new bond finance is completed. Going forward the board have agreed a deposit and investment strategy that allows short term credit to be repaid where possible to ensure interest costs are minimised. In the forward financial plan the current cash balance is forecast to fall as the development programme at Hamiltonhill commences and the major repair programme continues its investment in existing stock.

Development

The Association has led work with Scottish Canals and Glasgow City Council to develop a masterplan for the site at Hamiltonhill as part of a wider regeneration of the canal corridor. The masterplan contains proposals for the development of 600 units across this extensive site in a mix of tenures. This will include up to 300 for sale, built by a developer in partnership with QCHA. The regeneration of the Hamiltonhill area as part of the wider canal strategy with Scottish Canals and Glasgow City Council presents a number of potential development opportunities for the Association and will be the central focus for the Association in the next few years. The site has now secured planning permission and the association has identified a lead contractor. As already outlined, the Association has used the financing need of the Hamiltonhill development as an opportunity to restructure its overall loan portfolio and has secured seek access bond finance supplemented with two revolving credit facilities.

Social Regeneration Initiatives

A wide range of community initiatives focussing on youth work, volunteering, digital inclusion, health and wellbeing, and community integration were continued during the year. A number of grants were received from the Scottish Government, under its Wider Action agenda, and other bodies to assist with the provision of these activities. The board of Queens Cross Workspace, a local charitable organisation whose economic and regeneration aims are complementary to the association have agreed to join the Queens Cross group structure from the 1st of April 2019. The merger will increase the overall impact of both parties on the local economy delivering to our shared regeneration objectives. We have undertaken some due diligence on this and are working on the required legal structures and Company articles. It is believed the merger would increase the overall impact of both parties on the local economy, delivering on our shared anti-poverty objectives. The Queens Cross Community Chest, a joint initiative between the parties has been an example of how by working together the impact and reach within our community can be increased.

Risk and Uncertainties

As part of the business planning process the Group has put into place an enhanced risk review policy. Risks are defined as events that will impact on the achievement of the business plan objectives. Arising from these processes the key risks are identified and scored for their impact and probability. Strategies to address these risks have been drawn up.

Significant risks identified are:

- Increasing arrears as a result of economic downturn and welfare benefit changes. The Association aims to monitor performance carefully in this area and has made specific adjustments to forward budget forecasts, service delivery and communication to tenants through the welfare reform strategy. It has also invested in Rentsense, a software application to assist arrears management.
- In addition and linked to the above point, the Association has within its financial planning, over the last three years, reduced the assumption of rent growth over and above inflation. Our aim is, where possible, to ensure that our rents continue to be affordable as shown by the SHFA rent affordability tool;

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Report of the Board of Management (incorporating the Strategic Report) For year ended 31 March 2019

Risk and Uncertainties (continued)

- Inflationary pressures, over and above those factored into the current business plan, on maintenance and major repairs expenditure, may be an area of concern. The business plan does make prudent estimates on the prospects for cost and income growth;
- The Association saw a considerable increase in its pension scheme contributions to the SHAPS pension scheme in 2016/17 as a result of the triennial pension valuation. It was decided in 2016 to close the final salary scheme and transfer staff into a CARE 1/80th closed scheme and offer the CARE 1/120th scheme to new members of staff. The Association also offers a defined contribution scheme which it is using to meet its pension auto enrolment obligations. It will continue to explore options to mitigate the risks in this area with a revised valuation due in 2019/20;
- The Association was advised that funding for its Sheltered Housing services from Glasgow City Council would end from December 2017. The Association has worked with Social Work Services on reworking the model of care and is now delivering through an Older People's Service model.
- Reductions in levels of capital grant for securing progress on development plans which would increase the need for private finance to facilitate new schemes; and
- Interest rate increases which would have a cost impact for the Association. The Association is actively managing this risk through a rate hedging strategy covered in more detail in the Capital Structure section (page 6) and accessing long term bond finance.
- The Association has always had a robust approach to fire safety. Following the Grenfell Tower fire and the subsequent and on-going reviews there may be a requirement for additional investment, with an as yet unidentified financial impact. The forward financial plan makes provision to install an intergrated fire and smoke detection system in all our properties over the next couple of years.

In addition to the embedded risk policy, specific risks are also considered within the internal management plan with mitigating actions drawn up.

Future Plans

The Association continues to identify other future potential sites that it would like to develop and will consider these in line with its development strategy and an assessment of each one's financial viability and cash-flow calculation and funding availability. In addition to Hamiltonhill the association has sites at Glenfarg street and Burnbank gardens and is working up plans for these sites. Going forward the association would be interested in developing homes on the site of the old Woodside health centre.

Over and above the core housing business, the Association will continue to seek and secure external funding for its wider role activities in pursuance of its charitable aims.

Accounting Policies

The accounting policies applied by the Group are detailed in the notes to the accounts. It is useful here to note the key policies that affect the figures in the annual report. Property is recorded at the historical cost of construction and has been split between its major component parts. Each major component is depreciated on a straight line basis over its expected economic useful life. Deferred Capital grant is held as a creditor on the Statement of

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Financial Position and in line with FRS 102, it is amortised to the Statement of Comprehensive Income over the useful life of the asset.

Report of the Board of Management (incorporating the Strategic Report) For year ended 31 March 2019

The Board of Management and Executive Officers

The Board of Management and executive officers of the Association are listed on page 1.

Each elected member of the Board of Management holds one fully paid share of £1 in the Association although independent members do not require to be members. The executive officers of the Association hold no interest in its share capital and, although not having the legal status of directors, they act as executives within the authority delegated by the Board of Management.

Governance

The Association is regulated by the Scottish Housing Regulator and managed by an elected Board of Management. The Board of Management has overall responsibility for managing the Association's finances and is supported by the Audit Sub-Committee who have specific responsibility for overseeing the financial controls of the Association. The Audit Sub-Committee meets quarterly, and the Committee is supported by the work of both the internal and external auditors. The Scottish Housing Regulator's latest regulation plan classifies the Association as being one which they see as having a medium engagement at this time. The Board of Management is charged with overseeing the management of the Association and monitoring its financial and non-financial performance.

Health and Safety

The Board and senior staff of the Association and its subsidiaries are aware of their responsibilities with regards to health and safety, and are working to embed a risk management culture across the Group. The Association and its subsidiary prepare detailed policies on health and safety and provide appropriate training and education to all staff on these areas.

Staff and Equality and Diversity

The association employed on average 198 full time equivalent staff across the year with a staff turnover of 7.3%. The association lost 5.8 % of available days through staff sickness up from 5.2% in 2018 and this is an area of concern for the association and a number of new approaches are being developed.

Our annual staff survey results indicate that 3% of staff identify as Asian black or mixed ethnicity whilst 3.5% have a disability.

Through our tenant survey results we know 10% of our tenants are of Asian black or mixed ethnicity whilst 33% of tenants regard themselves as having a disability. With this in mind it is our belief that these groups may be under-represented in our workforce and we will strive to improve this.

Queens Cross Housing Association Limited is committed to promoting an environment of respect and understanding, encouraging diversity and eliminating discrimination by providing equality of opportunity for all. Throughout the Association there will be a consistent approach to promoting equality and diversity across all areas. In addition to our statutory responsibility contained in the Housing Scotland Act 2010 we are keen to create safe and inclusive neighbourhoods and an environment where people can live and work without experiencing any form of discrimination or harassment.

Investors in People

The Association has Investors in People status and the organisation will continue to put a high priority on establishing standards and systems to support its service delivery. The recruitment, retention and development of high quality staff who support the aims and values of the organisation will continue to be central to the Association.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Report of the Board of Management (incorporating the Strategic Report) For year ended 31 March 2019

Agency Work

We have also been active in providing agency services to other housing associations including property development, clerk of works services, marketing of property for sale, and general housing management. The provision of services to others ensures the effective use of our staff resource, and is a source of income to the Association.

Statement on Internal Financial Controls

The Board of Management acknowledge their ultimate responsibility for ensuring that the Group has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

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

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

- (a) Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- (b) Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- (c) Forecasts and budgets are prepared which allow the Board and management to monitor the key business risks and financial objectives, and progress towards financial plans set out for the year. During the financial year, regular management accounts are prepared promptly, providing relevant, reliable and up to date financial and other information. Significant variances from budgets are investigated as appropriate;
- (d) All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the relevant sub-committees which are comprised of Board of Management members;
- (e) The Association has appointed a firm of accountants, on a consultancy basis, as internal auditor with the specific responsibility of assessing the adequacy and reliability of the system of internal financial control. The results of such reviews are reported to the Audit Sub-Committee;
- (f) The Board of Management reviews reports from the external auditor to provide reasonable assurance that control procedures are in place and are being followed; and
- (g) Formal practices have been established for instituting appropriate action to correct weaknesses identified from the reports of the external and internal auditors.

The Board of Management have reviewed the effectiveness of the system of internal financial control in existence in the Group for the year ended 31 March 2019. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Report of the Board of Management (incorporating the Strategic Report)
For year ended 31 March 2019

Related Party Transactions

Some members of the Board of Management are tenants. Their tenancies are on the Association's normal tenancy terms and, in common with other members of the Board of Management, they cannot use their positions to their advantage. Details of transactions with Board members can be found at note 34.

Charitable Donations

During the year the Association made charitable donations amounting to £7,995 (2018: £2,587).

Disclosure of information to the auditor

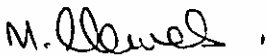
To the knowledge and belief of each of the persons who are members of the Board of Management at the time the report is approved:

- So far as each Board member is aware, there is no relevant information of which the Group's auditor is unaware; and
- He/she has taken all the steps that he/she ought to have taken as a Board member in order to make himself/herself aware of any relevant information, and to establish that the Group's auditor is aware of the information.

Auditor

A formal tender for the provision of external audit services was undertaken in 2017 and Wylie and Bisset appointed for a period of up to 3 years with the option to extend for a further 2.

By order of the Board of Management



Marilyn Clewes
Chair

Dated: 13 August 2019

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Statement of the Board of Management's Responsibilities For the year ended 31 March 2019

Housing Association legislation requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for the year ended on that date. In preparing those financial statements the Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- Comply with the disclosures required by the Scottish Housing Regulator's regulatory framework; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business.

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

The Board is also responsible for safeguarding the assets of the Association and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Report of the Auditor to the Members of Queens Cross Housing Association Limited For the year ended 31 March 2019

Opinion

We have audited the consolidated financial statements of Queens Cross Housing Association Limited for the year ended 31 March 2019 which comprise the Group and Association's Statement of Comprehensive Income, the Group and Association's Statement of Changes in Capital and Reserves, the Group and Association's Statement of Financial Position, the Group's Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

- the Management Committee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Management Committee have 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 Management Committee are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Report of the Auditor to the Members of Queens Cross Housing Association Limited For the year ended 31 March 2019

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Committees' Report. 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:

- The information given in the Report of the Management Committee is inconsistent with the Financial Statements;
- Proper books of accounts have not been kept by the Association in accordance with the requirements of the legislation;
- A satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirement of the legislation;
- The financial statements are not in agreement with the books of accounts; or
- We have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.

Responsibilities of The Management Committee

As explained more fully in the Report of the Management Committee set out on pages 3 to 11, the Management Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee are 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 Management Committee 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Communities 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.

Wylie & Bisset LLP, Statutory Auditor
Chartered Accountants
168 Bath Street
Glasgow
G2 4TP

Dated: 13 August 2019

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Report of the Auditors to the Board of Management of Queens Cross Housing Association Limited on Corporate Governance matters For the year ended 31 March 2019

In addition to our audit of the financial statements, we have reviewed your statements on page 12 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator.

Basis of opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2009/4 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 10 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

Wylie & Bisset LLP, Statutory Auditor
Chartered Accountants
168 Bath Street
Glasgow
G2 4TP

Dated: 13 August 2019

QUEENS CROSS HOUSING ASSOCIATION LIMITED

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

	Note	2019	2018
Turnover	4	24,088,436	23,064,299
Operating expenditure	4	(21,329,952)	(19,682,236)
Operating surplus	4	2,758,484	3,382,063
Gain on disposal of property, plant and equipment		55,790	457,578
Income from fixed asset investments		-	70,836
Interest receivable and other income	7	145,551	96,734
Interest payable and similar charges	8	(1,615,772)	(1,182,421)
Surplus before tax		1,344,053	2,824,790
Taxation	12	(13,327)	(2,241)
Surplus for the year		1,330,726	2,822,549
Other comprehensive income			
Actuarial (loss)/gain on the defined benefit pension scheme	31	(2,777,401)	1,616,000
Total comprehensive (expenditure)/income for the year		<u>(1,446,675)</u>	<u>4,438,549</u>

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

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

	Note	2019 £	2018 £
Turnover	4	23,066,029	21,871,202
Operating expenditure	4	(20,393,471)	(18,623,779)
Operating surplus	4	2,672,558	3,247,423
Gift aid income		55,000	65,000
Gain on disposal of property, plant and equipment		55,790	457,578
Interest receivable and other income	7	112,073	145,644
Interest payable and similar charges	8	(1,615,772)	(1,182,421)
Surplus before tax		1,279,649	2,733,224
Taxation	12	-	-
Surplus for the year		1,279,649	2,733,224
Other comprehensive income			
Actuarial (loss)/gain on the defined benefit pension scheme	31	(2,777,401)	1,616,000
Total comprehensive (expenditure)/income for the year		<u>(1,497,752)</u>	<u>4,349,224</u>

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Group Statement of Changes in Capital and Reserves at 31 March 2019

	Share Capital £	Revenue Reserves £	Other Reserves £	Total Reserves £
Balance at 1 April 2018	264	41,316,860	474,637	41,791,761
Share capital issued	16		-	16
Share capital cancelled	(14)		-	(14)
Total comprehensive income		(1,446,675)	-	(1,446,675)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2019	<u>266</u>	<u>39,870,185</u>	<u>474,637</u>	<u>40,345,088</u>

Group Statement of Changes in Capital and Reserves at 31 March 2018

	Share Capital £	Revenue Reserves £	Other Reserves £	Total Reserves £
Balance at 1 April 2017	280	36,894,172	458,776	37,353,228
Share capital issued	3	-	-	3
Share capital cancelled	(19)	-	-	(19)
Total comprehensive income	-	4,438,549	-	4,438,549
Transfers	-	(15,861)	15,861	-
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2018	<u>264</u>	<u>41,316,860</u>	<u>474,637</u>	<u>41,791,761</u>

The notes form part of these financial statements.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Association Statement of Changes in Capital and Reserves at 31 March 2019

	Share Capital £	Revenue Reserves £	Total Reserves £
Balance at 1 April 2018	264	40,968,914	40,969,178
Share capital issued	16		16
Share capital cancelled	(14)		(14)
Total comprehensive income		(1,497,752)	(1,497,752)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2019	<u>266</u>	<u>39,471,162</u>	<u>39,471,428</u>

Association Statement of Changes in Capital and Reserves at 31 March 2018

	Share Capital £	Revenue Reserves £	Total Reserves £
Balance at 1 April 2017	280	36,619,690	36,619,970
Share capital issued	3		3
Share capital cancelled	(19)		(19)
Total comprehensive income	-	4,349,224	4,349,224
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2018	<u>264</u>	<u>40,968,914</u>	<u>40,969,178</u>

The notes form part of these financial statements.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Group Statement of Financial Position As at 31 March 2019

	Note	2019 £	2018 £
Tangible fixed assets			
Housing properties	13	139,195,542	140,372,073
Intangible fixed assets	14	5,500	-
Other fixed assets	17	3,941,893	3,988,735
		<u>143,142,935</u>	<u>144,360,808</u>
Current assets			
Debtors (amounts falling due within one year)	19	1,179,317	1,127,118
Stock and work in progress	20	2,524	2,098
Investments	21	17,281,366	5,335,571
Cash and cash equivalents	22	24,456,335	6,981,261
		<u>42,919,542</u>	<u>13,446,048</u>
Creditors: amounts falling due within one year	23	<u>(7,412,682)</u>	<u>(9,716,683)</u>
Net current assets		<u>35,506,860</u>	<u>3,729,365</u>
Total assets less current liabilities		178,649,795	148,090,173
Creditors: amounts falling due after more than one year	24	(133,138,864)	(106,122,255)
Pension liability	31	(5,090,000)	(100,000)
Provisions for liabilities	26	(75,843)	(76,157)
		<u>(138,299,707)</u>	<u>(106,298,412)</u>
Net assets		<u>40,345,088</u>	<u>41,791,761</u>
Capital and reserves			
Share capital	27	266	264
Revenue reserve	28	39,870,185	41,316,860
Other reserves	28	474,637	474,637
		<u>40,345,088</u>	<u>41,791,761</u>

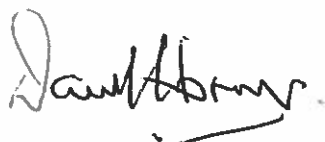
The financial statements were authorised for issue by the Board of Management on 13 August 2019 and were signed on its behalf by:

Marilyn Clewes



Chair

David Horner



Vice Chair

Sadie Gordon



Vice Chair

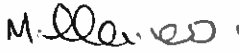


The notes form part of these financial statements.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Association Statement of Financial Position
As at 31 March 2019

	Note	2019 £	2018 £
Tangible fixed assets			
Housing properties	13	139,195,542	140,372,073
Other fixed assets	17	2,489,054	2,534,552
		<u>141,684,596</u>	<u>142,906,625</u>
Investments	18	1	1
		<u>141,684,597</u>	<u>142,906,626</u>
Current assets			
Debtors (amounts falling due after more than one year)	19	683,160	735,160
Debtors (amounts falling due within one year)	19	947,422	1,105,451
Investments	21	17,281,366	5,335,571
Cash and cash equivalents	22	23,661,934	6,019,791
		<u>42,573,882</u>	<u>13,195,973</u>
Creditors: amounts falling due within one year	23	<u>(6,558,187)</u>	<u>(8,911,166)</u>
Net current assets		<u>36,015,695</u>	<u>4,284,807</u>
Total assets less current liabilities		<u>177,700,292</u>	<u>147,191,433</u>
Creditors: amounts falling due after more than one year	24	<u>(133,138,864)</u>	<u>(106,122,255)</u>
Pension liability	31	<u>(5,090,000)</u>	<u>(100,000)</u>
Net assets		<u><u>39,471,428</u></u>	<u><u>40,969,178</u></u>
Capital and reserves			
Share capital	27	266	264
Revenue reserve	28	39,471,162	40,968,914
		<u>39,471,428</u>	<u>40,969,178</u>

The financial statements were authorised for issue by the Board of Management on 13 August 2019 and were signed on its behalf by:

Marilyn Clewes		Chair
David Horner		Vice Chair
Sadie Gordon		Vice Chair

The notes form part of these financial statements.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

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

	Notes	2019	2018
		£	£
Net cash generated from operating activities	1	5,325,437	7,040,849
Cashflow from investing activities			
Purchase of property, plant and equipment		(4,499,074)	(9,748,292)
Proceeds from the sale of property, plant and equipment		-	777,764
Grants received		1,086,455	107,882
Interest received		145,551	96,734
		<u>(3,267,068)</u>	<u>(8,765,912)</u>
Cashflow from financing activities			
Interest paid		(1,615,772)	(1,182,421)
New secured loans		30,220,597	3,000,000
Repayment of borrowings		(1,242,371)	(1,423,168)
Deposits in current asset investments		(11,945,765)	1,296,963
Issue of share capital		16	3
Income from fixed asset investments		-	70,836
		<u>15,416,705</u>	<u>1,818,213</u>
Net change in cash and cash equivalents		17,475,074	37,150
Cash and cash equivalents at 1 April		6,981,261	6,944,111
Cash and cash equivalents at 31 March		<u>24,456,335</u>	<u>6,981,261</u>
		<u><u>17,475,074</u></u>	<u><u>37,150</u></u>

The notes form part of these financial statements.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Group Statement of Cash Flows
For the year ended 31 March 2019

1. Net cash generated from operating activities

	2019 £	2018 £
Surplus for the year	1,344,053	2,824,790
<u>Adjustments for non cash items</u>		
Carrying amount of housing property disposals	-	678,625
Depreciation of property assets	5,427,695	5,029,257
Depreciation of other fixed assets	232,944	185,724
(Increase) in stock	(426)	(228)
Decrease in debtors	52,199	147,070
(Decrease)/Increase in creditors	(547,866)	706,973
Proceeds from sale of tangible fixed assets	-	(777,764)
Repayment of HAG on disposal of housing properties	(41,978)	(358,439)
SHAPS past deficit movements	611,000	56,000
Non-cash movement relating to Strathclyde pension liability	281,000	295,000
Loss on disposal of other fixed assets	(56,307)	-
<u>Adjustments for investing and financing activities</u>		
(Increase) in valuation of investment properties	-	-
Interest payable	1,615,772	1,182,421
Interest received	(145,551)	(96,734)
Release of deferred capital government grant	(2,164,757)	(1,934,000)
Pension deficit contribution paid	(1,269,000)	(824,000)
Sale of shared ownership properties	-	-
Forfeited share capital	(14)	(19)
Income from fixed asset investments	-	(70,836)
Taxation paid	(13,327)	(2,991)
	<u>5,325,437</u>	<u>7,040,849</u>

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2019

1. General Information

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

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

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

The Association is a Co-operative and Community Benefit Society Limited by shares and is incorporated in the United Kingdom. The Association is a registered social landlord in Scotland and its registered number is 172. The registered address is 45 Firhill Road, Glasgow G20 7BE.

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

2. Principal accounting policies

Introduction and accounting basis

The financial statements are prepared on the historical cost basis of accounting subject to the revaluation of certain fixed assets and in accordance with applicable accounting standards. The effect of events relating to the year ended 31 March 2019, which occurred before the date of approval of the financial statements by the Board of Management have been included in the financial statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2019 and of the results for the year ended on that date.

Going concern

The Group has a healthy cash position and the Board of Management anticipate a surplus for 2019/20 and 2020/21. The Board is satisfied that there are sufficient resources in place to continue operating for the foreseeable future and meet the planned capital investment programme over the next 5 years with finance facilities in place. Forward cash-flow forecasts have been prepared for the Board to evidence this forward viability. Thus the Board continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Association

Turnover represents rental and service charge income and fees or revenue grants receivable from Glasgow City Council, the Scottish Government, and other sources. Also included is any income from first tranche shared ownership disposals.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2019

2. Principal accounting policies (continued)

Queens Cross Factoring Limited

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Apportionment of management expenses

Direct employee, administration and operating expenditure have been apportioned to the relevant sections of the Statement of Comprehensive Income on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

The costs of cyclical and major repairs are charged to the Statement of Comprehensive Income in the year in which they are incurred.

Interest receivable

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

Interest payable

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

Lessor

The Association rents out commercial property under formal leases. The rental income is recognised within other activities (note 6) on an accruals basis and when the Association is entitled to that income.

Fixed assets - Housing properties

Housing properties are stated at cost, less accumulated depreciation. The development cost of housing properties includes:-

1. Cost of acquiring land and buildings;
2. Development expenditure including administration costs; and
3. Capitalisation of interest during the development phase.

These costs are either termed "qualifying costs" by the Scottish Government for approved social housing grant or are considered for mortgage loans by the relevant lending authorities or are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value are included in the accounts for the year, provided that the dates of issue or valuation are prior to the year-end.

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2019

2. Principal accounting policies (continued)

All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated.

Shared equity

On completion of construction, shared equity units are held in stock along with the grant received. On completion of the first tranche sale, the Association's obligation ceases and the cost and grant are derecognised through the Statement of Comprehensive Income.

Fixed assets – investment properties

Investment properties are initially recorded at cost. Thereafter investment properties are held at market value with any changes in market value recognised in the Statement of Comprehensive Income.

Fixed assets – other fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'operating expenditure' in the Statement of Comprehensive Income.

Depreciation

1. Housing properties

Housing properties are stated at cost less accumulated depreciation. Each housing unit has been split between its major component parts. Each major component is depreciated on a straight line basis over its expected economic useful life. The following major components and useful lives have been identified by the Group:

- Land - not depreciated
- Structure - over 50 years
- Windows/Doors - over 30 years
- Bathroom - over 30 years
- Electrical - over 30 years
- Roofing - over 30 years
- Boiler plumbing - over 15 years
- Kitchen - over 15 years
- Lifts - over 10 years

In the year of addition, the component is depreciated from the date of addition.

In the year of disposal, the net book value of the component being replaced is written off and is included in the depreciation charge for the year.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2019

2. Principal accounting policies (continued)

Depreciation (continued)

2. Other fixed assets

Depreciation is charged on other fixed assets so as to write off the asset cost less any recoverable value over its anticipated useful life. The following rates have been used:-

Leasehold Property	-	Over the lease term
Furniture, Fittings & Equipment	-	15 - 25% on cost
Computer Equipment	-	25% reducing balance

A full year's depreciation is charged in the year of purchase.

No charge is made in the year of disposal.

Development administration costs

Development administration costs relating to development activities are capitalised based on an apportionment of the staff time spent directly on this activity.

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to sell.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Rental arrears

Rental arrears represent amounts due by tenants for rental of social housing properties at the year end. Rental arrears are reviewed regularly by management and written down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in note 19.

Cash and cash equivalents

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

Current asset investments

Current asset investments are represented by long term deposits with financial institutions repayable after more than three months.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2019

2. Principal accounting policies (continued)

Creditors

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

Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets are derecognised when contractual rights to the cash flows from the assets expire, or when the Group has transferred substantially all the risks and rewards or ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

Government capital grants

Government Capital Grants, at amounts approved by The Scottish Government or Glasgow City Council, are paid directly to the Group as required to meet its liabilities during the development process. This is treated as a deferred capital grant and is released to income in accordance with the accrual model over the useful life of the asset it relates to on completion of the development phase. The accrual model requires the Group to recognise income on a systematic basis over the period in which the Group recognises the related costs for which the grant is intended to compensate.

Government revenue grants

Government revenue grants are recognised using the accrual model which means the Group recognises the grant in income on a systematic basis over the period in which the Group recognises the related costs for which the grant is intended to compensate.

Non-government capital and revenue grants

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable.

A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2019

2. Principal accounting policies (continued)

Loans

Mortgage loans are advanced by Private Lenders under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval by the Scottish Government.

Financial commitments

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

The principal office premises of the Group are held on a full repairing lease. The lease termination date is 2023, and a rent review took place in 2018.

Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date in the United Kingdom where the group operates and generates income.

Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences that have originated but not reversed at the Statement of Financial Position date.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

Pensions (note 31)

Strathclyde Pension Fund

In accordance with FRS 102, the operating and financing costs of pension and post retirement schemes (determined by a qualified actuary) are recognised separately in the Statement of Comprehensive Income. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise.

The difference between actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in Other Comprehensive Income.

Scottish Housing Association Pension Scheme (SHAPS)

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

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2019

2. Principal accounting policies (continued)

The association is a member of the SHAPS multi-employer defined benefit pension scheme. Although contributions to the defined benefit scheme were discontinued on 31 March 2017, the Association still has a share of the scheme assets and liabilities. As sufficient information about the Association's share of these assets and liabilities became available from 1 April 2018, it is now possible for the Association to disclose its share of the fair value of the scheme's net assets, the present value of its defined benefit liability and its net defined benefit pension liability. From 1 April 2017 the Association only offers membership of the SHAPS defined contribution pension scheme.

Other Reserves

In line with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice applicable to Small Entities), any gain on revaluation is recognised in the Statement of Comprehensive Income. As this gain is non-distributable a transfer has been made to other reserves in order to keep this separate from distributable reserves.

3. Judgements in applying policies and key sources of estimation uncertainty

Estimate

Useful lives of property, plant and equipment

The main components of housing properties and their useful lives

Recoverable amount of rental and other trade receivables

The obligations under the SHAPs pension scheme and the Strathclyde pension scheme

The valuation of investment properties

Basis of estimation

The useful lives of property, plant and equipment are based on the knowledge of senior management at the Group, with reference to expected asset life cycles.

The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and based on costing models.

Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.

This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.

The investment properties were valued by an appropriately qualified surveyor using market data at the date of valuation.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements
For the year ended 31 March 2019

4. Particulars of Turnover, Operating Expenditure and Operating Surplus/(Deficit)

Group	2019			2018		
	Turnover	Operating Expenditure	Surplus /Deficit	Turnover	Operating Expenditure	Surplus /Deficit
	£	£	£	£	£	£
Social Lettings (Note 5)	21,313,109	(17,382,216)	3,930,893	19,617,075	(15,540,456)	4,076,619
Other activities (Note 6a)	1,492,920	(2,751,255)	(1,258,335)	2,020,127	(2,849,323)	(829,196)
Queens Cross Factoring Limited	1,282,407	(1,196,481)	85,926	1,427,097	(1,292,457)	134,640
	<u>24,088,436</u>	<u>(21,329,952)</u>	<u>2,758,484</u>	<u>23,064,299</u>	<u>19,682,236</u>	<u>3,382,063</u>

Association	2019			2018		
	Turnover	Operating Expenditure	Operating Surplus/ (Deficit)	Turnover	Operating Expenditure	Operating Surplus/ (Deficit)
			£			£
Social Lettings (Note 5)	21,313,109	(17,382,216)	3,930,893	19,617,075	(15,540,456)	4,076,619
Other activities (Note 6b)	1,752,920	(3,011,255)	(1,258,335)	2,254,127	(3,083,323)	(829,196)
	<u>23,066,029</u>	<u>(20,393,471)</u>	<u>2,672,558</u>	<u>21,871,202</u>	<u>18,623,779</u>	<u>3,247,423</u>

Notes to the Financial Statements
For the year ended 31 March 2019

5. Particulars of turnover, operating expenditure and operating surplus from social letting activities

Association	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Accommodation £	2019 Total £	2018 Total £
Income from rent and service charges					
Rent receivable net of service charges	16,030,532	2,185,982	114,631	18,331,145	17,602,181
Service charges	257,534	622,094	-	879,628	250,082
Gross income from rents and service charges	<u>16,288,066</u>	<u>2,808,076</u>	<u>114,631</u>	<u>19,210,773</u>	<u>17,852,263</u>
Less voids	(118,782)	(16,198)	-	(134,980)	(239,156)
Net income from rents and service charges	<u>16,169,284</u>	<u>2,791,878</u>	<u>114,631</u>	<u>19,075,793</u>	<u>17,613,107</u>
Release of deferred Government capital grants	1,904,986	259,771	-	2,164,757	1,934,001
Grants from the Scottish Ministers	72,559	-	-	72,559	69,967
Total turnover from social letting activities	<u>18,146,829</u>	<u>3,051,64</u>	<u>114,631</u>	<u>21,313,109</u>	<u>19,617,075</u>
Expenditure					
Management and maintenance administration costs	(5,331,702)	(684,224)	(79,944)	(6,095,870)	(5,405,356)
Service charges	(103,674)	(14,137)	-	(117,811)	(46,079)
Planned cyclical maintenance	(1,948,497)	(265,704)	-	(2,214,201)	(2,089,005)
Reactive maintenance costs	(2,890,319)	(394,134)	-	(3,284,453)	(3,003,350)
Bad debts – rents and service charge	(227,384)	(31,007)	-	(258,391)	(152,597)
Depreciation of social housing*	(4,756,134)	(648,564)	(6,792)	(5,411,490)	(4,844,069)
Operating expenditure for social letting activities	<u>(15,257,710)</u>	<u>(2,037,770)</u>	<u>(86,736)</u>	<u>(17,382,216)</u>	<u>(15,540,456)</u>
Operating surplus on letting activities, 2019	<u>2,889,119</u>	<u>1,013,879</u>	<u>27,895</u>	<u>3,930,893</u>	<u>4,076,619</u>
Restated operating surplus on letting activities, 2018	<u>3,585,652</u>	<u>478,319</u>	<u>12,648</u>	<u>4,076,619</u>	

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements
For the year ended 31 March 2019

5. Particulars of turnover, operating expenditure and operating surplus from social letting activities (continued)

* This is made up of £5,311,312 (2018: £4,802,039) depreciation charge per note 13 and the loss on disposal of components of £100,178 (2018: £42,030) included in depreciation in accordance with the SORP as per note 13. Depreciation of £231,600 (2018: 183,492) in relation to other fixed assets per note 16 is included in management and maintenance administration costs.

6a. Particulars of turnover, operating expenditure and operating surplus/(deficit) from other activities

Group	Grants	Other	Supporting	Other	Total		Other operating		Operating	
	from	revenue	people	income	Turnover		expenditure		surplus/(deficit)	
	Scottish	grants	income	income	2019	2018	2019	2018	2019	2018
	Ministers				2019	2018	2019	2018	2019	2018
	£	£	£	£	£	£	£	£	£	£
Wider role activities	41,370	50,164	-	43,486	135,020	141,521	(586,988)	(498,124)	(451,968)	(356,603)
Development and construction of property activities	-	-	-	-	-	-	(429,377)	(369,506)	(429,377)	(369,506)
Support activities	-	254,581	453,432	187,460	895,473	1,625,002	(1,608,402)	(1,840,693)	(712,929)	(215,691)
Agency/management services for RSLs	-	-	-	-	-	-	-	-	-	-
Other agency / management services	-	-	-	167,336	167,336	379,000	(126,488)	(141,000)	40,848	4,000
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-	-
Development and improvements for sale to non RSLs	-	-	-	-	-	20	-	-	-	-
Other activities	-	-	-	167,964	167,964	-	-	-	167,964	-
Car park income	-	-	-	127,127	127,127	108,584	-	-	127,127	108,584
Demolition Costs	-	-	-	-	-	-	-	-	-	-
Shared equity property sales	-	-	-	-	-	-	-	-	-	-
Total from other activities, 2019	<u>41,370</u>	<u>304,745</u>	<u>453,432</u>	<u>693,373</u>	<u>1,492,920</u>		<u>(2,751,255)</u>		<u>1,258,335</u>	
Total from other activities, 2018						<u>2,020,127</u>		<u>(2,849,323)</u>		<u>(829,196)</u>

Undertaken to support the community, other than the provision, construction, improvement and management of housing. The deficit is a result of both overheads and our commitment to fund areas like youth employability even when the grant funding declines. There is a specific action plan in place to tackle this deficit.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements
For the year ended 31 March 2019

6b. Particulars of turnover, operating expenditure and operating surplus/(deficit) from other activities

Association	Grants	Other	Supporting	Other	Total		Other operating		Operating	
	from	revenue	people	income	Turnover		expenditure		surplus/(deficit)	
	Scottish	grants	income	£	2019	2018	2019	2018	2019	2018
	Ministers		£	£	£	£	£	£	£	£
Wider role activities	41,370	50,164	-	43,486	135,020	141,521	(586,988)	(498,124)	(451,968)	(356,603)
Development and construction of property activities	-	-	-	-	-	-	(429,377)	(369,506)	(429,377)	(369,506)
Support activities	-	254,581	453,432	187,460	895,473	1,625,002	(1,608,402)	(1,840,693)	(712,929)	(215,691)
Agency/management services for RSLs	-	-	-	-	-	-	-	-	-	-
Other agency / management services	-	-	-	427,336	427,336	379,000	(386,488)	(375,000)	40,848	4,000
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-	-
Development and improvements for sale to non RSLs	-	-	-	-	-	20	-	-	-	20
Other activities	-	-	-	167,964	167,964	-	-	-	167,964	-
Car park income	-	-	-	127,127	127,127	108,584	-	-	127,127	108,584
Demolition Costs	-	-	-	-	-	-	-	-	-	-
Shared equity property sales	-	-	-	-	-	-	-	-	-	-
Total from other activities, 2019	<u>41,370</u>	<u>304,745</u>	<u>453,432</u>	<u>953,373</u>	<u>1,752,920</u>		<u>(3,011,255)</u>		<u>(1,258,335)</u>	
Total from other activities, 2018	<u>71,076</u>	<u>189,334</u>	<u>865,213</u>	<u>1,128,504</u>		<u>2,254,127</u>		<u>(3,083,323)</u>		<u>(829,196)</u>

Undertaken to support the community, other than the provision, construction, improvement and management of housing. The deficit is a result of both overheads and our commitment to fund areas like youth employability even when the grant funding declines. There is a specific action plan in place to tackle this deficit.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements
For the year ended 31 March 2019

7. Interest receivable and other income

	Group		Association	
	2019 £	2018 £	2019 £	2018 £
Interest receivable on deposits	145,551	96,734	65,793	96,734
Interest receivable from subsidiary loan	-	-	46,280	48,910
	<u>145,551</u>	<u>96,734</u>	<u>112,073</u>	<u>145,644</u>

8. Interest payable and similar charges

	Group		Association	
	2019 £	2018 £	2019 £	2018 £
On private loans	1,516,772	1,126,421	1,516,772	1,126,421
Defined benefit finance charge (note 31)	99,000	56,000	99,000	56,000
	<u>1,615,772</u>	<u>1,182,421</u>	<u>1,615,772</u>	<u>1,182,421</u>

9. Directors' Emoluments

The directors are defined as the members of the Board of Management, the Chief Executive and any other person reporting directly to the Chief Executive or the Board of Management. No emoluments were paid to any member of the Board of Management during the year. The Association considers key management personnel to be the Board of Management and the senior management team (the Executive Officers as per note 2) of the Association only.

	2019 £	2018 £
Emoluments of Chief Executive (excluding pension contributions)	<u>101,081</u>	<u>96,355</u>

Pension contributions in respect of the Chief Executive including past service deficit payments totalled £19,861 in the year. (2018: £18,932)

During the year a salary sacrifice of £9,875 (2017/18 £9,413) was made by the Chief Executive to the pension scheme. This is not included within emoluments but is included within the employers' pension contribution figure disclosed.

	2019 £	2018 £
Emoluments payable to highest paid director (excluding pension contributions)	<u>101,081</u>	<u>96,355</u>

The emoluments (excluding pension contributions) of the directors were in the following ranges:

	2019 No of Directors	2018 No of Directors
£60,000 to £65,000	-	-
£65,001 to £70,000	1	2
£70,001 to £75,000	-	-
£75,001 to £80,000	2	-
£80,001 to £85,000	-	-
£85,001 to £90,000	-	-
£90,001 to £95,000	-	-
£95,001 to £100,000	-	1
£100,001 to £105,000	-	-
£105,001 to £110,000	-	-
£110,001 to £115,000	1	-

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2019

9. Directors' Emoluments (continued)

	2019 £	2018 £
Total emoluments (excluding pension contributions) paid to those earning more than £60,000 and key management	306,251	288,078
Pension contributions of directors earning more than £60,000 for future accrual	55,766	54,218
Total expenses reimbursed to directors in so far as not chargeable to United Kingdom income tax	1,312	766

During the year a salary sacrifice of £27,515 (2017/18: £26,591) was made by key management personnel to the pension scheme. This is not included within emoluments but is included within the employers' pension contribution figure disclosed.

10. Employee Information

	2019 No	2018 No
The full time equivalent number of persons employed during the year was:	212	210
Split as:		
Admin	46	46
Finance	7	5
Housing and Housing Support	127	132
Maintenance	27	24
Development	5	3
	212	210
	2019 £	2018 £
Staff costs (including Directors' Emoluments):		
Wages and salaries	6,076,659	5,965,929
Social security costs	564,671	551,448
Pension costs	612,807	611,661
Defined benefit pension charge (note 31)		67,000
	7,254,137	7,196,038

Included in wages and salaries is £90,895 (2018 £87,239) of agency staff costs.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2019

11. Operating Surplus

	Group		Association	
	2019 £	2018 £	2019 £	2018 £
Operating surplus is stated after charging:				
Depreciation (note 5)				
- social housing	5,427,695	5,029,257	5,427,695	5,029,207
- loss on disposed components	56,307	42,030	56,307	42,030
- other fixed assets	232,944	185,509	231,600	183,492
Auditor's remuneration (excluding VAT)				
- In their capacity as auditor - audit	20,441	16,342	14,180	16,342
- In their capacity as auditor – FRS 102	-	-	-	4,650
- In their capacity as tax, VAT advisors	650	4,650	-	-
	<u>5,427,695</u>	<u>5,029,257</u>	<u>5,427,695</u>	<u>5,029,207</u>

12. Taxation

Group	2019 £	2018 £
Current tax on profits for the year	13,641	18,421
Adjustments in respect of previous years	-	24
Deferred taxation (note 26)	(314)	(16,204)
	<u>13,327</u>	<u>2,241</u>
The tax charge relates to Queens Cross Factoring Limited		
Profit on ordinary activities before tax	119,404	156,566
Profit on ordinary activities multiplied by the standard rate of corporation tax of 19% (2018: 19%)	22,687	29,748
Effects of:		
Tax effect of income not taxable in determining taxable profit	-	24
Depreciation on assets not qualifying for tax allowances	255	383
Deferred tax adjustments in respect of prior years	(314)	(16,204)
Provisions for tax adjustment	983	-
Legal and professional fees	166	640
Tax relief on gift aid	(10,450)	(12,350)
	<u>13,327</u>	<u>2,241</u>

Factors that may affect future tax charges

At Summer Budget 2015, the government announced legislation setting the Corporation Tax main rate (for all profits except ring fence profits) at 19% for the years starting the 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020. At Budget 2016, the government announced a further reduction to the Corporation Tax main rate (for all profits except ring fence profits) for the year starting 1 April 2020, setting the rate at 17%.

Association

As the Association was granted charitable status from 11 April 2005, it is no longer subject to corporation tax on its charitable activities. No corporation tax was due in respect of the Association's non-charitable activities (2018: £nil).

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements
For the year ended 31 March 2019

13. Tangible Fixed Assets – Housing Properties	Housing, Properties Held for Letting	Completed Shared Ownership Properties	Housing Properties Under Construction	2019 Total £	2018 Total £
	£	£	£	£	£
Cost					
As at 1 April 2018	183,015,340	1,526,996	674,014	185,216,350	176,214,228
Additions during year	103,691	-	1,272,077	1,375,768	345,118
Component accounting additions	2,931,704	-	-	2,931,704	9,204,359
Disposals – property	(26,867)	(45,645)	-	(72,512)	(505,324)
Disposals – components	(100,178)	-	-	(100,178)	(42,030)
Transfers (Note 1)	-	-	-	-	-
As at 31 March 2019	<u>185,923,690</u>	<u>1,481,351</u>	<u>1,946,091</u>	<u>189,351,132</u>	<u>185,216,351</u>
Depreciation					
As at 1 April 2018	43,504,220	1,340,058	-	44,844,278	40,042,239
Charge for year	5,420,902	6,793	-	5,427,695	5,029,207
Disposals – property	(12,059)	-	-	(12,059)	(193,194)
Disposals – components	(104,324)	-	-	(104,324)	(33,974)
As at March 2019	<u>48,808,739</u>	<u>1,346,851</u>	-	<u>50,155,590</u>	<u>44,844,278</u>
Net book value at 31 March 2019	<u>137,114,951</u>	<u>134,500</u>	<u>1,946,091</u>	<u>139,195,542</u>	
Net book value at 31 March 2018	<u>139,511,121</u>	<u>186,938</u>	<u>674,014</u>		<u>140,372,073</u>

Note 1:

Total cost of components capitalised for the year amounted to £2,931,703 (2018: £9,204,359). The amount spent on maintenance of housing properties held for letting can be seen in Note 5.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

13. Tangible Fixed Assets – Housing Properties (continued)

Additions to Housing Properties during the year includes £nil capitalised interest (2018 - £nil) and £nil capitalised administration costs.

All housing properties are freehold. Properties with a cost of £72,512 (2018: £505,324) and accumulated depreciation of £12,059 (2018: £193,194) have been disposed of in the year for net proceeds (after grant repaid of £nil (2018: £358,439) of £164,323 (2018: £411,269). Components with a cost of £100,178 (2018: £42,030) and accumulated depreciation of £104,324 (2018: £33,974) have been disposed of for £nil (2018: £nil) net proceeds.

14. Intangible Fixed Assets

Cost

As at 1 April 2018	-
Additions during year	<u>5,500</u>

As at 31 March 2019	<u>5,500</u>
---------------------	--------------

Amortisation and impairment

As at 1 April 2018 and 31 March 2019	<u>-</u>
--------------------------------------	----------

Net book value at 31 March 2019	<u>5,500</u>
--	--------------

Net book value at 31 March 2018	<u>5,500</u>
--	--------------

15. Housing Stock – Group and Association

	Units in management	
	2019	2018
The number of units of accommodation in management was as follows:-		
General needs housing	3,824	3,829
Supported housing accommodation	511	510
Shared ownership accommodation	40	41
	<u>4,375</u>	<u>4,380</u>

16. Accommodation managed by others – Group and Association

	No of units/bedspaces	
	2019	2018
Women's Aid	14	14
Share HA	-	2
Quarriers	4	9
Archdiocese of Glasgow	-	1
Talbot Association	17	19
Barnardos	7	9
Tact	-	14
Fairholme	6	6
Aspire	11	11
Key Housing	21	17
CIC	-	4
Turning Point	11	11
Mungo Foundation	-	6
Richmond Fellowship	14	-
Glasgow City Council Furnished Lets	53	-
	<u>158</u>	<u>123</u>

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements
For the year ended 31 March 2019

17. Tangible Fixed Assets – Other Tangible Assets

Group	Leasehold Property £	Furniture, Fittings & Equipment £	Commercial Investment Properties £	2019 Total £	2018 Total £
Cost					
At start of year	1,224,217	691,827	2,860,000	4,776,044	4,594,784
Additions during year	-	186,102	-	186,102	198,815
Disposals	-	(267,359)	-	(267,359)	(17,555)
	-	-	-	-	-
At end of year	1,224,217	610,570	2,860,000	4,694,787	4,776,044
Depreciation					
At start of year	413,583	373,726	-	787,309	619,354
Charge for year	52,545	180,399	-	232,944	185,510
Write off on disposal	-	(267,359)	-	(267,359)	(17,555)
At end of year	466,128	286,766	-	752,894	787,309
Net Book Value					
At 31 March 2019	758,089	323,804	2,860,000	3,941,893	
At 31 March 2018	810,634	318,101	2,860,000	3,988,735	3,988,735

The Group's commercial investment properties were revalued as at 31 March 2016 (by DM Hall Chartered Surveyors). The Board of Management are of the opinion that the valuation of the investment properties has not changed since the 2016 valuation.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements
For the year ended 31 March 2019

17. Tangible Fixed Assets – Other Tangible Assets (continued)

Association	Leasehold Property £	Furniture, Fittings & Equipment £	Commercial Investment Properties £	2019 Total	2018 Total
Cost					
At start of year	1,224,217	669,314	1,410,000	3,303,531	3,122,271
Additions during year	-	186,102	-	186,102	198,815
Disposals	-	(267,359)	-	(267,359)	(17,555)
Revaluation	-	-	-	-	-
At end of year	<u>1,224,217</u>	<u>588,057</u>	<u>1,410,000</u>	<u>3,222,274</u>	<u>3,303,531</u>
Depreciation					
At start of year	413,583	355,396	-	768,979	603,041
Charge for year	52,545	179,055	-	231,600	183,492
Write off on disposal	-	(267,359)	-	(267,359)	(17,555)
At end of year	<u>466,128</u>	<u>267,092</u>	<u>-</u>	<u>733,220</u>	<u>768,978</u>
Net book value at 31 March 2019	<u><u>758,089</u></u>	<u><u>320,965</u></u>	<u><u>1,410,000</u></u>	<u><u>2,489,054</u></u>	
Net book value at 31 March 2018	<u><u>810,632</u></u>	<u><u>319,922</u></u>	<u><u>1,410,000</u></u>		<u><u>2,534,553</u></u>

The Association's commercial investment properties were revalued as at 31 March 2016 (by DM Hall Chartered Surveyors). The Board of Management are of the opinion that the valuation of the investment properties has not changed since the 2016 valuation.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2019**

18. Investments - Association

	2019 £	2018 £
Investment in subsidiary undertaking	1	1

Queens Cross Factoring Limited (company number SC278139) was incorporated on 7 January 2005 and began trading on 1 April 2005. Queens Cross Housing Association Limited acquired 1 ordinary £1 share in Queens Cross Factoring Limited, at par. This represents a 100% shareholding.

Details of transactions during the year with the above company can be found at note 33.

For the year ended 31 March 2019, Queens Cross Factoring Limited recorded a profit of £106,077 (2018: £154,325) and has net assets of £873,661 (2018: £822,584).

19. Debtors

	Group		Association	
	2019 £	2018 £	2019 £	2018 £
Amounts falling due within one year:				
Rental arrears	792,668	760,472	792,668	760,472
Less provision for bad debts	(338,823)	(338,823)	(338,823)	(338,823)
	453,845	421,649	453,845	421,649
Trade debtors	52,631	52,552	-	-
Other debtors and prepayments	672,841	652,917	254,663	202,028
Amounts owed by the subsidiary (less than one year)	-	-	238,914	481,774
Amounts owed by the subsidiary (more than one year)	-	-	683,160	735,160
	1,179,317	1,127,118	1,630,582	1,840,611
Debtors due less than one year	1,179,317	1,127,118	947,422	1,105,451
Debtors due more than one year	-	-	683,160	735,160
	1,179,317	1,127,118	1,630,582	1,840,611

20. Stock and work in progress

	Group		Association	
	2019 £	2018 £	2019 £	2018 £
Stock	2,524	2,098	-	-

21. Current asset investments

	Group		Association	
	2019 £	2018 £	2019 £	2018 £
Balances held in deposit accounts greater than 3 months	17,281,336	5,335,571	17,281,366	5,335,571

QUEENS CROSS HOUSING ASSOCIATION LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2019**

22. Cash and cash equivalents

	Group		Association	
	2019	2018	2019	2018
		£		£
Balances held in current accounts	24,456,335	6,981,261	23,661,934	6,019,791

23. Creditors: amounts falling due within one year

	Group		Association	
	2019	2018	2019	2018
	£	£	£	£
Bank loans repayable within one year	668,909	1,822,535	668,909	1,822,535
Trade creditors	42,924	50,737	-	-
SHG repayable on disposals	1,033,392	991,414	1,033,392	991,414
Other taxes and social security costs	146,862	148,798	146,862	148,798
Corporation tax	13,641	18,421	-	-
Other creditors	3,342,197	3,925,384	2,544,267	3,189,026
Deferred capital grants (note 24)	2,164,757	2,103,795	2,164,757	2,103,794
SHAPS pension deficit (note 31)	-	655,599	-	655,599
	<u>7,412,682</u>	<u>9,716,683</u>	<u>6,558,187</u>	<u>8,911,166</u>

Included within other creditors are outstanding pension contributions totalling £118,131 (2018: £116,433).

24. Creditors: amounts falling due outwith one year

	Group		Association	
	2019	2018	2019	2018
	£	£	£	£
Bank loans	69,346,611	39,214,759	69,346,611	39,214,759
Deferred capital grant (note 25)	63,792,253	64,973,496	63,792,253	64,973,496
SHAPS pension deficit (note 31)	-	1,934,000	-	1,934,000
	<u>133,138,864</u>	<u>106,122,255</u>	<u>133,138,864</u>	<u>106,122,255</u>
Loan analysis as follows:				
Due between one and two years	652,383	1,822,535	652,383	1,822,535
Due between two and five years	2,045,497	18,467,605	2,045,497	18,467,605
Due in five years or more	66,648,731	18,924,619	66,648,731	18,924,619
	<u>69,346,611</u>	<u>39,214,759</u>	<u>69,346,611</u>	<u>39,214,759</u>

Loans are secured by specific charges on the Association's properties and are repayable at rates of interest between Libor + 1.75% and 6% in instalments over the next 30 years.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2019**

25. Deferred capital grants – Group and Association

	2019	2018
	£	£
<u>Government Capital Grants</u>		
At 1 April	67,077,290	69,261,847
Grants received in year	1,086,455	107,884
Released to income in year (note 5)	(2,164,757)	(1,934,001)
Grants repaid in the year	(41,978)	(358,439)
	<u>65,957,010</u>	<u>67,077,291</u>
At 31 March	<u>65,957,010</u>	<u>67,077,291</u>
Due in less than one year	2,164,757	2,103,795
Due between one and two years	2,164,757	2,103,795
Due between two and five years	6,494,271	6,311,381
Due in five years or more	55,133,225	56,558,320
	<u>65,957,010</u>	<u>67,077,291</u>
At 31 March	<u>65,957,010</u>	<u>67,077,291</u>

26. Provisions for Liabilities

Deferred tax – Group

	2019	2018
	£	£
Accelerated capital allowances	397	711
Capital gain on investment properties	75,446	75,446
	<u>75,843</u>	<u>76,157</u>
	<u>75,843</u>	<u>76,157</u>

This relates to Queens Cross Factoring Limited (refer to note 12). There is no deferred tax provision in respect of the Association (2017: £nil).

27. Share Capital – Group and Association

Shares of £1 each fully paid and issued	2019	2018
	£	£
At beginning of year	264	280
Issued during the year	16	3
Shares forfeited in year	(14)	(19)
	<u>266</u>	<u>264</u>
At end of year	<u>266</u>	<u>264</u>

There are no rights to receive dividends attached to the shares, or any ranking in the event of a winding up.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2019

28. Reserves

Revenue reserve

The revenue reserve includes all current and prior year retained surpluses or deficits.

Other reserves

The other reserves includes the gain on the revaluation of investment properties less the deferred tax provision in respect of the revaluation gain.

Pension reserve

The pension reserve directly offsets the defined benefit pension liability at the year end.

29. Capital Commitments – Group and Association

	2019 £	2018 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements.	-	966,284
This is to be funded by:		
SHG	-	-
Private Finance	-	-
Sales	-	-
Reserves	-	966,284
	-	966,284
Capital expenditure that has been approved but not contracted for	-	-

30. Contingent asset

During the prior year a supplier of the Association, contracted as part of an energy efficiency project, went into administration. There was an over spend on this project during the year and the Association is currently pursuing recourse through the administrator. The outcome of this pursuit is uncertain and the amount that may be recovered is unknown.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2019

31. Pensions

Scottish Housing Association Pension Scheme (SHAPS)

The company participates in the Scottish Housing Associations' Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK. The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2015. This valuation revealed a deficit of £198m. A Recovery Plan has been put in place to eliminate the deficit which runs to 28 February 2022 for the majority of employers, although certain employers have different arrangements.

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

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

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

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

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

	31 March 2019	31 March 2018
	(£000s)	(£000s)
Fair value of plan assets	22802	20998
Present value of defined benefit obligation	27303	24982
Surplus (deficit) in plan	-4501	-3984
Unrecognised surplus	0	0
Defined benefit asset (liability) to be recognised	-4501	-3984
Deferred tax	*	*
Net defined benefit asset (liability) to be recognised	*	*

QUEENS CROSS HOUSING ASSOCIATION LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2019
31. Pensions (continued)**

RECONCILIATION OF THE IMPACT OF THE ASSET CEILING

	Period ended 31 March 2019 (£000s)
Impact of asset ceiling at start of period	0
Effect of the asset ceiling included in net interest cost	0
Actuarial losses (gains) on asset ceiling	0
Impact of asset ceiling at end of period	0

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2019 (£000s)
Defined benefit obligation at start of period	24982
Current service cost	495
Expenses	20
Interest expense	644
Contributions by plan participants	25.16
Actuarial losses (gains) due to scheme experience	-190
Actuarial losses (gains) due to changes in demographic assumptions	71
Actuarial losses (gains) due to changes in financial assumptions	1796
Benefits paid and expenses	-540
Liabilities acquired in a business combination	0
Liabilities extinguished on settlements	0
Losses (gains) on curtailments	0
Losses (gains) due to benefit changes	0
Exchange rate changes	0
Defined benefit obligation at end of period	27303

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2019

31. Pensions (continued)

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

	Period ended 31 March 2019 (£000s)
Fair value of plan assets at start of period	20998
Interest income	548
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	751
Contributions by the employer	1020
Contributions by plan participants	25.16
Benefits paid and expenses	-540
Assets acquired in a business combination	0
Assets distributed on settlements	0
Exchange rate changes	0
Fair value of plan assets at end of period	22802

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £1,299,000.

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

	Period from 31 March 2018 to 31 March 2019 (£000s)
Current service cost	495
Expenses	20
Net interest expense	96
Losses (gains) on business combinations	0
Losses (gains) on settlements	0
Losses (gains) on curtailments	0
Losses (gains) due to benefit changes	0
Defined benefit costs recognised in statement of comprehensive income (SoCl)	611

QUEENS CROSS HOUSING ASSOCIATION LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2019**

31. Pensions (continued)

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended 31 March 2019 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	751
Experience gains and losses arising on the plan liabilities - gain (loss)	190
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	-71
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	-1796
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	-926
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	0
Total amount recognised in other comprehensive income - gain (loss)	-926

Assets	31 March 2019 (£000s)	31 March 2018 (£000s)
Global Equity	3668	3778
Absolute Return	1931	2492
Distressed Opportunities	389	95
Credit Relative Value	396	0
Alternative Risk Premia	1274	795
Fund of Hedge Funds	63	603
Emerging Markets Debt	731	719
Risk Sharing	661	191
Insurance-Linked Securities	592	574
Property	453	830
Infrastructure	956	383
Private Debt	294	195
Corporate Bond Fund	1599	1466
Long Lease Property	277	0
Secured Income	795	769
Over 15 Year Gilts	586	678
Index Linked All Stock Gilts	0	0
Liability Driven Investment	8113	7391
Net Current Assets	24	39
Total assets	22,802	20,998

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2019

31. Pensions (continued)

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

KEY ASSUMPTIONS

	31 March 2019 % per annum	31 March 2018 % per annum
Discount Rate	2.31%	2.58%
Inflation (RPI)	3.29%	3.18%
Inflation (CPI)	2.29%	2.18%
Salary Growth	3.29%	3.18%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

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

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2019

31. Pensions (continued)

The following list shows inputs to the tool that can be amended by the employer or TPT. The 'Final data item' values differ from the 'Default data item' if the value has been changed.

	Final data item	Default data item
Employer contributions (£)	1,019,987	1,019,987
Member contributions (£)	25,160	25,160
Insured benefit claims & transfers in (£)	0	0
Contributions in respect of augmentations (£)	0	0
Accounting liability at beginning of period (£)	24,982,153	24,982,153
End of year discount rate	0.0231	0.0231
End of year inflation (RPI)	0.0329	0.0329
End of year salary growth	0.0329	0.0329
End of year life expectancy at age 65 (years)	21.7	21.7
Start of year discount rate	0.0258	0.0258
Start of year inflation (RPI)	0.0318	0.0318
Start of year salary growth	0.0318	0.0318
Start of year life expectancy at age 65 (years)	21.6	21.6
One year cost adjustment factor	1	1
Maximum recoverable surplus as at 31 March 2019	0	0
Unrecognised surplus as at 31 March 2018	0	0
Liabilities acquired in a business combination	0	0
Liabilities extinguished on settlements	0	0
Losses (gains) on curtailments	0	0
Losses (gains) due to benefit changes	0	0
Assets acquired in a business combination	0	0
Assets distributed on settlements	0	0

QUEENS CROSS HOUSING ASSOCIATION LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2019**

31. Pensions (continued)

Derivation of Assumptions	As at 31 March 2019	As at 31 March 2018
Discount rate assumption	0.0231	0.0258
Inflation (RPI) assumption	0.0329	0.0318
Inflation (CPI) assumption	0.0229	0.0218
Pensionable earnings increases assumption	0.0329	0.0318
Mortality before retirement	No allowance	No allowance
Life expectancy for a male currently age 65	21.7 years	21.6 years
Proportion married at retirement	75% for males and 75% for females	75% for males and 75% for females
Allowance for cash commutation	75% of maximum allowance	75% of maximum allowance
Discretionary increases	No allowance	No allowance

Assumptions for future inflation linked pension increases (where applicable) are based on the appropriate headline inflation index, adjusted where necessary to reflect any caps and collars, bearing in mind the proximity of the future inflation assumption to those caps and collars and the expected variability of future inflation increases. These assumptions are set out below in full.

Note that these represent all possible assumptions that could apply to scheme benefits, and in practice not all of these assumptions will be used.

	As at 31 March 2019	As at 31 March 2018
	% per annum	% per annum
Revaluation in deferment RPI 5%	3.29	3.18
Revaluation in deferment RPI 2.5%	2.50	2.50
Revaluation in deferment CPI 5%	2.29	2.18
Revaluation in deferment CPI 2.5%	2.29	2.18
CARE in deferment RPI 5%	3.14	3.05
CARE in deferment CPI 5%	2.32	2.22
CARE in deferment CPI 2.5%	1.76	1.71
Pension increase in payment RPI	3.31	3.21
Pension increase in payment RPI 5%	3.14	3.05
Pension increase in payment RPI 3%	2.44	2.39
Pension increase in payment RPI 2.5%	2.13	2.09
Pension increase in payment RPI 5% min 3%	3.71	3.66
Pension increase in payment CPI	2.37	2.27
Pension increase in payment CPI 5%	2.32	2.22
Pension increase in payment CPI 3%	1.95	1.89
Pension increase in payment CPI 2.5%	1.76	1.71
Pension increase in payment CPI 5% min 3%	3.37	3.33

All other assumptions have been set in accordance with the statement of funding principles. No allowance has been made for members transferring benefits out of the scheme in future.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2019

31. Pensions (continued)

Additional Information on Asset Gains and Losses

Return on plan assets (excluding amounts included in net interest cost)	63
Impact of changes in share of assets	688
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	751

Additional Information on Experience Gains and Losses

Impact of experience arising on plan liabilities excluding the impact of any change in orphan share	193
Impact of change in orphan share	-3
Experience gains and losses arising on the plan liabilities - gain (loss)	190

Defined Benefit Costs Recognised in Statement of Comprehensive Income (SoCI) (Projected*)

	Period from 31 March 2019 to 31 March 2020 (£000s)
Current service cost	0
Expenses	0
Net interest expense	0
Losses (gains) on business combinations	0
Losses (gains) on settlements	0
Losses (gains) on curtailments	0
Losses (gains) due to benefit changes	0
Defined benefit costs recognised in statement of comprehensive income (SoCI)	0

* The total expense recognised in profit and loss account item may change by the actual year end to take account of:

- Events during the year not incorporated into the calculations, for example benefit improvements, settlements or curtailments.
- Actual cashflows differing from the estimated cashflows, and affecting the net interest cost.

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2019

31. Pensions (continued)

Analysis of the sensitivity to the principal assumptions of the present value of the defined benefit obligation

	Change in assumption	Change in liabilities
Discount rate	Increase of 0.1% p.a.	-
Rate of inflation	Increase of 0.1% p.a.	-
Rate of salary growth	Increase of 0.1% p.a.	-
Rate of mortality	Probability of surviving each year increased by 10%	-

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation, pension increases and salary growth where appropriate. The average duration of the defined benefit obligation at the period ended 31 March 2019 is 22 years.

Strathclyde Pension Fund

There are 19 employees who are members of the Strathclyde Pension Fund which is a statutory multi-employer defined benefit scheme. It is administered by Glasgow City Council in accordance with the Local Scheme (Scotland) Regulations 1998, as amended.

The main financial assumptions used by the Council's Actuary, Hymans Robertson, in their calculations are as follows:

Assumptions as at	31 March 2019	31 March 2018
Price increases	2.5%	2.4%
Salary increases	3.7%	3.6%
Discount rate	2.4%	2.7%

Mortality

Life expectancy is based on the Funds VitaCurves with improvements in line with the CMI 2016 model assuming current rates of improvements have peaked and will converge to a long term rate of 1.5% p.a. for males and a 1.25% p.a for females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	21.4 years	23.7 years
Future Pensioners	23.4 years	25.8 years

QUEENS CROSS HOUSING ASSOCIATION LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2019**

31. Pensions (continued)

Scheme assets

The assets in the scheme and the expected rate of return were

	Value at 31 March 2019	Value at 31 March 2018
	£000's	£000's
Fair value of plan assets	7,391	6,791
Present value of scheme liabilities	(7,719)	(6,647)
Present value of unfunded liabilities	(261)	(244)
Net pension liability	(589)	(100)

Reconciliation of defined benefit obligation

	2019	2018
	£	£
Opening Defined Benefit Obligation	6,891,000	8,042,000
Current Service Cost	254,000	252,000
Interest Cost	189,000	212,000
Plan participants contributions	34,000	33,000
Actuarial losses/(gains)	680,000	(1,590,000)
Past Service Costs	24,000	-
Unfunded Benefits Paid	(7,000)	(7,000)
Benefits Paid	(85,000)	(71,000)
Closing Defined Benefit Obligation	7,980,000	6,891,000

Reconciliation of fair value of employer assets

	2019	2018
	£	£
Opening Fair Value of Employer Assets	6,791,000	6,436,000
Interest income on plan assets	186,000	169,000
Plan participants contributions	34,000	33,000
Contributions by the employer	242,000	178,000
Contributions in respect of Unfunded Benefits	7,000	7,000
Actuarial gains/(losses)	223,000	46,000
Unfunded Benefits Paid	(7,000)	(7,000)
Benefits Paid	(85,000)	(71,000)
Closing Fair Value of Employer Assets	7,391,000	6,791,000
Net pension liability	(589,000)	(100,000)

QUEENS CROSS HOUSING ASSOCIATION LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2019**

31. Pensions (continued)

Analysis of amounts included in the Statement of Comprehensive Income

	2019 £'000	2018 £'000
Expected return on pension scheme assets	179	169
Interest on pension scheme liabilities	(194)	(212)
	<u> </u>	<u> </u>
Net Return – finance cost	(15)	(43)
	<u> </u>	<u> </u>
	2019 £000'S	2018 £'000
Current service cost	292	252
Past service cost	-	-
Losses on curtailments	-	-
Contributions in respect of unfunded benefits	-	(7)
Contribution by employers	(173)	(178)
	<u> </u>	<u> </u>
(Credit)/charge to staff costs	119	67
	<u> </u>	<u> </u>

The expected employer's contribution for the year to 31 March 2019 will be approximately £190,000.

Analysis of amount recognised in the Statement of Comprehensive Income

	2019 £	2018 £
Actual return less expected return on scheme assets	223,000	46,000
Changes in assumptions underlying the present value of scheme liabilities	680,000	(1,570,000)
	<u> </u>	<u> </u>
Actuarial (loss)/gain recognised in other comprehensive income	(457,000)	1,616,000
	<u> </u>	<u> </u>

Change in assumption at 31 March 2019

	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	12%	943
0.5% increase in the Salary Increase Rate	3%	225
0.5% increase in the Pension Increase Rate	9%	694

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2019

32. Revenue Commitments – Group and Association

The Group and Association has total commitments under operating leases as follows:

	2019		2018	
	Land & buildings £	Other leases £	Land & buildings £	Other leases £
Within one year	243,000	74,062	240,000	47,261
Between two and five years	974,400	46,394	720,000	-
More than 5 years	730,800		960,000	-
	<u>1,948,800</u>	<u>120,456</u>	<u>1,920,000</u>	<u>47,261</u>

33. Related party transactions

Queens Cross Factoring Limited

Queens Cross Factoring Limited is a subsidiary undertaking of Queens Cross Housing Association Limited.

Queens Cross Housing Association Limited has a service level agreement in place with Queens Cross Factoring Limited. During the year, management charges in respect of this agreement were charged to Queens Cross Factoring Limited of £260,000 (2018: £234,000).

Queens Cross Housing Association Limited paid on behalf of Queens Cross Factoring Limited £548,994 (2018: £599,339) of repairs, insurance, concierge, environmental and cleaning costs. This was recharged to Queens Cross Factoring Limited in the year.

Gift Aid of £55,000 (2018: £65,000) was made by Queens Cross Factoring Limited during the year. This has still to be paid over and is thus included in the amounts owed by Queens Cross Factoring Limited at the year end.

During 2012/13 Queens Cross Housing Association Limited provided a loan of £900,000 to Queens Cross Factoring Limited to purchase 12 investment properties. The balance owed at the start of the year was £775,160. Interest of £46,280 (2018: £48,910) was accrued in respect of this loan during the year. There is not a set repayment schedule in place but the loan is repayable over 20 years. £46,000 (2018: £40,000) was repaid in the year leaving a balance at 31 March 2019 of £729,160 (2018: £775,160). £695,160 (2018: £735,160) of this balance is due after more than one year with £40,000 (2018: £40,000) expected to be paid in 2019/20 and thus is included in amounts due within one year.

Board members

The Association has Board members who are also tenants. The total rent received in the year relating to tenant Board members is £24,666 (2018: £21,930). The total rent arrears relating to tenant Board members included within debtors at the year-end is £nil (2018: £nil).

One director of Queens Cross Factoring Limited is a factored owner. The cumulative balance at 31 March 2019 in respect of this account was payments in advance of £78 (2018: £302).

QUEENS CROSS HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2019

34. Legislative Provisions

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and its subsidiary Queens Cross Factoring Limited is incorporated under the Companies Act 2006.

35. Post Balance Sheet Events

On 1st April 2019 Queens Cross Workspace was included as a subsidiary of Queens Cross Housing Association.