



ANNUAL REPORT AND FINANCIAL ACCOUNTS

For the year ended 31 DECEMBER 2018

Registered number: LH0869

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CHAIR'S REPORT



I am delighted to introduce Rockdale's Annual report and accounts and to have the opportunity to update you on progress the Association has made during 2018.

I am pleased to report Rockdale has continued to perform well, delivered a number of improvements and demonstrated financial strength during yet another challenging year.

Over the last year we have looked more strategically at how we manage our assets, reviewing our property portfolio to ensure it continues to meet the needs of our residents. As a result, the decision was taken to focus on our operational activity in Sevenoaks and to sell the Tunbridge Wells properties at Frant Road and Madeira Park, utilising the sale proceeds for improvements on our main site.

During the year we completed a number of planned maintenance projects as part of our ongoing programme of improvement works. A major project for 2018 was the automatic opening vent project in Beatrice Wilson and the installation of a new fire panel. The new kitchen extension works, lift and scooter storage projects planned to take place in 2018, were delayed due to planning requirements and these will be completed in 2019.

2018 was another solid financial year in operating terms for the Association, although the financial statements show an operating deficit of £(331,577) and an overall deficit of £(280,064), these figures include a provision of £398,000 for extra pension deficit contributions which we are required to pay over the next 8 years from 1 April 2019. As in previous years, we continue to strive to achieve value for money across all departments but especially with our high value costs associated with repair work, maintenance contracts and utility costs. We work hard to negotiate cost effective contracts to ensure that we are able to deliver this key objective.

We continue to carry out major works across the site in line with our 25-year planned maintenance programme. During 2019 we are forecasting to spend £256,000 on planned maintenance projects, which equates to 7.88% of our total income from lettings. In addition, we are also forecasting to spend an additional £469,000 on capital projects, £265,000 of which is for projects started last year.

The Association reviewed development opportunities during the year and as a result, we are currently conducting a feasibility study in to a potential development scheme on the main site. £2 million of our reserves have been provisionally earmarked for this purpose.

During 2019, the Association will be reviewing how it invests its cash deposits and reserves to ensure these are maximised, whilst also remaining within agreed levels of risk.

Our approach to residential care in Rockdale House continues to focus on the delivery of high quality care in a way which empowers residents and which puts people at the very heart of what we do.

In September 2018 the Care Quality Commission (CQC) conducted an unannounced inspection and I am pleased to advise that the Association was awarded a "Good" rating across all five categories; safe, effective, caring, responsive and well-managed.

During the year there were a number of substantial changes in Rockdale House including the departure of the home manager, the appointment of an interim manager, as well as changes in staffing, residents, systems and processes. We are fortunate to have recruited a highly experienced Registered Manager who will work closely with the Board and senior staff to review the business model for the care home, ensuring that the business model is adaptable in an ever-changing operating environment.

In Rockdale House void levels for 2018 were higher than anticipated at 7.5%, although this was a slight decrease of 0.6% compared to the 2017 rate. Staffing and agency costs were higher than forecast due to ongoing difficulties with recruitment. However, the focus going forward is on reducing the costs associated with the management of our care home and in maintaining a consistent occupancy level by the end of the year.

Residents continue to enjoy a range of activities such as the weekly exercise class, Thursday art group, the mobile shop and two volunteer librarians. These are supplemented with regular quizzes on assorted topics, classical music sessions, cinema afternoons, poetry readings, carpet bowls and knit and natters. The local nursery visits every Monday afternoon and the residents also enjoy a number of organised outings.

During 2019, there will be greater focus on the provision of meaningful activities for all residents providing a person-centred approach and utilising "Life Stories" to establish more individualised activities.

During the year, 20 sheltered apartments became void. We were able to carry out major refurbishment to some of these, although significant investment in the previous year has resulted in fewer properties requiring a total refurbishment. In addition to normal redecorations, we refurbished 7 kitchens and 7 bathrooms.

The support team have been busy with their core housing duties; to make regular contact with our sheltered housing residents; to visit them routinely and most importantly to respond to emergencies. During the course of the year, 100% of residents were contacted every 3 days and 95.79% of residents received a monthly visit, an improvement on the previous year.

At other times, staff assist residents by liaising with both families and health and social care providers, helping complete benefit paperwork and arranging social events and activities, which actively encourage independence and wellbeing.

Our fundraising and marketing department continued its focus on strengthening our Access to Care fund, promoting the fund and encouraging membership of our "Friends of Rockdale Scheme" by hosting a number of supporter lunches throughout the course of the year.

Looking forward, we plan to raise our profile within the local and wider community through increasing our social media presence. With this aim in mind, we established this year a Marketing role in the team who is responsible for promoting Rockdale as a centre of excellence for care and support. At the end of 2018, we then introduced a new look logo and website. Over the coming year we will develop our marketing strategy to help us better understand our customers' needs and implement the most effective marketing methods to make sure they know what Rockdale has to offer.

The Association like many other housing associations and care home providers faces numerous challenges. Most notable of these is the future funding of adult social care provision. As the Government continues to consider how to support this, we need to remain increasingly flexible and creative in our approach to meeting our aims and objectives.

During the year, we welcomed a new member to the Board, Patricia Smith, who I am sure will provide a valuable contribution to the work of the Board over the coming years. Patricia was formally the Chief Housing Officer and a member of the Strategic Management team at Sevenoaks District Council. We also said a fond farewell to Dr Sian Watt who retired from the Board in March after 4 years of dedicated service.

This is my final report as Chair as I step down from the role at this AGM. I would like to take this opportunity to thank my fellow Trustees for their support and their continued commitment to the Association, its residents and staff over the previous 3 years. I feel very confident that Rockdale is well placed to face future challenges and I wish the new Chair, Ian Grattidge, the very best over the coming years.

Roland Courtney
Chair of the Board of Trustees
March 2019

STRATEGIC REPORT

The Sevenoaks and District Old People's Housing Association was founded in 1947 to provide suitable housing for elderly people of restricted means who were members of the working classes in Sevenoaks and elsewhere. Renamed Rockdale Housing Association Ltd in 1979, the Association is a community benefit society registered under the Co-operative and Community Benefit Societies Act 2014 (registered No.13507R), a registered provider of social housing as defined under the Housing and Regeneration Act 2008 (Registered No. LH0869), and an exempt charity.

Properties in Management

Rockdale House, Sevenoaks Registered Residential Care Home	48 rooms 2 short stay rooms
Rockdale Road, Sevenoaks	122 sheltered apartments for rent
Webbs Meadow, Sevenoaks	18 sheltered leasehold apartments
Constant Meadow, Sevenoaks	10 sheltered leasehold apartments
Summerbank, Rockdale Road, Sevenoaks	10 sheltered leasehold apartments
2 Frant Road and 52 Madeira Park, Tunbridge Wells	14 apartments (awaiting disposal)
Laurie House 1-19, Sevenoaks	19 sheltered leasehold apartments

Rents

The average monthly charges for the various types of properties during 2018 were:

		Rent 2018	Services 2018	Support 2018	Total monthly charge	
					2018	2017
Rockdale Road	Studio	£385.36	£234.88	£97.35	£717.59	£708.13
Rockdale Road	1 bedroom	£452.16	£258.36	£97.35	£807.87	£798.25
Stable Court	1 bedroom	£452.16	£226.04*	£97.35	£775.55	£767.32
Tunbridge Wells	Apartments	£400.88	£76.35	not sheltered housing	£477.23	£452.25
Rockdale House	Residential care home	£3317.16	-	-	£3317.16	£3189.58

* Heating & hot water not included in services

STRATEGIC OBJECTIVES

Mission

Rockdale's mission is to provide affordable housing, care and other help to improve the quality of life for older people

We will:

1. Provide good quality homes and support services for older people which meet their changing needs. This means we will:

- Provide well managed housing cost-effectively and to high standards
- Consult with residents, tenants and leaseholders on the services provided
- Regularly monitor, evaluate and strive to improve services
- Provide efficient and responsive repair services, and make adequate provision for planned maintenance
- Make the best use of our assets to maintain a sustainable community
- Offer appropriate advice to services and welfare benefits

2. Offer high quality residential care. This means we will:

- Aim to establish Rockdale House as a model of excellence in residential care
- Recognise that the quality of residential care is dependent on the quality of the staff providing it, and thus place a high priority on the recruitment, training and retention of staff

3. Sustain and develop our charitable work. This means we will:

- Set aside such capacity and funding as can be afforded by the Association for the support of those who do not have the financial means to access our services
- Account clearly for our charitable work through external reporting
- Seek grants and donations for the support and expansion of our charitable work

The Board is responsible for the monitoring the Association's business plan activities. During 2018, the majority of activities within the business plan were completed and significant progress made in developing a 10-year asset management strategy that includes opportunities for development.

The table below shows our achievements during 2018.

Objective	Comments at year end 2018
To conduct a strategic review of the property portfolio to make best use of the Association's assets	Ongoing – The Board agreed the closure and sale of two schemes in Tunbridge wells in June 2018. In October 2018 the Board also agreed to conduct a feasibility study on further development on the Rockdale Road site and to explore options to provide Nursing Care in Rockdale House.
Embed our Core Values & behaviours as part of our commitment to drive improvement.	Completed - May 2018
To review new inspection guidance provided by the Care Quality Commission at the end of 2017 in preparation for inspection due Jan 2018.	Completed – Inspection delayed but took place in Sept 2018. The Association received a "good" rating across all 5 categories
Working with IT partners develop and implement new Housing Management /maintenance data base to support operational activities across, Finance and Maintenance departments, Housing management and Care Home.	Ongoing – Organisational requirements could not be fulfilled by the nominated IT provider as originally scoped. Board decision was made to cancel contract in November 2018 and investigations in to alternative solutions are being reviewed.
Work with a consultant to optimise income following the loss of Supporting People funding stream in April 2018	Completed - Income maximisation review took place. In January 2019, the Board reviewed the consultant's proposal. The decision was made not to proceed due to the perceived detrimental reputation impact on the Association.
Prepare and Implement changes following introduction of the General Data Protection Regulation (GDPR), which came into force from 25 May 2018.	Completed – May 2018

OPERATIONAL PERFORMANCE

The following statistics outline our performance in key areas:-

Description	2016	2017	2018	Benchmarking Quartile position	Trend
Current tenant arrears (rented flats) as % of annual rent debit	0.03	0.03	0.024	1	↑
Average re-let time (in days)	59	59	56	4	↑
% of Rent loss through empty properties	5.62	3.72	2.56	4	↑
% of repairs completed within timescales	99.98	95.64	100	1	↑
Average days lost to sickness absence	9.3	7.23	6.9	4	↑
Average days lost due to short term sickness absence	3.45	3.18	3.27	2	↓
Average days lost due to long term sickness absence	5.85	4.05	3.32	2	↑

During 2018 there was a marked improvement in performance in relation to void costs and a reduction in the overall number of days lost through staff sickness.

Assets

The lost income arising from our 2018 void flats equates to 2.26% of total Sevenoaks rented flats income, which is less than our budgeted level of 4.13%. We carried out improvement works in all these flats in order to continue to achieve our 100% decent home standard and ensure they remain attractive to let.

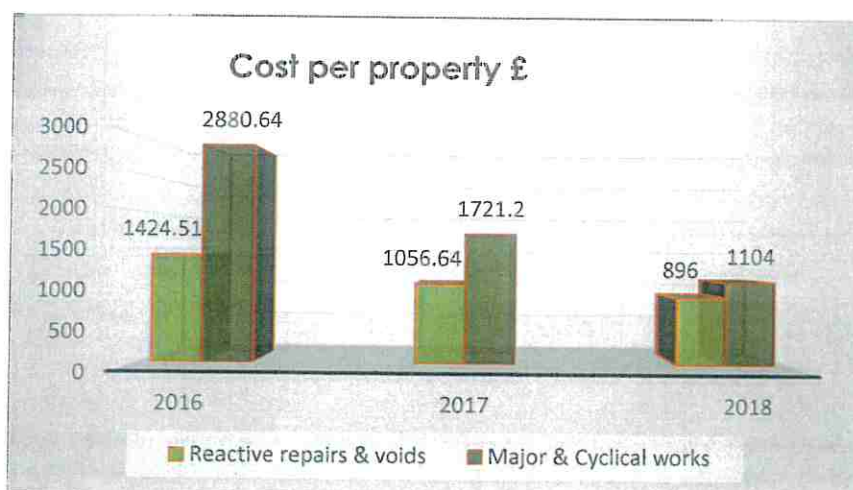
In addition to the decent homes maintenance expenditure, we carried out other major works around the site in accordance with our 25-year planned maintenance programme. During 2018 we spent £83,003 on planned maintenance projects which is 5% of our income from lettings.

During the year we also spent £254,579 on capital projects. This included the installation of a new automatic opening window system and fire alarm panel in Beatrice Wilson and the renovation of the Rockdale Gardens laundry. Also included in the above are various projects started in 2018 which will be completed during 2019. These include external scooter storage (now required because of a revision to the fire regulations), the installation of a second lift in Beatrice Wilson and the revamping of the Beatrice Wilson kitchen.

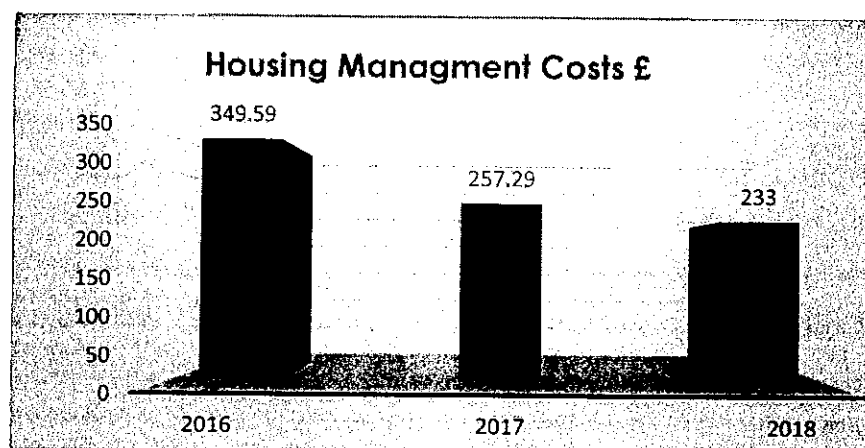
The loss of rent and service charges over the year as a whole (voids) expressed as a percentage of the gross debit (chargeable if all properties were fully occupied) was:

	Total % of void cost 2018	Total % of void cost 2017	Total % of void cost 2016
Rented apartments (including Tunbridge Wells)	2.19%	3.0%	3.51%
Rockdale House	7.5%	7.5%	5.08%

Our cost per unit spend for repairs, reactive, and planned maintenance decreased over the course of the year. During 2018, all responsive maintenance tasks over the previous 2-year period were reviewed and future planned maintenance programmes identified. As a result, works have been scheduled more efficiently creating cost savings.



Housing Management costs for the year decreased slightly, but it is worth noting that the unit costs are likely to increase next year when the Tunbridge Wells apartments are sold and the Housing Management costs are reallocated to the main Rockdale site.



Housing management costs include rent collection and arrears management, tenancy management, lettings, and resident involvement

Maintenance

In 2018 we carried out 144 satisfaction surveys on our in-house caretaking work. 79.17% were satisfied with the work, 2.7% were unsatisfied and 15.97% did not reply.

Our in-house maintenance staff carried out 1,077 maintenance jobs in 2018, in addition to their cleaning and other scheduled routine jobs. Our aim is to carry out all emergency and urgent jobs within the same target times as the contractor repairs, and as many of the routine jobs within seven days as we can. The mean wait time for work to be completed during 2018 was 1 day. 94.52% of jobs were completed within 7 days in the apartments, and 96.31% in Rockdale House.

Our target time for carrying out repairs is 24 hours for emergency repairs, 5 working days for urgent repairs, and one calendar month for routine repairs.

The table below shows how we have performed compared to previous years.

Contractors	2018	2017	2016
Emergency repairs	100%	100%	96.88%
Urgent Repairs	96.51%	93.58%	96.92%
Routine repairs	94.16%	95.9%	94.35%

VALUE FOR MONEY

The Board recognises that it is ultimately responsible for ensuring compliance with the regulatory standard on Value for Money (VFM). The Board understands through a range of internal and external information it regularly receives, it has obtained sufficient evidence to demonstrate compliance with the VFM standard.

Each year the Association provides an assessment of its performance setting out how Rockdale is achieving Value for Money in delivering our purpose, objectives and services to residents and this can be found on our website www.rockdale.org.uk

The Regulator of Social Housing issued A new Value for Money Standard in 2018, setting out specific expectations for registered providers to publish evidence within their statutory accounts of its value for money targets and metrics set out by the regulator, as well as setting out how its performance compares to peers. Rockdale is a member of the Acuity benchmarking group for older people, the care home benchmarking group and the Sector Scorecard (administered by Housemark).

Metric set by the Regulator	2016	2017 (restated)	2018	Benchmarking Median	Benchmarking Quartile position
Reinvestment %	0	4.08	3.07	4.13	4
New supply delivered % (Social Housing units) (N.B. Rockdale did not supply Non-Social Housing units in the period)	8.4	0.8	0	2.65	2
Gearing %	0	0	0	19.92	Not available
Earnings before interest, tax, depreciation, amortisation, (EBITDA MRI) as % of interest	11557	2161	-1475	280	Not available
Headline Social housing cost per unit	Not available	6,500	7,404	4,660	4
Operating margin %	59.34	13.32	-10.71	21.19	2
Return on Capital Employed (ROCE) %	8.4	3.2	-2.6	3.44	2

The social housing cost per unit measure, which includes capitalised major repairs, has increased compared to 2017. The increase reflects increased staffing costs due to legislative changes and a lack of European workers due to uncertainty re "Brexit".

Although no new supply of housing units was delivered during 2018, the Association, as part of a strategic review of its assets, is carrying out a feasibility study into development projects, which will deliver a new supply of units over a 10-year period.

KEY STRATEGIC AND OPERATIONAL RISKS

Risk management is a fundamental element intrinsically linked to the Association's overall strategy and business planning activities. The key strategic risks affecting Rockdale Housing Association, as of 31 December 2018, are summarised in the table below. These risks are regularly reviewed and the Board monitor risks at each board meeting.

Strategic Risk	Impact	Measures to mitigate risks
Risk of reduction of income streams as a result of Government policy on rent reduction and Welfare Reform.	Financial Loss, reduction in customer loyalty and reputation.	<ul style="list-style-type: none"> • Effective budget management, seeking the best value for goods and services. • Robust arrears management by finance and Housing Management staff. • Reviewing income stream maximisation through Support solutions. • Awaiting outcome of Government Green paper early 2019.
Risk of not making the best use of the Association's assets either through investment or development opportunities.	Financial Loss, reduction in growth, reputation and efficiency.	<ul style="list-style-type: none"> • A strategic review conducted to identify future development opportunities. The Board agreed to the closure and disposal of the Tunbridge Wells apartments in June 2018. A pre planning application has been made, for Madeira Park and all but one of the residents has been decanted and home-loss payments made. • The Board have a series of strategy meetings in place to discuss future requirements to maintain the Association's long-term viability and formulate a strategy for both the sheltered apartments and the care home over the next 10-15 years.
Risk that the Association has inadequate fire policies and procedures in place to meet its obligations under Fire Safety and following the Grenfell Tower fire.	Health & Safety, Legal & Regulatory, Reputation damage, Financial Loss, reduced customer loyalty.	<ul style="list-style-type: none"> • An external qualified Fire consultant was appointed and a full review of Fire Risk Assessments was completed at the end of August 2017. A number of remedial actions were identified as a result. An action plan was drawn up to address the issues and these have all been completed, with the exception of the doors and buggy store, which required planning consent, now granted. The Door project is currently on hold awaiting the outcome of a Government review which will determine the type of doors which meet new standards and this position is reviewed monthly. • The external fire consultant conducts 6 monthly reviews assessments with the last one carried out in July 2018. • The Board has a fire safety policy in place and follows good practice.
Risk the Pension Deficit will have a financial impact	Financial loss, legal & regulatory damage,	<ul style="list-style-type: none"> • External actuarial providing updates for the Board to help with future decisions regarding the Defined Benefit (DB) scheme.

on the Association's ability to maintain services.	reduction in staff satisfaction.	<ul style="list-style-type: none"> • DB scheme currently not being offered to new employees. • Ongoing liaison with The Pensions Trust.
Risk of not meeting our obligations under the new General Data Protection Regulations (GDPR).	Breach of statutory duty, large fine, damage to reputation.	<ul style="list-style-type: none"> • Internal review and assessment of the Associations readiness for GDPR. • Staff training. • Policies reviewed, and introduction of a new privacy statement. • IT software introduced to safeguard against loss or theft of data.

STATEMENT OF BOARD OF MANAGEMENT'S RESPONSIBILITIES

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

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

In preparing these financial statements the Board is required to:

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

The Board is responsible for the keeping of proper accounting records which disclose with reasonable accuracy at any time the financial position of the association, and enable it to ensure its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing & Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing England 2015. It has general responsibility for taking reasonable steps to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The Board proactively review and manage potential risk exposure through the risk register and aim to mitigate this risk as much as possible

POLICY ON BOARD MEMBERSHIP

Membership to the Board of Management or Sub-Committee will be based on the candidate's ability to provide a substantial contribution to the long-term wellbeing of the Association. Applications for membership to the Board or Committees should be in writing and will be individually determined by the Board based on the above criteria.

At 31 March 2018 the Board of Management consisted of ten non-executive members, all of which are £1 shareholders.

MEMBERSHIP OF BOARD AND COMMITTEES AS AT 31 DECEMBER 2018

Board			Appointed
Chair	Roland Courtney	BSc MSc DIC	2015
Members	Jane Budack	RGN	2015
	Ian Grattidge	MSPP, FCCA	2015
	Jill Griffiths		2011
	Sarah Heilbron		2013
	Jim Latheron		2013
	David McKee		2016
	Gillian Shepherd-Coates		2009
	Patricia Smith		2018
	Dr Sian Watt	PhD Cultural Anthropologist	2015

Care & Assessment Committee

Chair	Sarah Heilbron
Members	Jane Budack
	Meryl Edwards
	Sara Thomson
	Rachel Robbins
	Jai White

Senior Staff Anita Cleugh, Chief Executive (Appointed 2016)

Bankers National Westminster bank plc, 67 High Street, Sevenoaks, Kent TN13 1JY

Auditors Lindeyer Francis Ferguson Ltd, North House, 198 High Street, Tonbridge, Kent TN9 1BE

Solicitors Knockor & Foskett, The Red House, Sevenoaks, Kent TN13 1JL

Devonshire's, Salisbury House, 30 Finsbury Circus, London, EC2M 5QY

Capsticks, 1 St George's Rd, Wimbledon, London SW19 4DR

STATEMENT OF INTERNAL FINANCIAL CONTROLS

The Board acknowledge their ultimate responsibility for ensuring that the Association 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 Association or for publication
- the maintenance of proper accounting records, and
- the safeguarding of assets against unauthorised use or disposition

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

- 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
- experienced and suitably qualified staff take responsibility for key business functions. Annual appraisal procedures have been established to maintain standards of performance
- forecasts and budgets are prepared which allow the Board and senior staff to monitor the key business risks, the financial objectives and progress towards financial plans set for the year. In the medium term, regular management accounts are prepared promptly, providing relevant, reliable, up-to-date financial and other information highlighting significant variances from budgets which are investigated as appropriate
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures
- the Board reviews reports from the senior staff and from the external auditors to provide reasonable assurance that control procedures are in place and that they are being followed. This includes a general review of the major risks facing the Association at each Board meeting
- actions required to rectify any weaknesses identified from the above reports are dealt with on an individual basis. In all cases these actions will be recorded, monitored and reported to the Board
- the Board proactively reviews and manages potential risk exposure through the risk register with an aim for risk mitigation

The Board has reviewed the effectiveness of the internal financial control systems in existence within the Association for the year ending 31 December 2018.

No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties or which required disclosure in the financial statements or in the auditors' report on the financial statements.

STATEMENT OF PUBLIC BENEFIT

The Association refers to the Charity Commission's general guidance on public benefit when reviewing its mission statement and in planning future activities.

Originally founded to assist the local people of Sevenoaks in need of affordable housing and or care, this ethos remains part of Rockdale's culture today and we continue to charitably support some residents who need our housing, support and care but who may not have the financial means to access it. The Association does this in a variety of ways including keeping our fees as low as possible and accepting local authority residents at reduced rates, supplemented by our own funds. At 31 December 2018 we were supporting 3 residents in Rockdale House and 56 sheltered housing residents.

CODE OF GOVERNANCE

The Association complies with the National Housing Federation Code of Governance and the Regulator of Social Housing's Governance and Financial Viability Standard. Whilst the Association understands the importance of Board regeneration it also feels it is important for Trustees to have experience, knowledge and history of the Association to best serve the local community.

Each year the Association provides an assessment of its performance setting out how we are achieving Value for Money in delivering our purpose, objectives and services to residents and this can be found on our website www.rockdale.org.uk under resources.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROCKDALE HOUSING ASSOCIATION

Opinion

We have audited the financial statements of Rockdale Housing Association for the year ended 31 December 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in reserves, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 December 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Basis for opinion

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

Conclusions relating to going concern

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

- the Board of Management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Board of Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board of Management

As explained more fully in the Board of Management's responsibilities statement set out on page 13, the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Association's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' 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.

Lindeyer Francis Ferguson Ltd

Lindeyer Francis Ferguson Limited

Chartered Accountants
Statutory Auditors
North House
198 High Street
Tonbridge
Kent TN9 1BE

Date: *1 May 2019*

Rockdale Housing Association Ltd
STATEMENT of COMPREHENSIVE INCOME
for the YEAR ENDED 31st DECEMBER 2018

	Note	2018	2017
		£	£
TURNOVER			as restated
Income from Lettings	3	3,113,621	3,240,454
OPERATING EXPENDITURE			
Direct Property Management and Administration	3	<u>(3,448,067)</u>	<u>(2,857,997)</u>
		(334,446)	382,457
Other Operating Income		53,392	66,523
Other Operating Costs		<u>(50,523)</u>	<u>(34,323)</u>
OPERATING (DEFICIT) / SURPLUS		(331,577)	414,657
Interest Receivable and Other Income	7	105,431	114,792
Interest Payable and Other Costs	8	<u>(53,918)</u>	<u>(51,468)</u>
(DEFICIT) / SURPLUS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	10	<u><u>(280,064)</u></u>	<u><u>477,981</u></u>

The turnover and (deficit) / surplus for the current and previous years relate to continuing activities

RGG
Sarah Heilbron
A.M. Cleugh

R Courtney - Chairman

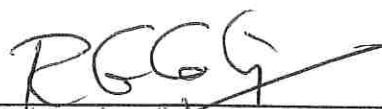
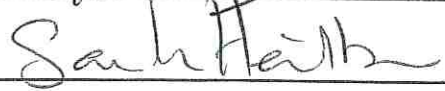

S Heilbron - Deputy Chairman

A Cleugh - Secretary

Rockdale Housing Association Ltd
STATEMENT OF FINANCIAL POSITION as at 31st DECEMBER 2018

	Note	2018	2017
		£	£
			as restated
FIXED ASSETS			
Housing Properties	11	8,301,669	8,367,423
Other tangible fixed assets	12	<u>63,585</u>	<u>75,995</u>
		8,365,254	8,443,418
CURRENT ASSETS			
Stock		-	14,406
Trade and other debtors	13	85,582	98,067
Cash and cash equivalents		<u>4,741,485</u>	<u>4,652,182</u>
		4,827,067	4,764,655
CREDITORS			
Amounts falling due within one year	14	<u>(519,721)</u>	<u>(438,210)</u>
NET CURRENT ASSETS		4,307,346	4,326,445
TOTAL ASSETS LESS CURRENT LIABILITIES		12,672,600	12,769,863
CREDITORS			
Amounts falling due after more than one year	15	<u>(2,905,640)</u>	<u>(2,722,840)</u>
TOTAL NET ASSETS		<u>9,766,960</u>	<u>10,047,023</u>
EQUITY			
Called-up share capital	18	50	49
Reserves:			
Restricted reserves	19	360,324	369,263
Income and Expenditure reserve		<u>9,406,586</u>	<u>9,677,711</u>
		<u>9,766,960</u>	<u>10,047,023</u>

The financial statements on page 20 to 37 were approved by and authorised for issue by the Board of Management on 29 April 2019 and were signed on its behalf by

R Courtney - Chairman

S Heilbron - Deputy Chairman

A Cleugh - Director

Rockdale Housing Association Ltd
STATEMENT OF CHANGES IN RESERVES
for the YEAR ENDED 31st DECEMBER 2018

	Called up share capital £	Restricted Reserves £	Income and Expenditure Reserve £	Total £
Balance at 1 January 2018	49	369,263	9,677,711	10,047,023
Share issued during the year	1	-	-	1
Surplus for the year	-	-	(280,064)	(280,064)
Restricted Reserves Income and Expenditure	-	(8,939)	8,939	-
Balance at 31 December 2018	50	360,324	9,406,586	9,766,960
Balance at 1 January 2017	49	331,794	9,237,199	9,569,042
Share issued during the year	-	-	-	-
Surplus for the year as previously reported	-	-	390,036	390,036
Prior year adjustment to surplus for the year	-	-	87,945	87,945
Transfers	-	37,469	(37,469)	-
Balance at 31 December 2017	49	369,263	9,677,711	10,047,023

Rockdale Housing Association Ltd
STATEMENT OF CASH FLOWS
for the YEAR ENDED 31st DECEMBER 2018

	2018		2017
	£	£	£
			As restated
(Deficit) / Surplus for the year		(280,064)	477,981
Adjustment for non-cash items:			
Depreciation of tangible fixed assets	363,345		350,162
Profit / loss on disposal of tangible fixed assets	(1,830)		18,241
Amortisation of social housing grant	(76,300)		(73,020)
Change in stock	14,406		(2,100)
Change in trade and other debtors	13,514		1,359,971
Change in trade and other creditors	341,687		(99,828)
Adjustment for investing or financing activities:			
Interest payable	17,017		17,120
Interest receivable	(34,563)		(23,176)
		637,276	1,547,370
Net cash generated from operating activities		357,212	2,025,351
Cash flow from investing activities			
Acquisition & construction of properties	(254,579)	(341,715)	
Purchase of other fixed assets	(34,317)	(25,434)	
Proceeds from sale of tangible fixed assets	5,545	-	
Interest received	33,534	27,958	
		(249,817)	(339,191)
Cash flow from financing activities			
Interest paid	(17,045)	(17,144)	
Repayments of borrowings	(1,048)	(948)	
Share Capital issued	1	-	
		(18,092)	(18,092)
Net change in cash and cash equivalents		89,303	1,668,068
Cash and cash equivalents at beginning of year		4,652,182	2,984,114
Cash and cash equivalents at end of year		4,741,485	4,652,182

Rockdale Housing Association Ltd
NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
DECEMBER 2018

1. STATUS

Rockdale Housing Association Limited is registered under the Co-operative and Community Benefit Societies Act 2014 as an exempt charity (No. 13507R) and a private registered provider of social housing in the United Kingdom registered with the Regulator of Social Housing (No.LH0869) under the Housing Act 1996. The Association is a Public benefit entity (PBE) as defined in the glossary of FRS 102.

The Association's registered address is Rockdale Lodge, Rockdale Road, Sevenoaks, Kent, TN13 1JT. The nature of the Association's operations is given in the Director's Report.

2. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102, the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102); the Statement of Recommended Practice for Social Housing Providers 2014; and with the Accounting Direction for private registered providers of social housing in England 2015. The financial statements are also prepared under the Co-operative and Community Benefit Societies Act 2014. The financial statements are prepared in pounds sterling which is the functional currency of the Association and are rounded to the nearest pound.

The principal accounting policies of the Association are set out in paragraphs (a) to (k) below.

PRIOR YEAR ADJUSTMENT

The accounting policy for the treatment of Rockdale's housing properties was reviewed in the year and as a result, kitchens and bathrooms in the apartments are now considered as a separable component. The effect of this change is that fixed assets at 31 December 2017 have been increased by £87,945 with a corresponding increase in revenue reserves. In the Statement of Comprehensive Income, operating expenditure for the year to 31 December 2017 has also been reduced and the surplus increased by the same amount. The 2017 comparative figures in these financial statements have also been restated. Prior year adjustments have been shown in the Statement of Changes in Reserves and also in Note 11, Housing properties.

(a) Basis of Accounting

These financial statements have been prepared on the going concern basis under the historical cost convention.

(b) Turnover

Turnover is measured at the fair value of the consideration received or receivable. Turnover represents rental and service charges income receivable in the year net of rent and service charge losses from voids, and revenue grants.

Rockdale Housing Association Ltd NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st DECEMBER 2018

(c) Pension Costs

The pension scheme is a defined benefit scheme but it is a multi-employer scheme and so it is not possible for the Association to identify its share of the underlying assets and liabilities. The pension costs charged in the financial statements represent the contributions arising under the contractual agreement between the scheme and the Association, as detailed in note 17.

Where the plan is in deficit and where the Association has agreed, with the plan, to participate in a deficit funding arrangement the association recognises a liability for this obligation. The amount recognised is the net present value of the contributions payable under the agreement that relate to the deficit. This amount is expensed in the statement of comprehensive income. The unwinding of the discount factor is recognised as a finance cost.

(d) Fixed Assets - Housing, Land and Buildings

Housing properties are stated at cost which includes the following:

- Costs of acquiring land and buildings including legal fees;
- Development expenditure including consultants' fees;
- Interest charged on the mortgage loans raised to finance the scheme;
- Expenditure on improvements including consultants' fees;
- Amounts equal to allowances for administration and supervision of schemes approved for Social Housing Grant (SHG).

Any invoices and architects' certificates relating to capital expenditure incurred in the year are included in the financial statements for the year at gross value before retentions, provided that the dates of issue or valuation are prior to the year end.

Depreciation is provided on housing properties, excluding land, so as to write off the net cost less estimated residual value of each asset over its remaining estimated useful life. Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter, as follows:

Main fabric/structure	50 years straight line
Roof	25-50 years straight line
Windows, bathrooms, heating systems	20 years straight line
Kitchens, lifts	15 years straight line

Assets under construction are carried at cost and are not depreciated until they are brought into use. Expenditure on improvements is only capitalised where it results in incremental future benefits such as increased rental income, reduced maintenance costs, a significant extension in the useful economic life of the asset or a major component is replaced. Works to existing properties are treated as improvements where they comply with this policy.

Rockdale Housing Association Ltd
NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
DECEMBER 2018

(e) Fixed Assets - Other Assets

Tangible fixed assets other than housing properties are stated at cost less accumulated depreciation. Depreciation is calculated to write off the cost over the estimated useful economic life at the following rates:

Fixtures, fittings, machinery and equipment,	5 years straight line
Computers and IT equipment	3 years straight line

(f) Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each accounting reference date. The key indicators considered are declines in market value, physical damage, changes in demand and contamination issues (e.g. the identification of asbestos requiring removal), among others. If such indicators exist, the recoverable amount is estimated and compared to the carrying amount. Where the carrying amount exceeds the recoverable amount, an impairment loss is recognised in the statement of comprehensive income.

(g) Debtors and Creditors Receivable / Payable Within One Year

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

Unutilised contributions made by leaseholders to service charges are provided for in creditors due within one year, in so far as reductions will be made to future service charge contributions in respect of these. Additionally under-recovered service charges are recognised in debtors in so far as the recovery of the balance is virtually certain.

(h) Loans and Borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a financing transaction it is measured at present value.

(i) Social Housing Grants

Social Housing Grants (SHG) are included in deferred income and then released to income on a systematic basis using the accrual method. This amortisation is calculated on a pro rata basis over the expected useful life (as shown in note (d) above) of the housing properties' structure and their individual components (excluding land). SHG is repayable under certain circumstances, primarily following the sale of the property, but will normally be restricted to net proceeds of sale. The grants are reflected in the financial statements once payment has been approved.

Rockdale Housing Association Ltd
NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
DECEMBER 2018

(j) Restricted Reserves

Restricted reserves are those reserves which are subject to external restrictions governing their use.

(k) Critical accounting policies

In many cases, the accounting treatment of a particular transaction in these financial statements is specifically dictated by FRS 102 and does not require judgment in its application. In other cases management's judgement may be required in choosing a particular policy. Where the choice of a particular policy could materially affect the numbers disclosed in these financial statements then we consider these to be critical accounting policies.

The critical accounting policies and also the important estimates used in the preparation of these accounts are set out below:

Multi-employer defined benefit pension scheme:

The scheme is accounted for as defined contribution scheme. Details of the scheme and the reasons for the accounting treatment are given in Note 2(c) and Note 17.

As stated in Note 2(c) the Association recognises a liability for pension deficit funding at its net present value. The discount rate used is a key source of estimation uncertainty and the Association has adopted the rate advised by the scheme provider as set out in Note 17.

Useful economic lives of tangible assets:

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets and these are re-assessed annually. They are amended when necessary to reflect current estimates, based on future developments, economic utilisation and the physical condition of the assets. Note 2(d) gives the current useful economic lives for each class of assets.

As an example of the potential effect of a change in estimate, we have assessed that the structure of our buildings and certain roofs have an expected useful life of 50 years. If, however, we re-assessed and reduced this to 40 years, this would have resulted in an extra £35,000 depreciation being charged in these accounts.

Rockdale Housing Association Ltd
NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
DECEMBER 2018

3. INCOME AND EXPENDITURE for Social Housing

	2018	2017
Fees receivable	1,988,154	1,922,880
Rents receivable	650,048	685,718
Service charges receivable	468,532	453,890
Support charges receivable	208,372	200,286
Income on transfer of Head Lease, see note a. below	-	161,590
Amortised Social Housing Grant	76,299	73,020
	3,391,405	3,497,384
Less: Voids, Losses and Charitable Contributions (Note 4)	(277,784)	(256,930)
Income from Lettings	3,113,621	3,240,454
Direct Property Operating Costs:		
Staff costs	(1,827,571)	(1,670,937)
Maintenance costs	(281,205)	(312,185)
Depreciation and loss on disposal of tangible fixed assets	(361,515)	(368,404)
Pension deficit costs , see note b. below	(381,000)	(600)
Utilities, rates and insurance	(162,160)	(170,585)
Other costs	(434,616)	(335,286)
Operating Expenditure	(3,448,067)	(2,857,997)
Operating (Deficit) / Surplus from Social Housing Activities	(334,446)	382,457

Note a. All contractual income from the Head Lease transfer arising on the sale of the Laurie House flats was received in prior years and no further income is due.

Note b. The pension deficit costs shown above include £398,000 extra contributions required by the scheme as a result of the triennial valuation carried out in 2017. Note 17 gives further information.

Rockdale Housing Association Ltd
NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
DECEMBER 2018

4. VOIDS, LOSSES AND CHARITABLE CONTRIBUTIONS

	2018	2017
Voids due to vacancies	163,055	177,461
Charitable contributions to fees and support charges	114,177	79,362
Write offs and other losses	552	107
	£277,784	£256,930

5. EMOLUMENTS PAID TO KEY MANAGEMENT PERSONNEL

Key Management Personnel are defined as the people responsible for planning and directing the activities of Rockdale Housing Association. These comprise the Chief Executive, the Finance and Maintenance Manager, the Home Manager and the Housing Manager. The highest paid director is the person who reports directly to the Board.

Details of emoluments paid to Key Management Personnel are given below:

	2018	2017
Remuneration paid on behalf of Key Management Personnel, including national insurance and pension contributions	£206,299	£194,034
Remuneration to the highest paid director, excluding national insurance and pension contributions	£55,363	£53,420

The Chief Executive is an ordinary member of the Social Housing Pensions Scheme the details of which are shown in Note 17

No employee is paid more than £60,000

No emoluments were paid to any of the members of the Board of Management

6. EMPLOYEE INFORMATION

	2018	2017
The average number of full time equivalent persons (working 37 hours per week), employed during the year was	69	67
The average number of persons employed during the year was	84	83

Staff costs are included in both property operating costs and other operating costs and during the year amounted to:

Wages and Salaries	1,694,334	1,547,481
Social Security Costs	118,355	115,366
Other Pension Costs	58,647	50,187
Pension Deficit Costs (see Note 17)	381,000	600
	£2,252,336	£1,713,634

Staff costs include £35,503 for agency staff, (2017: £9,115)

Rockdale Housing Association Ltd
NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
DECEMBER 2018

6. EMPLOYEE INFORMATION (Continued)]

	2018	2017
Reconciliation of Staff Costs above to Note 3:		
Staff Costs as above	2,252,336	1,713,634
Included in Note 3 in headings other than Staff costs:		
Home Help staff, Pension deficit costs and health insurance included in Other costs	(422,793)	(34,525)
Maintenance staff included in Maintenance costs	(1,972)	(8,172)
Staff Costs per Note 3	<u>£1,827,571</u>	<u>£1,670,937</u>

7. INTEREST RECEIVABLE AND OTHER INCOME

	2018	2017
Deposit interest receivable	34,563	23,176
Charitable donations and bequests	43,699	37,246
Leasehold Properties Sinking Fund Income	27,169	54,370
	<u>£105,431</u>	<u>£114,792</u>

8. INTEREST PAYABLE AND OTHER COSTS

	2018	2017
Fundraising, publicity and awareness costs	26,901	22,348
Interest charge arising from unwinding of discount factor on pension deficit contributions creditor	10,000	12,000
Loans payable wholly or partly after five years	17,017	17,120
	<u>£53,918</u>	<u>£51,468</u>

9. TAXATION

The Association is an exempt charity, registered under the Co-operative and Community Benefit Societies Act 2014, number 13507R, and by virtue of Section 505 of the Income and Corporation Taxes Act 1988 is therefore exempt from liability to taxation on its income and gains

10. (DEFICIT) / SURPLUS FOR THE YEAR

	2018	2017
(Deficit) / Surplus for the year is after charging:		
Depreciation - tangible fixed assets	£363,345	£350,162
Exceptional Item, Income on transfer of Head Lease:	-	£161,590
(Profit) / Loss on disposal of tangible fixed assets	(£1,830)	£18,241
Auditors' remuneration, including irrecoverable VAT:		
- in the capacity of Auditors	£9,930	£9,630
- in other capacity	£1,920	£1,920

Rockdale Housing Association Ltd
NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
DECEMBER 2018

11. TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

	Freehold Housing Properties under Shared Ownership	Freehold Housing Properties Held for Letting	Freehold Offices	Total
COST				
At 1st January 2018	168,276	10,708,654	236,135	11,113,065
Prior year restatement	-	76,463	-	76,463
	168,276	10,785,117	236,135	11,189,528
Additions	-	254,579	-	254,579
Disposals	-	(27,137)	-	(27,137)
At 31st December 2018	£168,276	£11,012,559	£236,135	£11,416,970
DEPRECIATION				
At 1st January 2018	56,067	2,664,478	113,043	2,833,588
Prior year restatement.	-	(11,483)	0	(11,483)
	56,067	2,652,995	113,043	2,822,105
Charge for year	3,130	311,010	5,404	319,544
Disposals	-	(26,348)	-	(26,348)
At 31st December 2018	£59,197	£2,937,657	£118,447	£3,115,301
NET BOOK VALUE				
At 1st January 2018	£112,209	£8,132,122	£123,092	£8,367,423
At 31st December 2018	£109,079	£8,074,902	£117,688	£8,301,669

The prior year restatement is due to a change in accounting policy which is explained on page 24 under 2. Principal Accounting Policies

There exists a charge and a pending charge in favour of Balfour Beatty over three of the Association's properties. These charges are to be released, and the leases assigned within the next financial year. No significant additional liability is expected to arise from this arrangement.

Two freehold properties comprising 14 flats in Tunbridge Wells are being prepared for sale in 2019. Vacant possession has been obtained on one property and this is currently on the market. One flat in the other property remains tenanted and the property will be sold when vacant, so at 31 December 2018 there were 13 flats out of management.

Rockdale Housing Association Ltd**NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
DECEMBER 2018****12. OTHER FIXED ASSETS**

	Plant, Machinery, Fixtures, Fittings & Equipment	Computer Hardware & Software	Total
COST			
At 1st January 2018	305,785	35,880	341,665
Additions	24,858	9,459	34,317
Disposals	(379)	(6,668)	(7,047)
At 31st December 2018	<u>£330,264</u>	<u>£38,671</u>	<u>£368,935</u>
DEPRECIATION			
At 1st January 2018	249,050	16,620	265,670
Charge for year	32,658	11,143	43,801
Released on disposal	(379)	(3,742)	(4,121)
At 31st December 2018	<u>£281,329</u>	<u>£24,021</u>	<u>£305,350</u>
NET BOOK VALUE			
At 1st January 2018	<u>£56,735</u>	<u>£19,260</u>	<u>£75,995</u>
At 31st December 2018	<u>£48,935</u>	<u>£14,650</u>	<u>£63,585</u>

13. DEBTORS: Due within one year

	2018	2017
Interest receivable	9,993	8,964
Rent receivable	6,814	21,070
Other debtors and prepayments	<u>68,775</u>	<u>68,033</u>
	<u>£85,582</u>	<u>£98,067</u>

Rockdale Housing Association Ltd**NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
DECEMBER 2018****14. CREDITORS: Amounts falling due within one year**

	Note	2018	2017
PAYE and National Insurance		26,221	27,627
Pension contributions		17,295	15,794
Social Housing Grants Deferred	16	76,299	73,020
Pensions Deficit Contributions	17	127,000	106,000
Balfour Beatty retention		77,091	77,091
Accruals		108,716	87,196
Other creditors		87,099	51,482
		£519,721	£438,210

15. CREDITORS: Amounts falling due after more than one year

	Note	2018	2017
Social Housing Grants Deferred	16	1,852,300	1,931,879
Pensions Deficit Contributions	17	890,972	627,433
Housing loans - Orchardbrook Limited		162,368	163,528
		£2,905,640	£2,722,840

The loan from Orchardbrook Limited is repayable over 60 years from 1985 and interest is fixed at 10.375%. The loan is secured by a first legal charge over the relevant properties. The amount of loan repayable within one year, being £1,118, is included in other creditors in note 14 above.

16. SOCIAL HOUSING GRANTS DEFERRED

	Note	2018	2017
At 1st January	14, 15	2,004,899	2,077,919
Amortisation for the year		(76,300)	(73,020)
Social Housing Grants Deferred at 31st December		£1,928,599	£2,004,899
Less amount included in Creditors due within one year:		(76,299)	(73,020)
At 31st December - Creditors due after more than one year		£1,852,300	£1,931,879

Total cumulative grants received as at both 31 December 2018 and 2017 were £3,369,938.

Rockdale Housing Association Ltd **NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st** **DECEMBER 2018**

17. PENSION OBLIGATIONS

Rockdale Housing Association Ltd. participates in the Social Housing Pension Scheme (SHPS), a multi employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for Rockdale Housing Association to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

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

A full actuarial valuation for the scheme was carried out with an effective date of 30th September 2017 and as mentioned in the prior year accounts, this has resulted in an increase in the Pension Deficit Payments Creditor. The actuarial valuation was certified on 28th November 2018 and showed assets of £4,553m, liabilities of £6,075m and a deficit of £1,522m. To eliminate this funding shortfall, the trustees and the participating employers have agreed a new Recovery Plan which replaces the tiered approach. Additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions

From 1 April 2019 to 30 September 2026:	£161.0m per annum (payable monthly and increasing by 2% each year on 1 st April)
---	---

Note that the scheme's previous valuation was carried out with an effective date of 30th September 2014; this valuation was certified on 23rd November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions

Tier 1	£40.6m per annum
From 1 April 2016 to 30 September 2020:	(payable monthly and increasing by 4.7% each year on 1 st April)
Tier 2	£28.6m per annum
From 1 April 2016 to 30 September 2023:	(payable monthly and increasing by 4.7% each year on 1 st April)

Rockdale Housing Association Ltd
NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st
DECEMBER 2018

17. PENSION OBLIGATIONS continued

Deficit contributions continued

Tier 3	£32.7m per annum
From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1st April)

Tier 4	£31.7m per annum
From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1st April)

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

The net present value of future deficit payments is £1,017,972. This amount is split between creditors due in less than one year £127,000 and due after more than one year £890,972. A reconciliation of the opening and closing pension creditor is shown below. The net pension deficit charge included in this years operating costs (reduction due to discount rate change plus increase in creditor required to 2026) is £381,000.

RECONCILIATION OF DEFICIT PAYMENTS CREDITOR

	Note	2018	2017
At 1st January		733,433	823,410
Utilised during the year		(106,461)	(102,577)
Charge for the year		10,000	12,000
Change in discount rate		(17,000)	600
Increase for extra deficit payments required to September 2026		398,000	-
Balance at 31 December	14, 15	1,017,972	733,433
Less included in Creditors due within one year:		(127,000)	(106,000)
Creditors due after more than one year		£890,972	£627,433
Rate of discount used in the above calculation		1.84%	1.41%

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

In the next financial year to 31 December 2019, the Social Housing Pension Scheme is planning to provide to each member details of their individual share of the assets and liabilities of the Scheme. Once this information is available there will be a requirement to account for these in full in the Statement of Financial Position.

Rockdale Housing Association Ltd

NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st DECEMBER 2018

18. SHARE CAPITAL

	2018	2017
Shares of £1 each issued and fully paid at beginning of year	49	49
Shares issued during year	1	-
Balance at 31st December	<u>£50</u>	<u>£49</u>

19. RESTRICTED RESERVES

	At 1st January	Income	Expenditure	At 31st December
Akehurst Lane Reserves	366,243	24,924	(37,965)	353,202
Summerbank Reserves	3,492	4,847	(253)	8,086
Laurie House 1-11 Reserves	1,748	2	(284)	1,466
Laurie House 12-19 Reserves	(2,220)	-	(210)	(2,430)
Total	<u>£369,263</u>	<u>£29,773</u>	<u>(£38,712)</u>	<u>£360,324</u>
2017				
Akehurst Lane Reserves	335,257	50,472	(19,486)	366,243
Summerbank Reserves	977	2,515	-	3,492
Laurie House 1-11 Reserves	- 2,220	3,968	-	1,748
Laurie House 12-19 Reserves	- 2,220	-	-	(2,220)
Total	<u>£331,794</u>	<u>£56,955</u>	<u>(£19,486)</u>	<u>£369,263</u>

These reserves are only expendable in the management and maintenance of the specific blocks of Leasehold apartments as indicated. They comprise the sinking fund as specified in the leases.

Rockdale Housing Association Ltd

NOTES TO THE FINANCIAL STATEMENTS for the YEAR ENDED 31st DECEMBER 2018

20. DESIGNATED RESERVES

Certain funds have been set aside within unrestricted funds by the Board for management purposes and called designated reserves. The Board feel it is useful to give information on these funds as disclosed below:

	2018	2017
Planned Maintenance Fund:		
Funds set aside for future planned maintenance expenditure	999,901	925,994
Access to Care Fund:		
To provide financial support for people with insufficient funds to access care at Rockdale. The fund was increased by donations totalling £40,057, however due to the deficit incurred on the Income and Expenditure Reserve no further allocation will be made this year. This fund was used to provide charitable support to residents, tenants and bursaries of £120,499.	47,394	127,836
Capital Reserve Fund:		
Funds set aside for future capital expenditure	130,000	47,345

21. OPERATING LEASE COMMITMENTS

At 31 December 2018 the association had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018	2017
Not later than one year	7,358	7,358
Later than one and not later than five years	13,069	20,428
Total Commitments to end of lease period	£20,427	£27,786

22. ACCOMMODATION IN MANAGEMENT

Number of units in management at the beginning and end of the year:

	At 1st January 2018	Movement in year	At 31st December 2018
General Needs housing:- Social rent	14	(13)	1
Sheltered apartments for rent:- Housing for older people	122	-	122
Care home:- Providing personal care under the Care Standards Act 2000	48	-	48
Leasehold properties:- Shared Ownership	28	-	28
Leasehold properties:- Fully owned by Lessee	29	-	29
	241	(13)	228

13 general needs flats were taken out of management, see note 11 for more information.