



Alexander Sloan
Accountants and Business Advisers

Langstane Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2019

Registered Housing Association No. HAL145

FCA Reference No. 1916R(S)

Scottish Charity No. SC011754

LANGSTANE HOUSING ASSOCIATION LIMITED

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LANGSTANE HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2019

BOARD OF MANAGEMENT

Mr J Knowles	Chair
Mr J Fraser	Vice-Chair
Ms J Greener	Treasurer
Mr K Hutchens	
Mr C Lynch	
Ms E Cooper	Resigned 18/09/2018
Mr I Jamieson	
Ms S Stephenson	
Mr R Stewart	
Mr J Marshall	Appointed 21/01/2019
Mr M Martin	Appointed 21/01/2019
Mr J Drummond	Appointed 15/04/2019
Mr K McIntosh	Appointed 15/04/2019

EXECUTIVE OFFICERS

Helen Gauld	Chief Executive
Marcie Ballance	Director of Asset Management
Judith Sutherland	Director of Housing & Social Justice
David Hutcheson	Director of Finance & Corporate Services (Left 14 December 2018)

REGISTERED OFFICE

680 King Street
Aberdeen
AB24 1SL

EXTERNAL AUDITORS

Alexander Sloan
Accountants and Business Advisers
180 St Vincent Street
Glasgow
G2 5SG

INTERNAL AUDITORS

Henderson Loggie
48 Queen's Road
Aberdeen
AB15 4YE

BANKERS

Royal Bank of Scotland Plc
Aberdeen Queen's Cross Branch
40 Albyn Place
AB10 1YN

BANKERS

Lloyds Banking Group
25 Gresham Street
London
EC2V 7HN

BANKERS

Santander Business Banking
Santander House
100 Ludgate Hill
London
EC4M 7RE

SOLICITORS

Grant Smith Law Practice
Amicable House
252 Union Street
Aberdeen
AB10 1TN

LANGSTANE HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

The Board of Management presents its report and the Financial Statements for the year ended 31 March 2019.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.1916R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC011754.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation. Langstane Housing Association owns and manages over 2,880 homes in the northeast of Scotland.

Mission, vision and values

Langstane's vision is to "be the best we can be" to achieve the stated mission of providing homes and services that make a positive difference to people's lives. The Association's principal area of operation continues to be Aberdeen City together with Aberdeenshire and Moray.

To achieve its vision, Langstane will continue to invest in:

- our customers
- our people
- our homes
- our organisation, and
- our communities.

A five year business plan sets out how the Association and its subsidiary companies will prioritise its activities year on year. The plan is designed to ensure Langstane's strategy, policy, and services are delivered in accordance with its overall ambition and goals, and sufficient resources are in place to achieve such agreed ambition and goals; and risks are identified, recorded and mitigated.

Taking forward learning points from 2018-2019, Langstane is committed to developing and improving in pursuit of delivering excellent customer focussed services whilst adapting to changing circumstances, needs and expectations. The Association will deliver its services within a culture of continuous improvement.

Review of Business and Future Developments

The Association made a surplus of £1,363,049 in the year (2017-2018 - £1,443,222). These results are in line with previous performance and future performance will be strengthened through greater efficiencies and a stronger performance culture.

Corporate governance

Langstane's voluntary Board of Management is elected by members of the Association. It is the Board's responsibility to provide strategic direction, to set the policies and overall direction taken.

Following a review, the structure of the Association's governance has been streamlined with one permanent Committee: Audit Committee. In addition ad hoc Committees can and are set up. At present a Governance and Financial Management Recovery Committee has been set up with the purpose of ensuring compliance with the Scottish Housing Regulator's governance and financial management standards.

Training and support is provided to governing body members to ensure the overall governance standards remain high and in keeping with regulatory requirements.

LANGSTANE HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

Risk management

A robust risk management framework is in place. This has been enhanced in recent months and identifies, records and mitigates the risks facing the Association at both a strategic and operational level. Levels of assurance are shown and prioritisation is made in terms of potential impact and likelihood on the Association, with action plans adopted to mitigate the identified risks.

Performance management / budgetary process

The Association's business plan is delivered through an internal management plan that filters through to team and individual staff member plans.

Annual budgets are approved by the Association's Board of Management, and key risks identified with mitigation measures put in place where necessary to minimise the impact or likelihood of such risks.

Performance is monitored and reviewed in a number of ways. Quarterly key performance indicators are reported to the Board of Management. These detail any trends and actions required to make improvements. Monthly financial reports are provided. These include cash flow and treasury management information alongside covenant compliance and spend analysis. A scheme of delegation is in place alongside an authorisation process for areas of major spend and / or risk.

Treasury management

Langstane has an active treasury management function which operates in accordance with the treasury management policy updated and approved by the Board of Management in March 2019.

The Association ensures it can always meet its financial obligations as they fall due whilst minimising excess cash and liquid resources held. Langstane does not, as a matter of policy, enter into speculative transactions.

Housing

A number of measures have been put in place to tackle the effects of welfare reform and in particular the introduction of Universal Credit. Officers ensure that early intervention supports tenants who may be facing difficulties to ensure they can navigate the welfare system to maximise their income. Relationships with the DWP continue to be improved with information more readily exchanged. Alternative Payment Arrangements are being progressed where applicable to ensure that for vulnerable tenants who are struggling, their rent is paid. Internet access is available to tenants and others at both the Aberdeen and Elgin offices. When required, support can be provided to assist tenants complete applications for housing and / or welfare benefits.

Customer engagement

Tenant and other customer engagement is extremely important to Langstane and the Association continues to investigate new opportunities to communicate with tenants and to encourage participation in tenant-led initiatives to shape the future of Langstane. In particular, during 2018-2019 Langstane tenants were involved in an award winning mystery shopping exercise through NETRALT (North East Tenants Residents and Landlords Together) and are looking forward to participating in further scrutiny exercises in the coming months, particularly around measuring performance against Langstane's new Customer Charter and estate walkabouts to increase tenant involvement in local neighbourhoods.

An extensive review of Langstane's Tenant Participation Strategy is underway with tenants involved in focus groups and workshops to inform the Strategy.

Communities

Langstane continues to work closely with many partner organisations in order to develop and improve services to local communities. The Association will continue to explore all avenues for community involvement.

LANGSTANE HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

Asset Management

During the year ended 31 March 2019 Langstane completed 52 new build social rented homes. These homes are in Macduff, Portsoy and Aberdeen. The Association has ambitions to add to its stock over the next five years.

In addition to its new build programme, the Association continues to invest in its current stock to ensure it meets and exceeds the required standards, in particular the Social Housing Quality Standard (SHQS) and the Energy Efficiency Standard for Social Housing (ESSH) which is required by 2020.

The following were completed and paid for in 2018-2019:

- 85 kitchens and 52 bathrooms;
- 68 full heating replacements;
- 139 planned and unplanned boiler replacements;
- 38 fuel switches (changing electric systems to either gas or air source heat pumps);
- 486 electrical safety inspections (to tenant's homes);
- 3 door entry systems upgraded;
- Sash and case windows completely overhauled at two schemes (to improve energy efficiency);
- Under floor insulation installed at 10 homes (to improve energy efficiency);
- Decoration at 9 schemes;
- Servicing and maintenance activities (asbestos testing and removal, legionella management, fire safety equipment servicing, lift servicing and maintenance, electrical safety, gutter clearing, play park safety inspections and fire risk assessments).

Following the Grenfell fire in June 2017, fire safety has increasingly become a priority for the housing sector and Langstane has chosen to take a best practice approach, employing external fire safety consultants to carry out fire risk assessments of all blocks of flats of four or more storeys. This will be done over a number of years (12 schemes completed in 2018-2019) with a budget set aside to deal with any remedial works that are recommended in the assessments. In addition to inspections, updated fire safety notices will be installed in all communal areas between 2018 and 2021.

Also in response to Grenfell, the Scottish Government published a new Tolerable Standard for smoke detection which requires additional smoke detection to be installed to most domestic properties. Langstane started upgrading detection systems in 2018 and work will be complete by February 2021, after which the focus will move to upgrading communal smoke detection. Alongside this Langstane continues to carry out maintenance of fire safety equipment in communal areas of flats including dry risers, emergency lighting, sprinkler systems and smoke ventilation systems

Health and Safety

Langstane joined EVH during 2018-2019 utilising their landlord safety manual and also works with Safety Scotland to ensure its working practices are fully compliant with health and safety requirements and where practical, demonstrate best practice.

Employee involvement

Langstane's policy is to be open and transparent and to discuss and consult with employees on all matters likely to affect employees' interests. Langstane encourages employee involvement in all initiatives and believes that training, career development and promotion opportunities should be available to all employees.

The Association strives to afford equal opportunities to all individuals and supports the guaranteed job interview scheme which guarantees an applicant with, or who considers themselves to have, a disability an interview if they meet the essential criteria for any post advertised.

Credit payment policy

Langstane follows the guidance set out in the Prompt Payment Code with regards to payment of trade creditors. Where contracts are silent, the Association aims to ensure payment of trade creditors in 30 days.

Going concern

The Board of Management has reviewed the results for this year and also the financial projections for the next five years. It has therefore reasonable expectation Langstane Housing Association has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statement.

Future developments and focus

Langstane has still a desire to develop new homes where need is identified and the Association's position on this will be reviewed on an annual basis. However, equally important is our commitment to investment in our existing homes, especially in areas of priority for our tenants e.g. new kitchens and bathrooms, energy efficiency measures and fire safety.

Affordability remains a priority to the Association and 30-year plans strive to ensure inflation only rental incomes are seen within 5 years. This is in addition to the energy efficiency measures being installed.

Langstane will also invest in its IT systems which will in turn ensure more efficient ways of working and provide access to services outwith office opening hours for tenants and other customers.

LANGSTANE HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

Board of Management and Executive Officers

The members of the Board of Management and the Executive Officers are listed on Page 1.

Each member of the Board of Management holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Board of Management.

The members of the Board of Management are also Trustees of the Charity. Members of the Board of Management are appointed by the members at the Association's Annual General Meeting.

Statement of Board of Management's Responsibilities

The Co-operative and Community Benefit Act 2014 requires the Board of Management 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 that period. In preparing those Financial Statements, the Board of Management 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;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- prepare a statement on Internal Financial Control.

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to: ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements - 2019. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Board of Management must in determining how amounts are presented within items in the statement of comprehensive income and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Board of Management are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Board of Management have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

LANGSTANE HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

Statement on Internal Financial Control

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

- the reliability of financial information used within the Association, or for publication;
- the maintenance of proper accounting records;
- 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 of the Association's systems include ensuring that:

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

The Board of Management has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2019. No weaknesses were found in the 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.

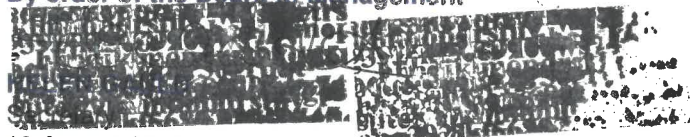
Donations

During the year the Association made charitable donations amounting to £375 (2018 - £623).

Auditors

A resolution to appoint the Association's external auditors will be made at the Annual General Meeting.

By order of the Board of Management



19 August 2019

LANGSTANE HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS OF LANGSTANE HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on page 6 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. 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 reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 6 has provided the disclosures required by the relevant Regulatory Standards with the publication 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



Accountants and Business Advisers
Statutory Auditors
GLASGOW
19 August 2019



Alexander Sloan
Accountants and Business Advisers

LANGSTANE HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LANGSTANE HOUSING ASSOCIATION LIMITED

Opinion

We have audited the financial statements of Langstane Housing Association Limited (the 'Association') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, 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).

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

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 surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefits Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Board of Management is 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.

Matters on which we are required to report by exception

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

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:

- proper books of account 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 requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

LANGSTANE HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LANGSTANE HOUSING ASSOCIATION LIMITED (Continued)

Responsibilities of the Board of Management

As explained more fully in the Statement of Board of Management's Responsibilities as set out on Page 5, 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board 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 has 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management.
- Conclude on the appropriateness of the Board of Management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Association's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Accountants and Business Advisers
Statutory Auditors
GLASGOW
19 August 2019



Alexander Sloan
Accountants and Business Advisers

LANGSTANE HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
REVENUE	2		15,876,970		14,891,505
Operating Costs	2		(12,506,454)		(11,598,787)
OPERATING SURPLUS			3,370,516		3,292,718
Gain On Sale Of Housing Stock	7	39,368		137,865	
Interest Receivable and Other Income		2,004		3,112	
Interest Payable and Similar Charges	8	(1,921,274)		(1,944,284)	
Other Finance Income / (Charges)	11	(127,565)		(46,189)	
			(2,007,467)		(1,849,496)
SURPLUS FOR THE YEAR	9		1,363,049		1,443,222
Other comprehensive income					
Adjustment relating to Opening Pension Liability	26.		(342,083)		-
Actuarial Gains/ (Losses) on defined benefit Pension Plan	26.		(710,000)		-
TOTAL COMPREHENSIVE INCOME			310,966		1,443,222

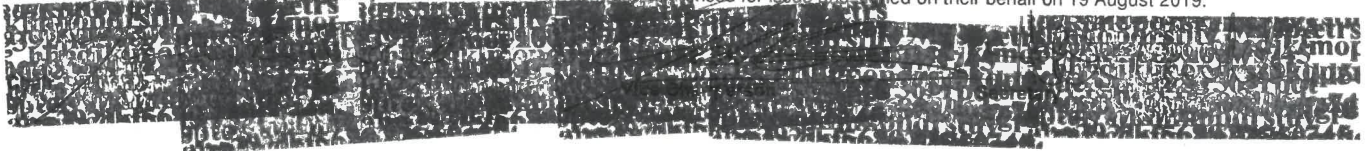
The notes on pages 14 to 33 form part of these financial statements.

LANGSTANE HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	12 (a)		150,035,932		150,597,182
Other Non-current Assets	12 (b)		3,457,607		3,584,235
			<u>153,493,539</u>		<u>154,181,417</u>
INVESTMENTS					
Investment in subsidiaries	2	4		1	
			4		1
CURRENT ASSETS					
Stock of maintenance materials		14,500		10,000	
Receivables	15	1,075,096		1,039,448	
Cash at bank and in hand		3,047,239		854,633	
		<u>4,136,835</u>		<u>1,904,081</u>	
CREDITORS: Amounts falling due within one year	16	<u>(4,295,060)</u>		<u>(17,747,722)</u>	
NET CURRENT LIABILITIES			<u>(158,225)</u>		<u>(15,843,641)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			153,335,318		138,337,777
CREDITORS: Amounts falling due after more than one year	17		<u>(45,483,296)</u>		<u>(31,088,260)</u>
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES					
Scottish Housing Association Pension Scheme	26	<u>(2,656,000)</u>		-	
			<u>(2,656,000)</u>		-
DEFERRED INCOME					
Social Housing Grants	19	<u>(85,336,030)</u>		<u>(87,646,875)</u>	
Other Grants	19	<u>(3,319,403)</u>		<u>(3,373,016)</u>	
			<u>(88,655,433)</u>		<u>(91,019,891)</u>
NET ASSETS			<u>16,540,589</u>		<u>16,229,626</u>
EQUITY					
Share Capital	20		103		106
Revenue Reserves			19,196,486		16,229,520
Pension Reserves			<u>(2,656,000)</u>		-
			<u>16,540,589</u>		<u>16,229,626</u>

The Financial Statements were approved by the Board of Management and authorised for issue and signed on their behalf on 19 August 2019.



The notes on pages 14 to 33 form part of these financial statements.

LANGSTANE HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019	2018
		£	£
Net cash inflow from operating activities	18	3,993,129	4,830,323
Investing Activities			
Acquisition and Construction of Properties		(3,573,825)	(7,186,290)
Purchase of Other Fixed Assets		(42,115)	(39,928)
Social Housing Grant Received		331,180	3,930,713
Social Housing Grant Repaid			(21,708)
Investment in subsidiaries		(3)	(1)
Other Grants Received		-	358,000
Proceeds on Disposal of Properties		69,269	192,383
Proceeds on Disposal of Other Fixed Assets		8,650	-
Net cash outflow from investing activities		(3,206,844)	(2,766,831)
Financing Activities			
Loan Advances Received		5,000,000	48,764
Interest Received on Cash and Cash Equivalents		2,004	3,112
Interest Paid on Loans		(1,926,544)	(1,994,107)
Other finance repayments		(23,889)	(28,956)
Loan Principal Repayments		(1,645,253)	(1,645,563)
Share Capital Issued		3	-
Net cash inflow / (outflow) from financing activities		1,406,321	(3,616,750)
Increase / (decrease) in cash		2,192,606	(1,553,258)
Opening Cash & Cash Equivalents		854,633	2,407,891
Closing Cash & Cash Equivalents		3,047,239	854,633
Cash and Cash equivalents as at 31 March			
Cash		3,047,239	854,633
		3,047,239	854,633

The notes on pages 14 to 33 form part of these financial statements.

LANGSTANE HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2019

	Share Capital £	Scottish Housing Association Pension reserve £	Revenue Reserve £	Total £
Balance as at 31 March 2017	114	-	14,786,298	14,786,412
Cancellation of Shares	(8)	-	-	(8)
Surplus for the year	-	-	1,443,222	1,443,222
Balance as at 31 March 2018	106	-	16,229,520	16,229,626
Balance as at 1 April 2018	106	-	16,229,520	16,229,626
Issue of Shares	3	-	-	3
Cancellation of Shares	(6)	-	-	(6)
Other comprehensive income	-	(2,656,000)	1,603,917	(1,052,083)
Surplus for the year	-	-	1,363,049	1,363,049
Balance as at 31 March 2019	103	(2,656,000)	19,196,486	16,540,589

The notes on pages 14 to 33 form part of these financial statements.

LANGSTANE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2014 and the Co-operative and Community Benefits Societies Act 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

Basis of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2014, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2019. A summary of the more important accounting policies is set out below.

Basis of Consolidation

The Association has obtained exemption from the Financial Conduct Authority from producing Consolidated Financial Statements as provided by Section 14(2A) of the Friendly and Industrial and Provident Societies Act 1968. The financial statements for Langstane Housing Association Limited present information about it as an individual undertaking and not about the group.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of the asset to which they relate.

Retirement Benefits

The Association participates in the Scottish Housing Associations Defined Benefit Pension Scheme where retirement benefits to employees of the Association 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 organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102.

Valuation Basis Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 12. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component	Useful Economic Life
Land	Not depreciated
Structure	Over 80 years
Roof	Over 60 years
Kitchen	Over 15 years
Electrics	Over 30 years
Bathrooms	Over 25 years
Heating Systems	Over 20 years
Entry Systems	Over 20 years
Windows	Over 25 years
Lifts	Over 30 years

LANGSTANE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES

Depreciation and Impairment of Other Non-Current Assets

Non-current Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:

Asset Category	Depreciation Rate
Website and Software	4 years
Commercial properties	50 years
Association Office Buildings	50 years
Vehicles	5 years
Office Equipment	5 years
Computer Equipment	4 years

The carrying value of non-current assets are reviewed for impairment at the end of each reporting period.

Social Housing Grant and Other Grants in Advance/Arrears

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which they relate.

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Sales Of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating costs. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

Disposals of housing property under the Right to Buy scheme are treated as non-current asset disposals and any gain or loss on disposal accounted for in the Statement of Comprehensive Income.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

Taxation

The Association is a Registered Scottish Charity and is not liable to taxation on its charitable activities.

LANGSTANE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES

Leases/Leased Assets

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Statement of Comprehensive Income in accordance with the Statement of Recommended Practice.

Property developments that are intended for resale are included in current assets until disposal.

Housing Property Managed By Agents

Where a third party manages the Association's housing property the accounting treatment reflects the substance of the transactions. The property is only excluded if the rights and obligations associated with the scheme have been transferred to the third party.

Stocks

Stocks of Maintenance materials have been valued at the lower of cost and net realisable value. Cost is defined as the supplier's invoice price.

VAT

The Association is VAT registered but a large proportion of its income is exempt for VAT purposes. As a result most of the VAT paid is not recovered and therefore expenditure is shown inclusive of VAT.

LANGSTANE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

In the judgement of the Board of Management the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

b) Identification of cash generating units

The Association considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

c) Financial instrument break clauses

The Association has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In the judgement of the Board of Management, these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.

d) Pension Liability

The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. This year the Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method.

Financial Instruments - Basic

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

The Association's debt instruments are measured at amortised cost using the effective interest rate method.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Board of Management to exercise judgement in applying the Association's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below.

a) Rent Arrears - Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history, arrangements in place and court action.

b) Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

c) Useful life of properties, plant and equipment

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

d) Costs of shared ownership

The Association allocates costs to shared ownership properties on an percentage basis split across the number of properties the Association owns.

e) Defined pension liability

In determining the value of the Association's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds.

f) Allocation of share of assets and liabilities for multi employer schemes

Judgements in respect of the assets and liabilities to be recognised are based upon source information provided by administrators of the multi employer pension schemes and estimations performed by the Pensions Trust.

LANGSTANE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2019			2018		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3	15,317,624	11,734,129	3,583,495	14,349,535	10,885,285	3,464,250
Other Activities	4	559,346	772,325	(212,979)	541,970	713,502	(171,532)
Total		15,876,970	12,506,454	3,370,516	14,891,505	11,598,787	3,292,718

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General			2019 Total £	2018 Total £
	Needs Housing £	Hostels £	Shared Ownership £		
Revenue from Lettings					
Rent receivable net of service charges	11,865,321	243,426	109,779	12,218,526	11,728,785
Service charges receivable	691,725	3,122	13,442	708,289	710,386
Gross income from rent and service charges	12,557,046	246,548	123,221	12,926,815	12,439,171
Less: Rent losses from voids	271,650	-	768	272,418	178,618
Net Rents Receivable	12,285,396	246,548	122,453	12,654,397	12,260,553
Grants released from deferred income	2,609,573	22,020	31,634	2,663,227	2,088,982
Total turnover from affordable letting activities	14,894,969	268,568	154,087	15,317,624	14,349,535
Expenditure on affordable letting activities					
Management and maintenance administration costs	2,829,954	8,684	32,617	2,871,255	2,837,621
Service Costs	637,684	5,667	-	643,351	690,779
Planned and cyclical maintenance, including major repairs	1,566,775	41,067	-	1,607,842	1,991,236
Reactive maintenance costs	2,029,414	20,407	98	2,049,919	1,811,900
Bad Debts - rents and service charges	413,929	-	-	413,929	119,527
Depreciation of affordable let properties	4,045,542	25,704	76,587	4,147,833	3,434,222
Operating costs of affordable letting activities	11,523,298	101,529	109,302	11,734,129	10,885,285
Operating surplus on affordable letting activities	3,371,671	167,039	44,785	3,583,495	3,464,250
2018	3,195,296	185,940	83,014		

LANGSTANE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2019	Operating Surplus / (Deficit) 2018
	£	£	£	£	£	£	£
Wider role activities	-	113,649	113,649	-	117,201	(3,552)	5,309
Commercial leases	-	83,545	83,545	-	57,126	26,419	37,503
Contracted out services undertaken for other organisations	-	217,249	217,249	-	38,289	178,960	153,803
Development administration	2,956	-	2,956	-	381,190	(378,234)	(276,188)
Other activities	-	19,319	19,319	-	2,766	16,553	(55,814)
Charitable donations	-	-	-	-	375	(375)	(623)
Rechargeable repairs	-	122,628	122,628	86,308	89,070	(52,750)	(35,522)
Total From Other Activities	2,956	556,390	559,346	86,308	686,017	(212,979)	(171,532)
2018	4,024	537,946	541,970	62,262	651,240	(171,532)	

LANGSTANE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board of Management, managers and employees of the Association.

Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)

Pension contributions made on behalf on Officers with emoluments greater than £60,000

Emoluments payable to Chief Executive (excluding pension contributions)

Total Emoluments paid to key management personnel

2019	2018
£	£
215,490	274,139
26,837	34,090
85,137	83,153
242,327	308,229

The number of Officers, including the highest paid Officer, who received emoluments over £60,000 was in the following ranges:-

	Number	Number
£60,001 to £70,000	2	3
£80,001 to £90,000	1	1

6. EMPLOYEE INFORMATION

The average monthly number of full time equivalent persons employed during the year was:

The average total number of Employees employed during the year was:

Staff Costs were:

Wages and Salaries

Social Security Costs

Other Pension Costs

Temporary, Agency and Seconded Staff

2019	2018
No.	No.
72	78
84	89
£	£
2,323,913	2,421,703
225,162	238,396
254,162	260,160
53,191	577
2,856,428	2,920,836

LANGSTANE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2019	2018
	£	£
Sales Proceeds	69,269	192,383
Cost of Sales	29,901	54,518
Gain On Sale Of Housing Stock	<u>39,368</u>	<u>137,865</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2019	2018
	£	£
On Bank Loans & Overdrafts	1,949,654	1,971,956
On Other Loans	14,280	14,240
	<u>1,963,934</u>	<u>1,986,196</u>
Less: Interest Capitalised	42,660	41,912
	<u>1,921,274</u>	<u>1,944,284</u>

Interest capitalised was incurred at 4.70% (2018 - 4.74%).

9. SURPLUS FOR THE YEAR

	2019	2018
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	3,672,315	3,632,707
Auditors' Remuneration - Audit Services	22,110	21,180
Auditors' Remuneration - Other Services	1,830	6,873
Operating Lease Rentals - Other	-	6,366
Gain on sale of fixed assets	<u>(41,078)</u>	<u>(137,865)</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

11. OTHER FINANCE INCOME / CHARGES

	2019	2018
	£	£
Net interest on pension obligations	52,000	-
Unwinding of discounted liabilities	75,565	46,189
	<u>127,565</u>	<u>46,189</u>

LANGSTANE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Lead Tenancies for Lettings £	Shared Ownership Completed £	Total £
COST					
As at 1 April 2018	186,295,718	6,630,155	1,098,000	2,046,417	196,070,290
Additions	1,567,943	2,048,542	-	-	3,616,485
Disposals	(902,199)	-	(681,063)	(30,725)	(1,613,987)
Schemes Completed	6,377,632	(6,377,632)	-	-	-
As at 31 March 2019	<u>193,339,094</u>	<u>2,301,065</u>	<u>416,937</u>	<u>2,015,692</u>	<u>198,072,788</u>
DEPRECIATION					
As at 1 April 2018	45,325,324	-	72,907	74,877	45,473,108
Charge for Year	3,426,504	-	11,126	72,882	3,510,512
Transfers	-	-	-	-	-
Disposals	(880,449)	-	(65,492)	(823)	(946,764)
As at 31 March 2019	<u>47,871,379</u>	<u>-</u>	<u>18,541</u>	<u>146,936</u>	<u>48,036,856</u>
NET BOOK VALUE					
As at 31 March 2019	<u>145,467,715</u>	<u>2,301,065</u>	<u>398,396</u>	<u>1,868,756</u>	<u>150,035,932</u>
As at 31 March 2018	<u>140,970,394</u>	<u>6,630,155</u>	<u>1,025,093</u>	<u>1,971,540</u>	<u>150,597,182</u>

Additions to housing properties include capitalised development administration costs of £191,326 (2018 - £261,634) and capitalised major repair costs to existing properties of £nil (2018 - £nil).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £5,225,704 (2018 - £3,614,082). The amount capitalised is £1,567,943 (2018 - £1,622,846) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £1,567,943 (2018 - £1,622,846) and improvement of £nil (2018 - £nil).

The Association's Lenders have standard securities over Housing Property with a carrying value of £87,596,199 (2018 - £84,888,050).

LANGSTANE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON CURRENT ASSETS (Continued)

(b) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Machinery & Equipment £	Commercial Property £	Total £
COST					
As at 1 April 2018	3,480,434	1,210,334	144,327	1,279,705	6,114,800
Additions	-	42,115	-	-	42,115
Eliminated on Disposals	-	-	(11,567)	-	(11,567)
As at 31 March 2019	3,480,434	1,252,449	132,760	1,279,705	6,145,348
AGGREGATE DEPRECIATION					
As at 1 April 2018	704,135	1,076,267	96,462	653,701	2,530,565
Charge for year	62,160	64,488	16,271	18,884	161,803
Eliminated on Disposals	-	-	(4,627)	-	(4,627)
As at 31 March 2019	766,295	1,140,755	108,106	672,585	2,687,741
NET BOOK VALUE					
As at 31 March 2019	2,714,139	111,694	24,654	607,120	3,457,607
As at 31 March 2018	2,776,299	134,067	47,865	626,004	3,584,235

The net book value of assets held under finance lease amount to £141,969 - (2018 - £139,811)

13. CAPITAL COMMITMENTS

	2019 £	2018 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	55,979	1,858,584

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources.

14. COMMITMENTS UNDER OPERATING LEASES

	2019 £	2018 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Land and Buildings		
Not later than one year	11,227	30,192
Later than one year and not later than five years	1,315	12,541
Other		
Not later than one year	14,184	13,002
Later than one year and not later than five years	15,366	29,550

LANGSTANE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Arrears of Rent & Service Charges	1,973,707	1,887,305
Less: Provision for Doubtful Debts	(1,686,934)	(1,508,493)
	<u>286,773</u>	<u>378,812</u>
Social Housing Grant Receivable	28,199	28,199
Other Receivables	760,124	603,935
Amounts Due from Group Undertakings	-	28,502
	<u>1,075,096</u>	<u>1,039,448</u>

16. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Housing Loans	1,645,721	14,145,639
Finance lease	25,265	23,142
Trade Payables	681,056	786,936
Rent Received in Advance	162,486	160,259
Other Taxation and Social Security	128,972	134,810
Amounts Due to Group Undertakings	4,373	-
Other Payables	299,778	358,420
Liability for Past Service Contributions	-	474,300
Accruals and Deferred Income	1,347,409	1,664,216
	<u>4,295,060</u>	<u>17,747,722</u>

At the balance sheet date there were pension contributions outstanding of £76,144 (2018 - £76,793).

LANGSTANE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£	£
Liability for Past Service Contributions	-	1,433,617
Finance leases	52,565	78,577
Housing Loans	45,430,731	29,576,066
	<u>45,483,296</u>	<u>31,088,260</u>
Housing Loans		
Amounts due within one year	1,645,721	14,145,639
Amounts due in one year or more but less than two years	2,074,213	1,645,722
Amounts due in two years or more but less than five years	23,724,200	4,937,760
Amounts due in more than five years	19,632,318	22,992,584
	<u>47,076,452</u>	<u>43,721,705</u>
Less: Amount shown in Current Liabilities	1,645,721	14,145,639
	<u>45,430,731</u>	<u>29,576,066</u>
Finance leases		
Amounts due within one year	25,265	23,142
Amounts due in one year or more but less than two years	26,719	25,265
Amounts due in two years or more but less than five years	25,846	53,312
	<u>77,830</u>	<u>101,719</u>
Less: Amount shown in Current Liabilities	25,265	23,142
	<u>52,565</u>	<u>78,577</u>
Liability for Past Service Contributions		
Amounts due within one year	-	474,300
Amounts due in one year or more but less than two years	-	481,257
Amounts due in two years or more but less than five years	-	945,572
Amounts due in more than five years	-	6,788
	<u>-</u>	<u>1,907,917</u>
Less: Amount shown in Current Liabilities	-	474,300
	<u>-</u>	<u>1,433,617</u>

The Association has a number of long-term housing loans the terms and conditions of which are as follows:

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable / Fixed
Scottish Government	No security over properties	10.8%	2047	Fixed
Lloyds Bank Plc	Standard security over 1,343 properties	5.4%	2028 & 2031	Fixed
Santander	Standard security over 251 properties	5.6%	2035	Fixed
Bank of Scotland PLC	Standard security over 495 properties	1.7%	2023	Variable

The Bank of Scotland finance constitutes a revolving credit facility which is repayable in one installment due in 2023. The remaining borrowings are repayable in a quarterly or six-monthly basis with the principal being amortised over the term of the loans.

LANGSTANE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. STATEMENT OF CASH FLOWS

Reconciliation of surplus for the year to net cash inflow from operating activities

	2019 £	2018 £
Surplus for the year	1,363,049	1,443,222
Depreciation	3,688,738	3,632,710
Gain on disposal	(41,078)	(137,865)
Amortisation of Capital Grants	(2,010,259)	(2,092,487)
Change in stock	(4,500)	-
Change in debtors	(35,648)	(57,481)
Change in creditors	(480,567)	101,060
Unwinding of Discount on Pension Liability	(431,565)	(46,189)
Transfer of interest to financial activities	1,924,540	1,987,361
Share Capital Written Off	(6)	(8)
Net cash inflow from operating activities	<u>3,993,129</u>	<u>4,830,323</u>

Reconciliation of net cash flow to movement in net debt

	2019		2018	
	£	£	£	£
Increase / (decrease) in cash	2,192,606		(1,553,258)	
Cashflow from change in net debt	(3,330,858)		4,034,645	
Movement in net debt during the year		(1,138,252)		2,481,387
Net debt at 1st April 2018		(42,968,791)		(45,450,178)
Net debt at 31 March 2019		<u>(44,107,043)</u>		<u>(42,968,791)</u>

Analysis of changes in net debt

	At 01 April 2018	Cashflows	Other Changes	At 31 March 2019
Cash at bank and in hand	854,633	2,192,606		3,047,239
	854,633	2,192,606	-	3,047,239
Debt: Due within one year	(14,168,781)	1,669,142	10,828,653	(1,670,986)
Due after more than one year	(29,654,643)	(5,000,000)	(10,828,653)	(45,483,296)
Net Debt	<u>(42,968,791)</u>	<u>(1,138,252)</u>	<u>-</u>	<u>(44,107,043)</u>

LANGSTANE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. DEFERRED INCOME

	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Commercial Leases £	Total £
Social Housing Grants					
As at 1 April 2018	117,000,264	4,638,008	554,488	-	122,192,760
Additions in the year	331,180	-	-	-	331,180
Eliminated on disposal of components and property Transferred	(681,063)	-	(33,023)	-	(714,086)
	3,524,276	(3,524,276)	-	-	-
As at 31 March 2019	120,174,657	1,113,732	521,465	-	121,809,854
Amortisation					
As at 1 April 2018	34,514,638	-	31,247	-	34,545,885
Eliminated on disposal	(59,729)	-	(612)	-	(60,341)
Amortisation in year	1,956,646	-	31,634	-	1,988,280
As at 31 March 2019	36,411,555	-	62,269	-	36,473,824
Net book value					
As at 31 March 2019	83,763,102	1,113,732	459,196	-	85,336,030
As at 31 March 2018	82,485,626	4,638,008	523,241	-	87,646,875
Other Grants					
As at 1 April 2018	4,156,291	-	195,547	175,250	4,527,088
As at 31 March 2019	4,156,291	-	195,547	175,250	4,527,088
Amortisation					
As at 1 April 2018	1,105,002	-	-	49,070	1,154,072
Amortisation in year	49,603	-	-	4,010	53,613
As at 31 March 2019	1,154,605	-	-	53,080	1,207,685
Net book value					
As at 31 March 2019	3,001,686	-	195,547	122,170	3,319,403
As at 31 March 2018	3,051,289	-	195,547	126,180	3,373,016
Total grants net book value as at 31 March 2019	86,764,788	1,113,732	654,743	122,170	88,655,433
Total grants net book value as at 31 March 2018	85,536,915	4,638,008	718,788	126,180	91,019,891

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2019 £	2018 £
Amounts due within one year	2,041,893	2,092,487
Amounts due in one year or more	86,613,540	88,927,404
	88,655,433	91,019,891

20. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid

	2019 £	2018 £
As at 1 April 2018	106	114
Issued in year	3	-
Cancelled in year	(6)	(8)
As at 31 March 2019	103	106

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

LANGSTANE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2019	2018
	No.	No.
General Needs Housing	2,880	2,828
Hostels (bed spaces)	76	76
Lead Tenancies	14	42
Shared Ownership	61	62
	<u>3,031</u>	<u>3,008</u>

Housing units managed by the Association and leased to another body:

Name of Organisation	Number of Units	
	2019 No.	2018 No.
Stockethill Homes Limited	<u>41</u>	<u>41</u>

22. RELATED PARTY TRANSACTIONS

Members of the Board of Management are related parties of the Association as defined by Financial Reporting Standard 102.

Those members who are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Members of the Board of Management cannot use their positions to their advantage. Any transactions between the Association and any entity with which a Board of Management member has a connection is made at arms length and is under normal commercial terms.

Transactions with Board of Management members (and their close family) were as follows:

	2019	2018
	£	£
Rent received from tenants on the Board of Management and their close family members	<u>8,738</u>	<u>13,280</u>

At the year end total rent arrears owed by the tenant members on the Board of Management (and their close family) were £251 (2018 - £200).

Members of the Board of Management who are tenants	<u>1</u>	<u>2</u>
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LANGSTANE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 680 King Street, Aberdeen, AB24 1SL.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Aberdeen City, Aberdeenshire and Moray.

24. BOARD OF MANAGEMENT MEMBER EMOLUMENTS

Board of Management members received £1,486 (2018 - £1,547) in the year by way of reimbursement of expenses. No remuneration is paid to Board of Management members in respect of their duties to the Association.

25. INVESTMENTS

Investments in Subsidiaries

	2019 £	2018 £
Cost		
As at 1 April and 31 March	1	1
Additions	3	
Disposals	-	(1)
	<u>4</u>	<u>-</u>
NBV		
As at 31 March	4	-
As at 1 April	<u>1</u>	<u>1</u>

In the opinion of the Board of Management the aggregate value of the assets of the subsidiary is not less than the aggregate of the amounts at which those assets are stated in the Association's balance sheet.

Stockethill Homes Limited

The Association has a 100% owned subsidiary named Stockethill Homes Limited. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

The aggregate amount of capital and reserves and the results of Stockethill Homes Limited for the year ended 31 March 2019 were as follows:

	2019 £	2018 £
Capital & Reserves	<u>3,174</u>	<u>(13,372)</u>
Profit / (Loss) for the year	<u>16,546</u>	<u>(6,733)</u>

LANGSTANE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. INVESTMENTS

Langstane Property Limited

During the year the Association acquired a 100% owned subsidiary named Langstane Property Limited. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

The subsidiary was dormant during the year and therefore the results of Langstane Property Limited for the year ended 31 March 2019 were as follows:

	2019
Capital & Reserves	£ 1
Surplus for the year	-

Langstane Maintenance Limited

During the year the Association acquired a 100% owned subsidiary named Langstane Maintenance Limited. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

The subsidiary was dormant during the year and therefore the results of Langstane Maintenance Limited for the year ended 31 March 2019 were as follows:

	2019
Capital & Reserves	£ 1
Surplus for the year	-

Langstane Development Limited

During the year the Association acquired a 100% owned subsidiary named Langstane Developments Limited. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

The subsidiary was dormant during the year and therefore the results of Langstane Development Limited for the year ended 31 March 2019 were as follows:

	2019
Capital & Reserves	£ 1
Surplus for the year	-

LANGSTANE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

Langstane Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the Scheme). The Scheme is a multi-employer defined benefit scheme. The Scheme is funded. The Association is an admitted body under the Scottish Housing Association Pension Fund, the assets of which are held in a separate trustee administered fund.

The Scheme operates on a "last man standing" basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal, then the liability of the withdrawing employer is re-apportioned amongst the remaining employers. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

The last valuation of the Scheme was performed as at 30 September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m (equivalent to a past service funding level of 76%). All Scheme members have agreed to make contributions towards the past service deficit.

The administering authority has responsibility for the management of the Fund. As most of the Fund's investments are equity based, there is an inherent risk of volatility in the investment market having a significant effect on the value of the fund's assets. In order to mitigate this risk, the Fund holds a diverse investment portfolio with a range of investment managers.

Change in Accounting Estimate

The pension fund is administered by the Pensions Trust. Previously only the past service deficit was included as a liability in the financial statements as the Association's share of the pension assets and liabilities could not be determined. This year the Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The figures are available at 1 April 2018 and 31 March 2019. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method.

In January 2019, the FRC issued FRED 71 (Draft amendments to FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, Multiemployer defined benefit plans) which provides proposed changes to FRS 102 on how to treat the transition from defined contribution to defined benefit accounting. This method has been adopted by the Housing Association as the most appropriate treatment. As a result the change has been accounted for as a change in accounting estimate.

Due to the change in accounting estimate the past service deficit liability has been removed as the liability is included in the pension liability now calculated by the actuary and shown under Pension and Other Provisions for Liabilities and Charges in the Statement of Comprehensive Income. The change has been reflected in Other Comprehensive Income as follows:

	£
Opening pension liability per actuary at 1 April 2018	2,250,000
Opening past service deficit at 1 April 2018	(1,907,917)
Movement to other comprehensive income	<u>342,083</u>

As a result of the unwinding of the past service deficit is no longer shown within finance charges. Instead the expenses, interest and other comprehensive income as detailed within this note are incorporated within the financial statements.

Principal Actuarial Assumptions

Assumptions as at

	2019 %p.a.	2018 %p.a.
Salary increases	3.3%	3.2%
Inflation (RPI)	3.3%	3.2%
Inflation (CPI)	2.3%	2.2%
Discount rate	2.3%	2.6%
Allowance for commutation for cash at retirement	75%	75%

Membership of the Scheme comprises of the following:

	2019 No.
Employee members	41
Deferred pensioners	45
Pensioners	51
	<u>137</u>

Mortality Rates

Life expectancy is based on the PFA92 and PMA92 tables, with mortality improvements projected based on members' individual year of birth. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males (Years)	Females (Years)
Current Pensioners	21.7	23.4
Future Pensioners	23.1	24.7

LANGSTANE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RETIREMENT BENEFIT OBLIGATIONS

Fair value of scheme assets by category

	2019 £000
Growth Assets	7,220
Matching Plus	1,691
Liability Driven Investment	5,507
Net Current Assets	15
	<u>14,433</u>

None of the above assets includes any direct investment in the Association's assets.

Net Pension Liability

	2019 £000
Fair value of employer's assets	14,433
Present value of scheme liabilities	(17,089)
	<u>(2,656)</u>

Reconciliation of fair value of employer assets

	2019 £000
Opening fair value of employer assets	14,168
Interest income	366
Contributions by Members	165
Contributions by the Employer	655
Experience on plan assets (excluding amounts included in interest income)	(457)
Estimated Benefits Paid	(464)
Closing fair value	<u>14,433</u>

The actual return on plan assets (including any changes in share of assets) over the period 31 March 2019 was (£91,000).

Reconciliation of defined benefit obligations

	2019 £000
Opening defined benefit obligation	16,418
Current Service Cost	284
Expenses	15
Interest expense	418
Contributions by members	165
Actuarial Losses (gains) due to scheme experience	(778)
Actuarial Losses (gains) due to changes in demographic assumptions	50
Actuarial Losses (gains) due to changes in financial assumptions	981
Benefits paid and expenses	(464)
Closing defined benefit obligation	<u>17,089</u>

LANGSTANE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RETIREMENT BENEFIT OBLIGATIONS

Analysis of amount charged to the Statement of Comprehensive Income

	2019 £000
Charged to operating costs:	
Service cost	284
Expenses	15
Net interest expense	52
	<hr/>
Net Charge to the Statement of Comprehensive Income	351

Actuarial Gain / (Loss) recognised in other comprehensive income

	2019 £000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(457)
Experience gains and losses arising on the plan liabilities - gain (loss)	778
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(50)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(981)
	<hr/>
Actuarial gain/(loss) recognised in year	(710)