

**Langstane Housing Association
Report and Financial Statements
For Year Ended 31 March 2021**

Registered Housing Association No. HAL 145

FCA Reference No. 1916RS

Scottish Charity No. SC011754

Langstane Housing Association

Report and Financial Statements For the year ended 31 March 2021

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**Langstane Housing Association
Company Information**

Board of Management

Mr J Knowles	Chairperson
Mr J Fraser	Vice Chairperson
Ms J Greener	Treasurer
Mr J Marshall	Convener of the Joint Audit and Governance Committee
Mr A Habib	Appointed 01/03/21 (Co-opted member)
Mr M Keith	Appointed 15/02/21
Mr K Hutchens	Resigned 21/09/20
Mr C Lynch	Resigned 21/09/20
Mr I Jamieson	
Mr M Martin	
Mr J Drummond	
Mr K McIntosh	
Ms A Stevenson	
Mrs G Urquhart	Appointed 15/02/21

Key Management Personnel

Helen Gauld	Chief Executive
Judith Sutherland	Director of Housing
Lynne Macfarlan	Director of Finance and Corporate Services
Marcie Ballance	Director of Asset Management

Registered Office

680 King Street
Aberdeen
AB24 1SL

External Auditor

RSM UK Audit LLP
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Internal Auditor

Quinn Internal Audit Services Ltd
55 Lady Place
Livingston
EH54 6TB

Bankers

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

Lloyds Banking Group
25 Gresham Street
London
EC2V 7HN

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

Solicitors

Harper MacLeod LLP
The Ca'd'oro
45 Gordon Street
Glasgow

BTO Solicitors LLP
48 St Vincent Street
Glasgow G2
G2 5HS

TC Young LLP
7 West George Street
Glasgow
G2 1BA

Langstane Housing Association

Report of the Board of Management For the year ended 31 March 2021

The Board of Management present their report and audited financial statements for the year ended 31 March 2021.

Legal status

Langstane Housing Association is a non-profit making organisation registered with the Financial Conduct Authority as a Co-operative and Community Benefit Societies (No: 1916R(S)). Registered with the Scottish Housing Regulator (No: HAL 145), Langstane is governed by its Rules which were updated in 2020. In recognition of the wide range of services provided Langstane is also a registered Scottish Charity (No: SCO011754), a registered Property Factor (No: PF 000666), and a registered Scottish Letting Agent (No: LARN2001005).

Principal activities

The principal activity of Langstane Housing Association is the provision and management of affordable homes and services to primarily single working age people in housing need. Langstane has a portfolio of 2,886 self contained homes, 6 hostels, 8 commercial units, 59 shared ownership homes, and manages 14 lead tenancies. 41 properties are leased as mid-market rental through Langstane Property Limited which is a wholly owned subsidiary of Langstane Housing Association.

Operating in the North East of Scotland for over 40 years, Langstane is embedded in the Seaton community and heavily involved with support agencies across all three local authority areas (Aberdeen, Aberdeenshire and Moray). Alongside regularly housing a higher percentage of people who have been homeless (pro rata), a number of homes are provided to local authorities and support agencies to alleviate homelessness and support vulnerable members of the community.

Subsidiaries

Langstane has four wholly owned subsidiary companies one of which is active. All are non-charitable companies limited by shares with the exception of Stockethill Homes Limited which is limited by guarantee. These are:

- Langstane Property Limited
- Stockethill Homes Limited – currently dormant and in the process of being wound up
- Langstane Development Limited – currently dormant
- Langstane Maintenance Limited – currently dormant

Langstane Property Limited assists Langstane Housing Association to widen its reach with the provision of 41 mid market homes in Aberdeen. Whilst private rent levels have dropped in Aberdeen and parts of Aberdeenshire, this is still an important tenure, providing a professional service with a social ethos.

Langstane Housing Association and its subsidiary companies are known informally as the Langstane Group.

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 Group'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.

Langstane Housing Association

Report of the Board of Management For the year ended 31 March 2021

Mission, vision and values (continued)

Langstane's values are reviewed annually and these continue to be:

We value people

- We put people at the heart of our decision making, retaining a positive outlook regarding the housing industry and those we assist
- We consult and listen to the views of those involved with the Langstane Group

We aim high

- We work hard to continually improve our services and deliver the services our customers want
- We have a 'can do' approach

We are proud of our roots

- We remember our origins - that Langstane Housing Association was set up to help and support single person households who were among the most vulnerable members of our society
- We provide homes not houses and support our tenants to live independently and be active members of our communities

We rely on teamwork

- We work together as one team and with one voice
- We work with our partners to achieve our goals, delivering more together

We are prudent financial managers

- We recognise the importance of maintaining financial strength and use effective financial management to underpin everything we do and help us grow
- We deliver value for money

We are open and accountable

- We provide relevant, accurate, user-friendly information about our performance that allows our tenants and others to hold us to account
- If we make mistakes we apologise and put things right as soon as possible

We move with the times

- We influence decision making to benefit our tenants and our organisation
- We respond to change with imagination and innovation

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,

Risk management is embedded within the Association and a five year business plan sets out how the Association and its subsidiary companies will prioritise its activities year on year, mitigating risks as far as reasonably practical. The business plan is designed to ensure Langstane's strategies, policies, and services are delivered in accordance with its overall ambition and goals; that sufficient resources are in place to achieve such agreed ambitions and goals; and risks are identified, recorded and mitigated.

Day to day responsibility for delivering the business plan rests with the senior management team supported by an internal management plan and a performance framework that sets down actions and targets for individual departments, teams and staff. Key performance indicators are reported to the Board on a regular basis and published on Langstane's website.

Langstane's governance structure consists of two permanent sub Committees, namely the Audit and Governance and the Resource Committee, Ad hoc sub Committees are set up to deal with specific matters. Decision making is governed by Langstane's Rules, its Scheme of Delegation and policies.

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

Report of the Board of Management For the year ended 31 March 2021

Review of business and future developments

a) Overview

Following a period of intense focus, the Association strengthened its governance and financial management activities further providing resilience during the Covid-19 pandemic of 2020-21 and delivering, ahead of schedule, an ambitious efficiency agenda. Compliance with the Scottish Housing Regulator's regulatory framework was achieved and work is ongoing to deliver Langstane's objectives.

Focus for 2021-22 will see the Association's modernisation agenda progressed delivering transformational ICT change alongside a full staffing structure review that puts customer service at its heart. An ICT roadmap is being advanced and the staffing structure is due to complete by the end of 2021 which will see a dedicated Customer Service Team introduced.

b) Operational Performance

▪ Housing

Langstane Housing Association was established in 1977 from a recognised need to move predominately single people from the old lodging houses in Aberdeen into more suitable self-contained, secure and affordable accommodation.



The old lodging house, renovated to become Langstane's Peacocks Court, Aberdeen

The Association today remains faithful to the original ethos with a clear Mission stated in the Business Plan to:

'provide homes and services that make a positive difference to peoples lives'

This is reinforced in the Association's Values where:

- "We remember our origins, that Langstane Housing Association was set up to help and support single person households who were among the most vulnerable members of our society" and where:
- "We provide homes not houses and support our tenants to live independently and be active members of our communities"

The Association's commitment to supporting our tenants continues with the team attracting additional grant funding of £96,587 during 2020-21. This includes Scottish Government funding (over 3 years) for a new support worker and funds to assist tenants during the pandemic with utility bills to relieve fuel poverty, phone top ups and food donations.

There is a continued focus on tenancy sustainment with the new support worker assisting tenants who have been housed through the homeless route to prevent future homelessness and encourage tenants to be part of the communities they live in. This in turn reduces the impact of empty properties and related costs.

Langstane Housing Association

Report of the Board of Management For the year ended 31 March 2021

Review of business and future developments (continued)

Measuring and demonstrating social value is a key priority for the Langstane Housing Support Team which is working with the Housing Association Charitable Trust (HACT) and the Scottish Federation of Housing Associations (SFHA) to achieve positive outcomes for tenants.

Improving our estates and reducing antisocial behaviour are important issues for tenants. This has been more challenging to achieve during lockdown. However with an updated Antisocial Behaviour Policy, which tenants contributed to, and a renewed focus on improving our schemes with CCTV and other targeted initiatives, tenant satisfaction in this area is on target to increase.

Historically the Association has struggled with high arrears and this was a highlighted risk during the pandemic. However with a determined effort of support and advice, arrears levels have continued to reduce over the years from 15.14% in 2014 to 8.29% in 2021 with a total saving to the Association of £400,227. This feeds back into the delivery of services for tenants and reduces the financial impact across the Association.

▪ **Annual Assurance Statement**

From April 2019 all social landlords are required to make an Annual Assurance Statement to the Scottish Housing Regulator regarding their compliance with regulatory governance and financial management standards. This annual statement is a way for boards and committees to assure themselves and their service users that they comply with regulatory requirements or disclose areas where improvements are required.

When Langstane submitted its first Annual Assurance Statement in October 2019 there was a statement of material compliance made by the Board of Management whilst accepting areas of improvement were required. These improvements were subsequently undertaken in a timely manner and full compliance has been achieved in the Annual Assurance Statement submitted in October 2020, however Langstane acknowledges it is an ongoing journey of continuous improvement.

▪ **Customer engagement**

The Association continues to promote a tenant led approach to service delivery and encourages engagement through a variety of methods including social media and focused consultations on a range of topics. Tenants who have registered to participate in specific areas of the Association's work continue to provide useful feedback as customer facing policies and working practices are reviewed.

Staff Digital Champions assisted digitally challenged tenants to stay connected during the pandemic.

▪ **Communities**

Although a challenging year for community initiatives, Langstane continues to work closely with a number of agencies to build on the relationships currently in place. This partnership approach assisted greatly in sharing information and good practice during the pandemic.

▪ **Asset Management**

The financial year 2020-21 was a challenging one for Langstane's repairs and planned maintenance team. Successive lockdowns restricted the repairs service to emergency repairs only, delayed void works and led to a cancellation of major contracts such as kitchen and bathroom replacements.

Importantly, statutory servicing and maintenance activities such as gas servicing, electrical safety inspections, fire safety servicing, lift servicing, legionella inspections and the installation of smoke detectors to meet the new tolerable standard continued throughout the year with the Association on track to complete smoke detector installations by the deadline of February 2022.

Langstane Housing Association

Report of the Board of Management For the year ended 31 March 2021

Review of business and future developments (continued)

The growing emphasis on property compliance in the housing sector led to the Association employing a dedicated Property Compliance Officer in October 2020 with the remit of ensuring that the Association is achieving best practice in terms of its approach to compliance. Good progress was made with a focus on renewing asbestos management surveys for 100% of communal areas to ensure the Association's asbestos register is up to date.

The focus for 2021-22 will be on catching up with delayed repairs and planned maintenance works alongside Covid and Brexit related challenges such as rising material costs and material shortages.

▪ Health and Safety

During 2020-21 the focus for health and safety activities was on keeping staff safe and minimising the risk of Covid infection through robust risk assessments, adequate supplies of PPE and adherence to Covid guidance. Detailed plans were implemented to ensure a safe working environment in the Aberdeen and Elgin offices to allow essential working to continue where necessary, although plans for staff to return to office working in October 2020 were put on hold due to the second lockdown. It is hoped that staff can safely return to some form of office working in 2021-22.

▪ 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.

Langstane strives to afford equal opportunities to all individuals and support the guaranteed job interview scheme. This scheme guarantees an interview for applicants who have, or consider themselves to have, a disability and they meet the essential criteria for any post advertised.

The objective is for staff to regard Langstane as being a great place to work and the aim is to create a place where people are committed to the ethos of the Association, productive and effective by endorsing the following objectives:

Leadership: Managers are accessible and approachable. Staff can trust their manager to give them direction in the context of a bigger picture or agenda; to share responsibility for their team's performance and to include them appropriately.

Communication: Timely and relevant corporate communication flows effectively and consistently through the organisation, keeping our people updated, informed and enfranchised.

Professional development: Staff can develop their knowledge and skills and enhance their ability to perform their current job. They can access opportunities to grow their career and realise their personal potential.

Engagement: Staff understand Langstane's goals; they have the desire and the means to contribute to achieving these goals to the best of their ability.

Recognition and reward: Staff contributions are recognised by managers, who find and use opportunities to celebrate and reward good work.

Employee wellbeing: Work is a safe place that supports and enhances employee wellbeing, creating an environment where people can give their best.

Langstane Housing Association

Report of the Board of Management For the year ended 31 March 2021

Review of business and future developments (continued)

■ Challenges

Like all social housing associations we have challenges to face and for Langstane these include:

- To be as efficient as possible whilst improving customer service standards and therefore customer satisfaction levels
- To respond to the ongoing impact of Covid pandemic on our tenants, staff and stakeholders
- To control the escalating costs of property compliance requirements
- To catch up on the delays to ongoing repairs and the planned maintenance programme
- To manage the impact of Brexit on material supply and costs
- To meet the standards of Environmental, Social and Governance criteria
- To invest in modernising outdated and non-integrated ICT systems and applications
- To have staff who are engaged and motivated,

The Covid pandemic has had an impact on Langstane's ability to deal with the challenges in the year but we have:

- successfully deployed remote working for staff
- supported our staff with staff engagement tools, resilience training and ongoing support
- continued to fulfil our statutory obligations for properties
- appointed a Compliance Officer to manage the compliance programme
- engaged well with isolated and vulnerable tenants
- reduced the level of arrears
- exceeded the efficiencies target for the year without adversely affecting tenant services
- improved the energy efficiency of our homes
- worked with external consultants to improve our ICT service plan and delivery.

We will continue to address the challenges we face by:

- putting customers at the heart of decision making
- minimising void timescales
- ensuring we work with contractors to achieve optimum procurement value and a reliable supply chain
- carrying out a Stock Conditions survey to inform on energy efficiency
- delivering the ICT roadmap
- completing the staffing structure review
- evaluating ways of agile working for staff
- continuing to deliver efficiencies
- being flexible and adaptable in our approach to problem solving

c) Financial performance

Langstane's principal source of income is rent and service charges payments made by, or on behalf of, those living in its properties.

Langstane made a surplus of £1,858,709 in the year (2020: £1,757,633) which is £538,177 higher than originally forecast and is due to the reduced level of activity and cost savings as a result of the coronavirus restrictions and the ongoing efficiencies agenda. With the ongoing lockdown situation the volume of repairs has been much lower than planned and the planned maintenance programme was not able to be delivered as forecast. As a result, activity has been deferred to next financial year. Operational efficiencies have been made in the year due mainly to staff working remotely and the offices being closed.

Costs relating to a development site owned by the Association totalling £341,583 have been written off in the year on the basis that they are unlikely to be recoverable even if the site is developed or sold. The effect of this was to reduce the operating surplus in the year to £1,858,709 and, after adjusting for the actuarial losses on the Defined Benefit Pension Scheme of £1,987,000, results in a Total Comprehensive Deficit of £128,291.

Langstane Housing Association

Report of the Board of Management For the year ended 31 March 2021

Review of business and future developments (continued)

The Net Asset position is £20,371,934 (2020: £20,500,232) although within this there is a Net Current Liability of £2,655,054 (2020: £2,630,087). This arises primarily as a result of the level of Social Housing Grant due to be released to the Statement of Comprehensive Income within 12 months. This is a non-cash movement as the grant has already been received.

The actual Cash position was £2,672,903 at 31 March 2020 (2020: £3,582,950). Repairs and Maintenance activity and component replacement were severely curtailed due to lockdown. The outcome of this resulted in an increase in the level of cash held as planned spend did not occur. To keep within the Treasury Management policy the Board decided to repay £2,000,000 of the Revolving Credit Facility and make a saving on interest payable rather than open another bank account given the current low interest rates for funds held.

The Scottish Housing Association Pension Scheme past service deficit liability has increased to £1,697,000 (2020: £188,000).

The subsidiary company, Langstane Property Limited, made a loss of £19,877 due to the pandemic and an over supply of 2 bedroom properties in Aberdeen City which had an impact with a number of properties being terminated and subsequently difficult to let. Langstane Group's Business Plan states that the activity of a subsidiary should not negatively impact on Langstane Housing Association. The Board has reviewed the situation and decided that the pandemic should be considered as exceptional circumstances with the expectation that Langstane Property Limited will return to normal levels of activity in 2021-22. The financial performance of the subsidiary will be closely monitored throughout the financial year and the position kept under review.

As in previous years, there were no breaches of financial covenants or treasury management policy in the year.

Rental income remains the primary revenue stream. The aim is to maintain and grow this income by maintaining high occupancy rates while decreasing the number and length of time our homes remain empty alongside reducing rent arrear levels.

Langstane is committed to the delivery of further operating and efficiency improvements, enabled by economies of scale, technology, good organisation and more streamlined ways of working.

The importance of delivering value for money is a key concept for Langstane and we monitor delivery of value for money through different mechanisms:

- Tracking of projects and initiatives which deliver savings, efficiency improvements or additional benefits;
- Targeting and delivery of improved financial performance for the organisation;
- Calculation of the social value of our activities; and
- Benchmarking against other organisations to identify areas where we can make further improvements.

In order to help us to track efficiencies and drive value for money, we place particular attention to a suite of key financial performance ratios used across the sector. These include a set of key performance indicators the Regulator requires us to measure and report, along with other measures which help us gauge our performance and target further improvement. As part of this process, we benchmark ourselves against other housing associations.

d) 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.

Langstane Housing Association

Report of the Board of Management For the year ended 31 March 2021

Future developments

Continuous improvement is embedded within the Association and 2021-22 will see this continue with further methods of efficient working practice introduced.

As part of this process and following staff consultation, Langstane closed two Defined Benefit Pension Schemes on 31 March 2021 and transferred members to the Defined Contribution Scheme with effect from 1 April 2021. The impetus for this was as follows:

- the inherent risk attached to retaining the defined benefit schemes was too high. These were last man standing schemes and membership was dwindling by substantial numbers – the risk of deficit liabilities coming to Langstane was too great if we retained the schemes;
- the overall affordability of defined benefit schemes was a major concern for Langstane – the deficit payments are substantial, but equally the on-going contributions, as they rose to 32.4%, were prohibitive;
- the continued provision of defined benefit options, particularly given the increased costs described above, did not deliver best value for our tenants;
- the Board wished to see a fair and equitable pension scheme right across all staff with the same offering being affordable for all;
- Regulatory guidance requires an RSL to manage its resources to ensure its financial well-being and economic effectiveness.

This affected 51% of our staff. A pension salary sacrifice scheme was introduced from 1 June 2021 to allow staff and Langstane to benefit from paying less National Insurance Contributions.

Langstane still has a desire to develop new homes where need is identified and our position on this is reviewed on an annual basis. In preparation for this we are preparing to review our long term funding requirements to ensure they meet our future plans. 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.

An external stock condition survey is planned for 2021-22 which will inform the Board of Management's decision regarding future stock acquisition activities.

Affordability remains a priority to the Group and 30-year plans strive to ensure inflation only rental incomes are seen within 3 years. This is in addition to the energy efficiency measures being installed.

Langstane will also invest in its ICT systems to utilise new and emerging technology to improve the quality of its stock, data, strategic decision-making and customer service experience. Langstane will embrace technology which enhances its dynamic capability, allowing the Association to be more responsive to customer and staff needs, more efficient in business and more informed in strategic decision-making.

Risk Management

The Audit and Governance Committee oversees the effectiveness of the assurance arrangements, systems and processes adopted by Langstane to manage risk with a focus on the strategic risks.

The Committee provides specialist advice to the Board on any particular risks that may threaten the delivery of objectives or undermine the financial strength of the business. The Senior Management Team is responsible for the delivery of the strategy and managing risk, having day-to-day responsibility for operational performance and the management of risk within Langstane.

To be effective, risk management relies on the engagement of all parts of the business. This approach is an integral part of the way Langstane works, with all key parts of the business owning and managing their own operational risk registers. These are regularly reviewed allowing for their escalation as appropriate and potential inclusion in the strategic risk register.

Langstane Housing Association

Report of the Board of Management For the year ended 31 March 2021

Risk Management (continued)

The risk management process includes assessing each risk for its impact and probability, scored both before and after mitigating actions. A standardised risk-scoring methodology is used to ensure a consistent approach is adopted.

The Group's strategic risk register has been subject to audit and external review to ensure the risks detailed, alongside the control and mitigation actions, are proportionate and reasonable for the social housing sector and the Association.

▪ Risk appetite

Langstane's risk appetite is determined by the Board of Management and is influenced by the capacity of the business to manage the risk if it were to materialise, the longer-term consequences of the risk and the return achieved by taking such risks.

The most significant judgements are associated with decisions on investing in development activities (currently on hold), Langstane's asset management strategy and reinvestment priorities, Langstane's customer offerings and obligations under regulation, legislation and financial stability.

In general, Langstane has a relatively low level of appetite for risk which would impact its record on regulatory compliance, health and safety record, and cause reputational damage. Langstane has a higher level of risk appetite for potential new opportunities for growth.

The current key risks are identified as:

- Langstane is unable to meet its financial commitments
- Significant IT failure
- Cyber attack on Langstane's Information Assets
- Failure to deliver on the required ICT improvements
- Vulnerability of client group bring significant challenges in terms of rent arrear levels, antisocial behaviour, tenant health and safety, tenancy sustainment and increased costs
- Performance outturn is negatively impacted by the ongoing Covid-19 pandemic.

Going concern

▪ Coronavirus

In March 2020 the country went into lockdown as a response to the Covid-19 pandemic. Langstane's offices closed, staff adjusted to working remotely and services moved to emergency repairs only, otherwise the Association strived for business as usual. Throughout the year staff continued to prioritise the welfare of tenants. Whilst there were periods of localised and continued national lockdown, when practical to do so routine services were provided. Contact with those known to be isolated was prioritised and continues as required.

Financially, Langstane has closely monitored the level of rent arrears and empty properties and continues to do so. Spend on maintenance and capital investment has been delayed due to Covid-19 restrictions. Some cost savings were achieved in operating costs. A relatively small number of staff were furloughed under the Coronavirus Job Retention Scheme.

To date, Langstane has not been materially adversely affected by the pandemic. The situation continues to be monitored and the budget and 5-year projections reviewed and stress tested for potential negative impacts. There is nothing that gives rise to any issue regarding going concern.

▪ Going Concern position

The Board of Management has reviewed the results for this year and has also reviewed the financial projections for the next five years. It therefore has a reasonable expectation that Langstane 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 statements.

Langstane Housing Association

Report of the Board of Management For the year ended 31 March 2021

Board of Management

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 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 Societies Act 2014 and registered social housing legislation require the Board of Management ensure that financial statements are prepared for each financial year, which give a true and fair view of the Association's state of affairs 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 being disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is not appropriate to presume that the Association will continue in business.

The Board of Management is responsible for the keeping of proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Association. The Board of Management must ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Housing Associations Determination of Accounting Requirements contained within the act. The Scottish Housing Regulator's standards of governance and financial management for Registered Social Landlords must be followed. The Board of Management is responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Board of Management's Statement of 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; and
- the safeguarding of assets against unauthorised use or disposition.

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. Such systems can only provide reasonable, and not absolute, assurance against material financial misstatement or loss or failure to meet objectives.

Langstane Housing Association

**Report of the Board of Management
For the year ended 31 March 2021**

Board of Management's Statement of Internal Financial Control (continued)

Key elements of the Association's systems include ensuring:

- 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 the Association's assets;
- experienced and suitably qualified staff take responsibility for the important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the Senior Management Team and Board of Management to monitor key business risks, financial objectives and progress being made towards achieving the financial plans set for the year and for the medium term;
- monthly / quarterly management accounts 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 Audit and Governance Committee / Board of Management receives 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 a general review of the major risks facing the Association is undertaken; and
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal and external audit reports.

The effectiveness of the Association's system of internal financial control has been reviewed by the Board of Management for the year ended 31 March 2021. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in these financial statements or in the auditor's report on the financial statements.

By Order of the Board of Management



Lynne Macfarlan
Company Secretary

Date: 03-Sep-2021 | 6:28 AM PDT

Langstane Housing Association

Report by the Auditors to the Members of Langstane Housing Association Limited on Corporate Governance Matters

For the year ended 31 March 2021

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 11 to 12 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council through enquiry of certain members of the Board of Management and Officers of the Association and examination of relevant documents. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on pages 11 to 12 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory 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.



RSM UK Audit LLP

Statutory Auditor
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Date: 10-Sep-2021 | 9:46 AM BST

Langstane Housing Association
Independent Auditor's Report to the Members of Langstane Housing Association
For the year ended 31 March 2021

Opinion

We have audited the financial statements of Langstane Housing Association (the 'Association') for the year ended 31 March 2021 which comprise the statement of comprehensive income, statement of financial position, statement of cashflows, statement of changes in reserves and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2021 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, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 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

In auditing the financial statements, we have concluded that the Board of Management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt about the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board of Management with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Langstane Housing Association
Independent Auditor's Report to the Members of Langstane Housing Association
For the year ended 31 March 2021

Opinion on other matters under the Co-operative and Community Benefit Societies Act 2014

In our opinion, the following continued to apply throughout the year of account:

- the reason given by the Board of Management in respect of a previous year of account for subsidiaries to not be dealt with in the financial statements (having been approved by the FCA under section 99, subsection (3)); and
- the grounds given by the Board of Management for that reason.

Matters on which we are required to report by exception

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

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; 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 11, 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 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

Langstane Housing Association
Independent Auditor's Report to the Members of Langstane Housing Association
For the year ended 31 March 2021

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Association operates in and how the Association is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Housing SORP 2018, the Scottish Housing Regulator's Determination of Accounting Requirements – February 2019 and Housing (Scotland) Act 2010. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Acts 2006 and 2014 and the Scottish Housing Regulator's Regulatory Framework (published 2019). We performed audit procedures to inquire of management and those charged with governance whether the Association is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at: <https://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 Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.


RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

10-Sep-2021 | 9:46 AM BST

Langstane Housing Association
Statement of Comprehensive Income
For the year ended 31 March 2021

	Notes	2021		2020	
		£	£	£	£
TURNOVER	2.		16,304,483		15,891,425
Operating Costs	2.		(12,605,465)		(12,242,149)
(Loss)/Gain on Sale of Housing Stock	7.		<u>(76,701)</u>		<u>80,571</u>
OPERATING SURPLUS	9.		3,622,317		3,729,847
Interest Receivable and Other Income		8,128		9,421	
Interest Payable and Similar Charges	8.	(1,773,736)		(1,924,635)	
Other Finance Charges	11.	<u>2,000</u>		<u>(57,000)</u>	
			(1,763,608)		(1,972,214)
Surplus for the year			<u>1,858,709</u>		<u>1,757,633</u>
Other Comprehensive Income					
Actuarial (Losses)/ Gains on defined benefit pension plan	25.		(1,987,000)		2,202,000
TOTAL COMPREHENSIVE DEFICIT			<u>(128,291)</u>		<u>3,959,633</u>

The notes on pages 21 to 37 form part of these financial statements.

Langstane Housing Association
Statement of Financial Position
For the year ended 31 March 2021

	Notes	2021		2020	
		£	£	£	£
FIXED ASSETS					
Housing Properties	12.(a)		143,160,780		147,369,490
Other Fixed Assets	12.(b)		<u>3,404,574</u>		<u>3,395,796</u>
			146,565,354		150,765,286
INVESTMENTS					
Investments in subsidiaries	14.		<u>4</u>		<u>4</u>
CURRENT ASSETS					
Stock		14,500		14,500	
Trade and other debtors	15.	959,824		708,641	
Cash and cash equivalents		<u>2,672,903</u>		<u>3,582,950</u>	
		3,647,227		4,306,091	
CREDITORS: Amounts falling due within one year	16.	<u>(6,302,282)</u>		<u>(6,936,178)</u>	
NET CURRENT LIABILITIES			<u>(2,655,055)</u>		<u>(2,630,087)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			143,910,303		148,135,203
CREDITORS: Amounts falling due after more than one year	17.		(39,533,751)		(43,027,573)
PENSION LIABILITY					
Scottish Housing Association Pension Scheme	25.		(1,697,000)		(188,000)
DEFERRED GRANTS					
Social Housing Grants	18.	(79,149,054)		(81,207,221)	
Other Grants	18.	<u>(3,158,584)</u>		<u>(3,212,177)</u>	
			(82,307,618)		(84,419,398)
NET ASSETS			<u>20,371,934</u>		<u>20,500,232</u>
RESERVES					
Share Capital	21.		106		113
Revenue Reserves			22,068,828		20,688,119
Pension Reserve			(1,697,000)		(188,000)
			<u>20,371,934</u>		<u>20,500,232</u>

The Financial Statements were approved by the Board of Management and authorised for issue and signed on their behalf on 25 August 2021.

Chairperson



Vice Chairperson



Secretary



The notes on pages 21 to 37 form part of these financial statements.

Langstane Housing Association
Statement of Cashflows
For the year ended 31 March 2021

	Notes	2021		2020	
		£	£	£	£
Net Cash Inflow from Operating Activities	19.		4,577,083		5,213,457
Investing Activities					
Acquisition and Construction of Properties		(55,691)		(1,002,352)	
Purchase of Other Fixed Assets		(153,662)		(93,887)	
Proceeds on Disposal of Properties		90,920		136,000	
Net Cash Outflow from Investing Activities			(118,433)		(960,239)
Financing Activities					
Interest Received on Cash and Cash Equivalents		8,129		9,421	
Interest Paid on Loans		(1,692,514)		(1,924,635)	
Loan Principal Repayments		(3,657,593)		(1,777,038)	
Other Finance Repayments		(26,719)		(25,265)	
Share Capital Issued		-		10	
Net Cash Outflow from Financing			<u>(5,368,697)</u>		<u>(3,717,507)</u>
(Decrease) / Increase in Cash			(910,047)		535,711
Opening Cash & Cash Equivalents			3,582,950		3,047,239
Closing Cash & Cash Equivalents	20.		<u>2,672,903</u>		<u>3,582,950</u>
Cash and Cash equivalents as at 31 March					
Cash			2,672,903		3,582,950
			<u>2,672,903</u>		<u>3,582,950</u>

The notes on pages 21 to 37 form part of these financial statements.

Langstane Housing Association
Statement of Changes in Reserves
For the year ended 31 March 2021

	Share Capital £	Pension Reserve £	Revenue Reserves £	Total £
Balance as at 1st April 2019	103	(2,656,000)	19,196,486	16,540,589
Issue of Shares	10	-	-	10
Cancellation of Shares	-	-	-	-
Other comprehensive income - pension scheme	-	2,202,000	-	2,202,000
Statement of comprehensive income - pension scheme	-	266,000	(266,000)	-
Surplus for Year	-	-	1,757,633	1,757,633
Balance as at 31st March 2020	113	(188,000)	20,688,119	20,500,232
Balance as at 1st April 2020	113	(188,000)	20,688,119	20,500,232
Cancellation of Shares	(7)	-	-	(7)
Other comprehensive income – pension scheme	-	(1,987,000)	-	(1,987,000)
Statement of comprehensive income – pension scheme	-	478,000	(478,000)	-
Surplus for Year	-	-	1,858,709	1,858,709
Balance as at 31st March 2021	106	(1,697,000)	22,068,828	20,371,934

The notes on pages 21 to 37 form part of these financial statements.

Langstane Housing Association

Notes to the Financial Statements For the year ended 31 March 2021

1. PRINCIPAL ACCOUNTING POLICIES

Legal Status

Langstane Housing Association Limited is a Registered Social Landlord incorporated under the Co-operative and Community Benefit Societies Act 2014. It is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010 and is a Scottish Charity. Langstane Housing Association Limited meets the definition of a Public Benefit Entity. Details of the registered office are provided on page 1.

The principal activity of the Association is the provision of social housing and associated housing management and property maintenance services.

Basis of Preparation

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Determination of Accounting Requirements 2019, and under the historical cost convention. There are no instruments at fair value.

These statements are presented in £'s Sterling, unless otherwise stated.

Going Concern

The Board of Management consider that it is appropriate to prepare the financial statements on the going concern basis. The Board of Management has reviewed the budgets and cashflow projections as part of the annual budget discussion for 2020-21, the development and approval of the three-year business plan and the submission to the Scottish Housing Regulator of the five-year financial projections. The Board has also taken account of the impact of COVID 19 by reviewing sensitivity analysis undertaken by management which includes updated forecasts, cashflow projections and stress testing of cashflow and loan covenants. The Board are satisfied that there is no significant long-term impact on the Association's financial position and no material uncertainties have been identified at this time. On that basis, the Board of Management has a reasonable expectation that the Association has adequate resources to continue for the foreseeable future and that it continues to be appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Key Judgements and Estimates

Preparation of the financial statements requires management to make significant judgements and estimates concerning the future. Judgements and estimates are based on experience, advice from experts and other factors. The resulting accounting may not equal the eventual results. The items in the financial statements where such judgements and estimates have been made are disclosed below.

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 Instruments

The Association's loans from its funders are judged by management to be basic financial instruments under the definition in FRS 102 and are accounted for under the amortised cost method as detailed below. This includes loans with break clauses.

d) 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.

Langstane Housing Association

Notes to the Financial Statements (continued)

For the year ended 31 March 2021

1. PRINCIPAL ACCOUNTING POLICIES (continued)

e) 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. The useful lives are revisited at each reporting date.

f) Defined benefit pension liability

Management's estimate of the defined benefit pension obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the obligation and the annual defined benefit expenses.

g) Classification on gain on disposal of housing properties

Gains or losses on disposal of housing properties are deemed to be part of the operating activities of the Association.

Turnover

Turnover represents rental and service charge income receivable (net of voids), grants receivable from Government and non-government sources, Government grants released from deferred income and sales of housing, comprising first tranche sales of shared ownership properties.

Rental and service charge income is recognised from the date that the property is let. Income from first tranche sales of shared ownership properties is recognised on legal completion of the sales transaction. Grants are covered below.

Operating Surplus / (Deficit)

The operating surplus / (deficit) represents the difference between revenue and expenditure from normal business activity before taking account of any interest or similar charges payable on financial borrowings. Annual operating surpluses can be the result of events or circumstances which occur in a particular fiscal year which may not be anticipated to happen in future years. Generally, the Association forecasts an annual operating surplus which is used for investment in its housing stock.

Housing Association Grant and Other Grants

Housing Association Grant (HAG) is paid directly to the Association as required to meet its liabilities during the development process. Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset and, where applicable, the individual components of the structure (excluding land) under the accruals model. These are held as deferred capital grants.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, then any unamortised grant remaining is derecognised as a liability and recognised as income. Where there is a requirement to repay a grant, a liability is included in the Statement of Financial Position to recognise this obligation.

Other grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

Retirement Benefits

The Association participates in the Scottish Housing Association Defined Benefits Pension Scheme where retirement benefits to employees of the Association are funded by 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 as a whole. The Association accounts for this Scheme as a defined benefit pension scheme in accordance with FRS102.

Langstane Housing Association**Notes to the Financial Statements (continued)
For the year ended 31 March 2021****1. PRINCIPAL ACCOUNTING POLICIES (continued)****Tangible Fixed Assets – Housing Properties**

Housing properties are properties for the provision of social housing or to otherwise provide social benefit. Housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, development expenditure and interest charged on the funds used to finance housing projects in the development period up to practical completion. Assets under Construction are not depreciated.

Works to existing properties will generally be capitalised under the following circumstances: where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed asset in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property. Works to existing properties which fail to meet the above criteria are charged to operating costs within the Statement of Comprehensive Income.

The major components of housing properties are summarised below. Each component has a substantially different economic life and is depreciated over this individual life. Depreciation rates are shown below.

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

Impairment

Reviews for impairment indicators of housing properties are carried out on an annual basis and any resultant impairment in an income generating unit is recognised by a charge to the Statement of Comprehensive Income. Indicators of impairment can be: contamination of land; a change in government policy that has a material impact on the net income; a change in demand with a material increase in the level of voids; impact of material change in market valuation or obsolescence of a property. If there is an indication of impairment, an impairment review is undertaken whereby the carrying amount of the asset is compared to the recoverable amount. If the recoverable amount is lower than the carrying value, the Association will record impairment. The recoverable amount is the higher of value in use of the asset, based on its service potential, and fair value less costs to sell.

Depreciation and Impairment – 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:-

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

Langstane Housing Association

Notes to the Financial Statements (continued)

For the year ended 31 March 2021

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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

Sales of Housing Properties

Langstane has developed properties for sale on a shared ownership basis, which allows prospective home owners to purchase initial tranches at market value. After one year the sharing owner may increase his/her share of ownership. The apportioned cost of the initial tranche is recorded as a current asset with the remaining balance held as a tangible fixed asset. The sale of initial tranches is accounted for through income, where sales proceeds are shown in turnover and the appropriate proportion of the cost of the property sold charged to cost of sale. Sales of subsequent tranches are accounted as disposals of tangible fixed assets.

Any grants received that cannot be repaid from the proceeds of sale are abated and credited to income.

Disposals of housing property within operating surplus are treated as a non-current asset disposal and any gain or loss on disposal accounted for within operating surplus.

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.

Investment in Subsidiaries

The Association's investment in its subsidiary companies are accounted for at cost less any impairment.

Taxation

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

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 has been transferred to the third party.

Stock

Stock of maintenance materials have been valued at lower of cost and net realisable value. Cost is defined as supplier invoice price.

Financial Instruments

The Association has elected to apply the provisions of Section 11 "Basic Financial Instruments" and section 12 "Other Financial Instruments Issues" of FRS102, in full, to all of its financial instruments. Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument, and are offset only when the Association currently has a legal enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial Assets – Trade and Other Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade and Other debtors are subsequently measured at amortised cost being the transaction price less any amounts settled and any impairment losses. Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments, discounted at a market rate of interest for a similar debt instrument. A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract.

Langstane Housing Association

**Notes to the Financial Statements (continued)
For the year ended 31 March 2021**

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Financial Liabilities – Trade and Other Creditors

Trade and Other creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Commitments to receive a loan are measured at cost less impairment.

Cash and Cash Equivalents

Cash and cash equivalents include cash at bank and in hand and short term deposits maturing within one year.

Langstane Housing Association
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT

	Notes	Turnover £	Operating costs £	Gain on sale of housing stock £	2021 Operating Surplus / (Deficit) £	2020 Operating Surplus / (Deficit) £
Affordable letting activities	3.	15,780,280	(12,096,030)	(76,701)	3,607,549	3,623,176
Other activities	4.	524,203	(509,435)	-	14,768	106,671
		<u>16,304,483</u>	<u>(12,605,465)</u>	<u>(76,701)</u>	<u>3,622,317</u>	<u>3,729,847</u>

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

	General Needs Housing £	Supported Hostels £	Shared ownership £	2021 Total £	2020 Total £
Revenue from Lettings					
Rent Receivable Net of Service Charges	12,845,846	214,117	140,134	13,200,097	12,659,624
Service Charges	<u>607,943</u>	<u>3,518</u>	<u>17,478</u>	<u>628,939</u>	<u>719,519</u>
Gross income from rent and service charges	13,453,789	217,635	157,612	13,829,036	13,379,143
Less: Rent losses from voids	<u>(255,040)</u>	-	-	<u>(255,040)</u>	<u>(147,189)</u>
	13,198,749	217,635	157,612	13,573,996	13,231,954
Net Rents Receivable					
Grants released from deferred income	2,110,158	-	-	2,110,158	2,108,536
Rechargeable Repairs	<u>96,126</u>	-	-	<u>96,126</u>	<u>147,407</u>
Total turnover from affordable letting activities	15,405,033	217,635	157,612	15,780,280	15,487,897
Expenditure on affordable letting activities					
Management and maintenance administration costs	3,305,686	6,783	30,473	3,342,942	3,274,415
Service Costs	661,607	7,230	-	668,837	676,296
Planned and cyclical maintenance, including major repairs	2,619,503	55,517	-	2,675,020	2,076,086
Reactive maintenance costs	1,653,126	20,800	-	1,673,926	1,870,785
Rechargeable Repairs	32,846	-	-	32,846	182,182
Bad Debts - rents and service charges	122,959	-	8,525	131,484	301,211
Depreciation of affordable let properties	<u>3,570,975</u>	-	-	<u>3,570,975</u>	<u>3,564,317</u>
Operating costs of affordable letting activities	11,966,702	90,330	38,998	12,096,030	11,945,292
(Loss) / Gain on sale of housing stock	(76,701)	-	-	(76,701)	80,571
Operating surplus on affordable letting activities	<u>3,361,630</u>	<u>127,305</u>	<u>118,614</u>	<u>3,607,549</u>	<u>3,623,176</u>

Langstane Housing Association
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

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

	Grants from Scottish Ministers	Operating Other Income	Total Turnover	Operating Costs Other	Surplus / (Deficit) 2021	Surplus / (Deficit) 2020
	£	£	£	£	£	£
Wider Role Activities	-	29,054	29,054	29,053	1	(28,051)
Commercial leases	-	75,927	75,927	51,204	24,723	28,885
Managed Associations	-	-	-	8,564	(8,564)	(9,294)
Development administration	4,042	-	4,042	-	4,042	(92,641)
Coronavirus Job Retention Scheme	-	134,768	134,768	-	134,768	-
Other activities	-	29,945	29,945	-	29,945	14,655
Charitable donations	-	1,151	1,151	350	801	3,917
Rechargeable Repair - Bad Debts	-	-	-	27,950	(27,950)	-
Impairment – development site costs	-	-	-	341,583	(341,583)	-
Mid Market Rent income	-	241,108	241,108	50,731	190,377	181,316
Management charge from subsidiaries	-	8,208	8,208	-	8,208	8,214
Total from Other Activities	4,042	520,161	524,203	509,435	14,768	106,671

5. KEY MANAGEMENT PERSONNEL

Key management personnel are defined as members of the Board, the Chief Executive and the Directors as noted on page 1.

	2021 £	2020 £
Aggregate Emoluments payable to Key Management Personnel (excluding Pension Contributions)	£295,794	£218,250
Pension contributions made on behalf of Key Management Personnel	£51,219	£19,653
Emoluments paid to Key Management Personnel	£347,013	£237,903
Emoluments payable to Chief Executive (excluding pension contributions)	£89,751	£85,959
Pension contributions made on behalf of Chief Executive	£17,697	£10,624
Emoluments paid to Chief Executive	£107,448	£96,583

Board of Management members received £509 (2020: £3,687) in the year by way of reimbursement of expenses. No remuneration is paid to Board of Management members in respect of their duties in the Association.

The number of Key Management Personnel, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

	Number 2021	Number 2020
£60,001 to £70,000	3	2
£80,001 to £90,000	1	1

Langstane Housing Association
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

6. EMPLOYEE INFORMATION	Number	Number
The average monthly number of full-time equivalent persons employed during the year was:	<u>70</u>	<u>69</u>
The average total number of Employees employed during the year was	<u>82</u>	<u>81</u>
Staff Costs were:	£	£
Wages and Salaries	2,326,581	2,282,354
Social Security Costs	227,035	220,221
Other Pension Costs	312,305	238,172
Temporary, Agency and Seconded Staff	-	24,616
	<u>2,865,921</u>	<u>2,765,363</u>
7. GAIN ON SALE OF HOUSING STOCK	2021	2020
	£	£
Sales Proceeds	100,000	136,000
Carrying value of assets disposed	(176,701)	(55,429)
(Loss) / Gain on Sale of Housing Stock	<u>(76,701)</u>	<u>80,571</u>
8. INTEREST PAYABLE & SIMILAR CHARGES	2021	2020
	£	£
On Bank Loans & Overdrafts	1,786,571	1,926,816
On Other Loans	<u>2,273</u>	<u>13,438</u>
	1,788,844	1,940,254
Less: Interest Capitalised	<u>(15,108)</u>	<u>(15,619)</u>
	<u>1,773,736</u>	<u>1,924,635</u>

Interest capitalised was incurred at 4.16% (2020: 4.3%)

Langstane Housing Association
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

9. OPERATING SURPLUS

	2021	2020
	£	£
Operating Surplus is stated after charging/(crediting):-		
Depreciation - Tangible Owned Fixed Assets	3,701,556	3,720,015
Auditors' Remuneration - Audit Services	17,200	21,500
Auditors' Remuneration - Other Services	-	5,800
Loss / (Gain) on sale of fixed assets	<u>76,701</u>	<u>(80,571)</u>

10. TAX ON OPERATING 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

	2021	2020
	£	£
Net Interest on pension obligation	(2,000)	57,000
	<u>(2,000)</u>	<u>57,000</u>

Langstane Housing Association**Notes to the Financial Statements (continued)
For the year ended 31 March 2021****12. FIXED ASSETS**

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Lead Tenancies Held for Letting £	Shared Ownership Held for Letting £	Total £
COST					
As at 1st April 2020	193,970,837	2,447,638	416,937	1,974,175	198,809,587
Additions	55,691	15,108	-	-	70,799
Disposals	(510,619)	-	-	-	(510,619)
Impairment	-	(341,583)	-	-	(341,583)
Transfers	1,051,757	(1,051,757)	-	-	-
As at 31st March 2021	194,567,666	1,069,406	416,937	1,974,175	198,028,184
DEPRECIATION					
As at 1st April 2020	51,193,250	-	29,667	217,180	51,440,097
Charge for Year	3,486,967	-	11,126	72,882	3,570,975
Disposals	(143,668)	-	-	-	(143,668)
As at 31st March 2021	54,536,549	-	40,793	290,062	54,867,404
NET BOOK VALUE					
As at 31st March 2021	140,031,117	1,069,406	376,144	1,684,113	143,160,780
As at 31st March 2020	142,777,587	1,410,989	387,270	1,756,995	147,369,490

Additions to housing properties includes capitalised development administration costs of £nil (2020: £nil) and capitalised major repair costs to existing properties of £nil (2020: £nil).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £3,734,562 (2020: £4,982,160). The amount capitalised is £70,799 (2020: £871,398) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £70,799 (2020: £871,398) and improvements of £nil (2020: £nil).

The Association's Lenders have standard securities over Housing Property with a carrying value of £91,680,394 (2020: £93,830,924).

b) Other Tangible Assets	Furniture, Fittings & Equipment £	Office Premises £	Commercial Property £	Motor Vehicles £	Total £
COST					
As at 1st April 2020	1,290,405	3,480,434	1,279,705	157,263	6,207,807
Additions	153,662	-	-	-	153,662
Disposals	(2,220)	-	-	-	(2,220)
As at 31st March 2021	1,441,847	3,480,434	1,279,705	157,263	6,359,249
AGGREGATE DEPRECIATION					
As at 1st April 2020	1,191,552	828,455	691,469	100,535	2,812,011
Charge for year	44,555	62,160	18,884	17,065	142,664
As at 31st March 2021	1,236,107	890,615	710,353	117,600	2,954,675
NET BOOK VALUE					
As at 31st March 2021	205,740	2,589,819	569,352	39,663	3,404,574
As at 31st March 2020	98,853	2,651,979	588,236	56,728	3,395,796

The net book value of assets held under finance lease amounts to £126,251 (2020: £134,110).

Langstane Housing Association**Notes to the Financial Statements (continued)
For the year ended 31 March 2021****13. COMMITMENTS UNDER OPERATING LEASES**

At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-

	2021 £	2020 £
Land and Buildings		
Not later than one year	38,179	36,168
Later than one year and not later than five years	<u>108,631</u>	<u>142,413</u>
Other		
Not later than one year	1,182	4,728
Later than one year and not later than five years	<u>-</u>	<u>1,182</u>

14. INVESTMENTS

	2021 £	2020 £
Investments	<u>4</u>	<u>4</u>

Details of the Association's subsidiaries at 31 March 2021 are as follows:

Name of undertaking	Registered Office	Nature of business	Class of shares held	Direct % Held
Langstane Developments Limited	680 King Street, Aberdeen, AB24 1SL	Dormant	Ordinary	100
Langstane Maintenance Limited	As above	Dormant	Ordinary	100
Langstane Property Limited	As above	Provision of rented accommodation	Ordinary	100
Stockethill Homes Limited	As above	Dormant	Ordinary	100

15. RECEIVABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Arrears of Rent & Service Charges	2,010,381	2,066,426
Less: Provision for Doubtful Debts	<u>(1,684,174)</u>	<u>(1,711,962)</u>
	326,207	354,464
Other Receivables	591,958	354,177
Amounts owed from group undertakings	<u>41,659</u>	<u>-</u>
	<u>959,824</u>	<u>708,641</u>

Langstane Housing Association**Notes to the Financial Statements (continued)
For the year ended 31 March 2021**

16. PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR	2021	2020
	£	£
Finance Leases	25,544	25,729
Housing Loans (note 18)	1,882,982	2,073,287
Trade Payables	460,723	987,546
Rent in Advance	218,193	175,254
Social Housing and Other Grants (note 18)	2,110,158	2,108,536
Other Taxation and Social Security	140,050	135,111
Amounts Due to Group Undertakings	-	-
Other Payables	17,158	428,134
Accruals and deferred income	1,447,474	1,002,581
	<u>6,302,282</u>	<u>6,936,178</u>

At the balance sheet date there were pension contributions outstanding of £81,331 (2020: £76,542).

17. PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR	2021	2020
	£	£
Finance Lease	302	26,836
Housing Loans	39,533,449	43,000,737
	<u>39,533,751</u>	<u>43,027,573</u>
Housing Loans		
Amounts due within one year	1,882,982	2,073,287
Amounts due in one year or more but less than two years	1,882,982	2,073,287
Amounts due in two years or more but less than five years	21,815,613	23,720,760
Amounts due in more than five years	15,834,854	17,206,690
	<u>41,416,431</u>	<u>45,074,024</u>
Less: Amount shown in Current Liabilities (note 16)	<u>(1,882,982)</u>	<u>(2,073,287)</u>
	<u>39,533,449</u>	<u>43,000,737</u>
Finance Lease		
Amounts due within one year	25,544	25,729
Amounts due in one year or more but less than two years	302	26,836
	<u>25,846</u>	<u>52,565</u>
Less: Amount shown in Current Liabilities	<u>(25,544)</u>	<u>(25,729)</u>
	<u>302</u>	<u>26,836</u>

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

Lender	Security	Effective interest rate	Maturity	Variable/fixed
Lloyds Bank PLC	Standard Security over 1335 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	1.2%	2023	Variable

The Bank of Scotland finance constitutes a revolving credit facility which is repayable in one instalment due in 2023. The remaining borrowings are repayable on a quarterly, six monthly or annual basis with the principal being amortised over the terms of the loan.

Langstane Housing Association**Notes to the Financial Statements (continued)
For the year ended 31 March 2021**

18. DEFERRED GRANTS	2021	2020
	£	£
Social Housing Grants		
Balance as at 1st April 2020	83,262,144	85,336,030
Additions	-	-
Released / Repaid as the result of property disposal	-	(18,963)
Amortisation in year	(2,056,545)	(2,054,923)
Balance as at 31st March 2021	<u>81,205,599</u>	<u>83,262,144</u>
Other Grants		
Balance as at 1st April 2020	3,265,790	3,319,403
Amortisation in year	(53,613)	(53,613)
Balance as at 31st March 2021	<u>3,212,177</u>	<u>3,265,790</u>

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

	2021	2020
	£	£
Amounts due within one year	2,110,158	2,108,536
Amounts due in one year or more	82,307,618	84,419,398
	<u>84,417,776</u>	<u>86,527,934</u>

19. STATEMENT OF CASH FLOWS	2021	2020
	£	£
Reconciliation of operating surplus		
Operating Surplus	3,622,317	3,729,847
Adjustment to SOCI – non-cash items	122,295	-
Depreciation	3,676,411	3,720,015
Loss / (Gain) on sale of housing stock	76,701	(80,571)
Amortisation of Capital Grants	(2,110,158)	(2,108,536)
Change in stocks	-	-
Impairment to development site	341,583	-
Change in debtors	(251,183)	366,455
Change in creditors	(443,546)	134,637
Unwinding of Discount on Pension Liability	(457,329)	(548,390)
Share Capital Written Off	(8)	-
Balance as at 31st March 2021	<u>4,577,083</u>	<u>5,213,457</u>

Langstane Housing Association**Notes to the Financial Statements (continued)
For the year ended 31 March 2021****20. CASH FLOW - NET DEBT ANALYSIS**

	1 April 2020	Cash Flows	31 March 2021
	£	£	£
Analysis of changes in net funds			
Cash and cash equivalents			
Cash at bank and in hand	3,582,950	(910,047)	2,672,903
Borrowings			
Debt due within one year	(2,073,287)	190,305	(1,882,982)
Debt due after one year	(43,000,737)	3,467,288	(39,533,449)
	(45,074,024)	3,657,593	(41,416,431)
Total	<u>(41,491,074)</u>	<u>2,747,546</u>	<u>(38,743,528)</u>

21. SHARE CAPITAL

	2021	2020
	£	£
Shares of £1 each Issued and Fully Paid		
At 1st April	113	103
Issued in year	-	10
Cancelled in year	(7)	-
At 31st March 2021	<u>106</u>	<u>113</u>

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.

22. HOUSING STOCK

	2021	2020
	No.	No.
The number of units of accommodation in management at the year end was:-		
General Needs	2886	2,886
Hostels (bed spaces)	76	76
Lead Tenancies	14	14
Shared Ownership	59	59
	<u>3,035</u>	<u>3,035</u>

Housing Units owned by the Association and leased to another body:

	2021	2020
	No.	No.
Name of Organisation		
Langstane Property Limited	<u>41</u>	<u>41</u>

Langstane Housing Association**Notes to the Financial Statements (continued)
For the year ended 31 March 2021****23. RELATED PARTY TRANSACTIONS**

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

Those members that 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.

Any transactions between the Association and any entity with which a Governing Body Member has a connection with is made at arm's length and is under normal commercial terms.

	2021 £	2020 £
Transactions with Board of management (and their close family) were as follows:	<u>9,330</u>	<u>9,037</u>
Rent received from Tenants on the Board of management (and their close family):	<u>688</u>	<u>261</u>
At the year end total rent arrears owed by the tenant members of the Board of Management (and their close family):	<u>1</u>	<u>1</u>

24. CONTINGENT LIABILITIES

Langstane Housing Association participates in the Scottish Housing Association Pension Scheme (the Scheme). 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.

25. RETIREMENT BENEFIT OBLIGATIONS**Scottish Housing Association Pension Scheme**

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme. 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 last formal valuation of the Scheme was performed as at 30th September 2018 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £877m. The valuation revealed a shortfall of assets compared with the value of liabilities of £121m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions towards the past service deficit.

All employers in the Scheme have entered into an agreement to make additional contributions to fund the Scheme's past service deficit. For the year ended 31 March 2021, sufficient information is available for the Association in respect of SHAPS to account for its obligation on a defined benefit basis. Under the defined benefit pension accounting approach, the SHAPS net deficit as at 31 March 2021 is £1,697,000 (2020: £188,000). At the balance sheet date the present value of this obligation was £18,806,000 (2020: £15,655,000). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of high-quality corporate bond with a similar term. The discount rate used was 2.17% (2020: 2.38%).

The Association made payments totaling £679,053 (2020: £660,000) to the Scheme during the year.

Langstane Housing Association**Notes to the Financial Statements (continued)****For the year ended 31 March 2021****25. RETIREMENT BENEFIT OBLIGATIONS (continued)**

Assumptions as at:	2021 % p.a.	2020 % p.a.
Salary increases	3.86	2.62
Inflation (RPI)	3.28	2.62
Inflation (CPI)	2.86	1.62
Discount rate	2.17	2.38
Allowance for commutation for cash at retirement	75%	75%
	2021 No.	2020 No.
Employee members	33	41
Deferred pensioners	50	47
Pensioners	<u>55</u>	<u>52</u>
	<u>138</u>	<u>140</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 as summarised below:

	Males (Years)	Females (Years)
Current Pensioners	21.5	23.4
Future Pensioners	22.8	25.0

Fair value of scheme assets by category	2021 £000	2020 £000
Growth Assets	9,931	8,309
Matching Plus	2,929	2,772
Liability Driven Investment	4,122	4,269
Net Current Assets	<u>127</u>	<u>117</u>
	<u>17,109</u>	<u>15,467</u>

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

Net Pension Liability	2021 £000	2020 £000
Fair value of employer's assets	17,109	15,467
Present value of scheme liabilities	<u>(18,806)</u>	<u>(15,655)</u>
	<u>(1,697)</u>	<u>(188)</u>

Langstane Housing Association**Notes to the Financial Statements (continued)
For the year ended 31 March 2021**

25. RETIREMENT BENEFIT OBLIGATIONS (continued)	2021	2020
Reconciliation of fair value of employer assets	£000	£000
Opening fair value of employer assets	15,467	14,433
Interest income	372	338
Contributions by Members	136	156
Contributions by the Employer	679	660
Experience on plan assets (excluding amounts included in interest income)	953	247
Estimated Benefits Paid	<u>(498)</u>	<u>(367)</u>
Closing fair value	<u>17,109</u>	<u>15,467</u>
The actual return on plan assets (including any changes in share of assets) over the period to 31 March 2021 was £1,325,000 (2020: £585,000).		
Reconciliation of defined benefit obligations	2021	2020
	£000	£000
Current Service Cost	15,655	17,089
Current Service Cost Expenses	188	322
Expenses	15	15
Interest expense	370	395
Contributions by members	136	156
Actuarial Losses (gains) due to scheme experience	(168)	27
Actuarial Losses (gains) due to changes in demographic assumptions	-	(106)
Actuarial Losses (gains) due to changes in financial assumptions	3,108	(1,876)
Benefits paid and expenses	<u>(498)</u>	<u>(367)</u>
Closing defined benefit obligation	<u>18,806</u>	<u>15,655</u>
Analysis of amount charged to the Statement of Comprehensive Income	2021	2020
	£000	£000
Charged to operating costs:		
Service cost	188	322
Expenses	15	15
Net interest expense	<u>(2)</u>	<u>57</u>
Net Charge to the Statement of Comprehensive Income	<u>201</u>	<u>394</u>
Actuarial Gain / (Loss) recognised in other comprehensive income	2021	2020
	£000	£000
Experience on plan assets (excluding amounts included in net interest cost) – gain (loss)	953	247
Experience gains and losses arising on the plan liabilities – gain (loss)	168	(27)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	-	106
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	<u>(3,108)</u>	<u>1,876</u>
	<u>(1,987)</u>	<u>2,202</u>