

**LINK GROUP LIMITED**



**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**Registered Society and Financial Conduct Authority  
Registration No: 1481R(S)**

**Scottish Charity No: SC001026**

**The Scottish Housing Regulator No: HAL 148**

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**LINK GROUP LIMITED****BOARD OF MANAGEMENT, DIRECTORS, AND ADVISORS**

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**BOARD OF MANAGEMENT**

P Woodburn (Chair) (Appointed July 2022)	P Pyke (Co-opted September 2022)	D Mackie
R Martin (Resigned September 2022)	J Bros Williamson (Appointed May 2023)	P Kerr
A Smith (Vice Chair)	M Lightbody (Appointed May 2023)	C Allan
P Biberbach (Resigned September 2022)	M Leslie (Appointed May 2023)	S Blackhall
J Pritchard (Resigned September 2022)	Gerry Boyle (Co-opted July 2023)	I Dickson
R McDougall (co-opted November 2022)	C Cuthbertson	
Stuart Heatley (appointed July 2023)	David Bittleston (resigned June 2023)	

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**CHIEF EXECUTIVE AND DIRECTORS**

Group Chief Executive Officer	J Turner
Group Director of Corporate Services/Company Secretary	J N Hall
Group Director of Communities	S Smith
Group Commercial Director	C Culross
Link Group Director of People and Governance	H Bayne
Link Group Director of Finance and Business Services	N Pollard
Director of Sustainability and Asset Management	G Bruce
Director of Digital Services	K Fox

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**AUDITOR**

RSM UK Audit LLP  
Third Floor  
2 Semple Street  
Edinburgh  
EH3 8BL

**BANKER**

Bank of Scotland  
75 George Street  
Edinburgh  
EH2 3EW

**SOLICITOR**

Burness Paull  
50 Lothian Road  
Festival Square  
Edinburgh  
EH3 9WJ

Harper Macleod LLP  
45 Gordon Street  
Glasgow  
G1 3PE

**INTERNAL AUDITOR**

Azets  
25 Bothwell Street  
Glasgow  
G2 6NL

**FUNDERS**

Royal Bank of Scotland  
M&G Investments  
Allia Social Impact  
Investments

Bank of Scotland  
Canada Life  
Scottish Widows

Santander Corporate Banking  
MetLife

**REGISTERED OFFICE**

Link House  
2C New Mart Road  
Edinburgh  
EH14 1RL

**WEB SITE**

[www.linkhousing.org.uk](http://www.linkhousing.org.uk)

**E-MAIL**

[linkhousing@linkhousing.org.uk](mailto:linkhousing@linkhousing.org.uk)

## LINK GROUP LIMITED

### REPORT FOR THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023

The Board presents its report and the consolidated Group financial statements for the year ended 31 March 2023. The report includes the Strategic report requirements and disclosures as set out in the Housing 2018 - Statement of Recommended Practice for Registered Social Housing Providers (SORP).

#### Principal activity

The principal activities of the Link Group of companies (The Group) are to provide housing to those in need, property management and maintenance services to meet a range of housing needs. The Group provides support and care to those in need as well as training and development services. The Group also provides property management and maintenance services to a significant number of private owners and sharing owners under factored services.

#### Group Structure

Link Group Limited (Link) is the parent company in the Group, which comprises of five Registered Social Landlords (RSLs) one Charity (Charity), two dormant (Dormant) and three commercial (Commercial) subsidiaries.

Link Group Limited (Link), Horizon Housing Association Limited (Horizon), Larkfield Housing Association Limited (Larkfield) and West Highland Housing Association Limited (West Highland) (all of which have charitable status) and Link Housing Association Limited (LHA) which does not have charitable status are the five RSL entities within the Group. As RSLs, Larkfield Housing Association, Horizon Housing Association, and West Highland Housing Association have retained their assets, names, and identities. Link Housing Association Limited manages Link Group Limited's housing assets but has no assets of its own.

#### Consolidating Subsidiaries

- Link Housing Association Limited (RSL)
- Horizon Housing Association Limited (RSL)
- Larkfield Housing Association Limited (RSL)
- West Highland Housing Association Limited (RSL) and its subsidiary West Highland Futures Limited
- Link Living Limited (Charity)
- C~urb 6 Limited (Commercial)
- Weslo Initiatives Limited (Commercial) (The accounts are prepared on the basis this entity is being wound up)

In addition, there were the following companies in the Group,

- Link Homes (2001) Limited (Commercial) (dissolved 6 June 2023)
- Linkwide (Dormant) (dissolved 12 April 2022)
- Link Energy Limited (Dormant) (dissolved 12 April 2022)

The results of all the RSLs and partners are included in these financial statements and reflected in the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Financial Position. The purposes and constitutions of the partners are included in Note 14 to the financial statements.

Link Housing Association Limited converted from a company limited by shares to a Cooperative and Community Benefit Society on the 17 of January 2022, and obtained RSL status on 17<sup>th</sup> January 2022. This is part of a wider group re-structure and will better reflect the company's role within the group.

Each RSL partner is wholly controlled by Link and has entered into an Intra-Group Agreement with Link which sets out the respective roles and responsibilities of each party. The agreement confirms the processes and procedures each party will conform to and the basis upon which services will be provided is contained in service level agreements. Link has the power to appoint the majority of the management committee members and the circumstances where Link would exercise that power are dealt with in the agreements.

All other members of the Group are wholly controlled subsidiaries of Link, and it appoints the Board members of subsidiary companies on the recommendation of the subsidiary company's Board. Some Link Group Board members are also members of subsidiary boards.



## LINK GROUP LIMITED

### REPORT FOR THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023 (Continued)

The consolidated financial statements of the Group reflect the results of all Link partner and subsidiary companies as well as separately disclosing the results of Link itself.

#### Group Strategy and Objectives

The Link Board sets strategic objectives, based upon three key themes from its mission statement. On an annual basis the themes and the objectives which flow from them are reviewed and updated:

Link has also committed itself to objectives which deliver sustainable outcomes for the future and to meet the Scottish and UK Government as well as the United Nations climate goals. The strategy focuses on 3 key themes, People and Communities, Building Success, and Corporate Well Being. These themes are rooted in operational environmental sustainability targets and objectives to reach carbon net zero within a framework.

- **Supporting People and Communities**
- **Building Success**
- **Ensuring Corporate Wellbeing**

Link provides a diverse range of services to tenants and service users and is active in 22 of Scotland's local authority areas. The Link Board recognises, and values, the specialist expertise that the partner organisations contribute. In developing the overarching strategic direction for the Group an important point of principle is to ensure that the framework is one which resonates across all the organisations and is dynamic enough to allow individual partners to adapt strategic plans reflecting local priorities.

#### Operating Performance

Link monitors Group performance through comparisons against budgets, financial plans and forecasts, along with comparisons against its peers and other RSLs which form part of the Scottish Housing Network Benchmarking Group using Scottish Housing Regulator (SHR) data. The Board is satisfied that Link is performing strongly compared to other housing providers and is achieving high quality outcomes when compared across the sector. In addition, the Board monitors Link's financial and operating performance against key targets in Link's business plan and is confident that not only is Link performing well operationally but also is more than comfortably achieving lending covenants, reflecting high quality financial performance.

All five RSLs complete Five-Year Financial Plans, Loan Portfolio and Annual Accounts returns to the SHR. The RSLs also provide copies of their business plans and long-term financial forecasts where required by the SHR Annual Regulation Plans. The borrowers in the Group, which are Link Group Limited, West Highland Housing Association and Horizon Housing Association also provide quarterly financial performance information to lenders along with business plans to ensure compliance with all loan agreement terms and covenants.

Link's Group Leadership Team receive monthly financial performance reports and the Link Board receives quarterly financial performance reports along with quarterly Key Performance indicators from all the partners and it scrutinises the performance of each area of the Group. All five RSLs complete Annual Returns on the Charter (ARC) to the SHR which are approved by their respective Boards and the information is published so that tenants can see how individual RSLs compare across a wide range of indicators.

The ARC contains a complete range of indicators which allow tenants to compare their landlord with others and compare against the Scottish average. Link, in the view of the Board, compares favourably over most indicators whilst recognising that there is always scope for improvement. The following indicators reflect some of the performance by Link.

**LINK GROUP LIMITED****REPORT FOR THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023 (Continued)**

<b>Performance Indicator</b>	<b>Link Group 2020/21</b>	<b>Link Group 2021/22</b>	<b>Link Group 2022/23</b>
Percentage of tenants who feel landlord is good at keeping them informed about services and decisions	94.27%	94.27%	91.87%
Percentage of tenants satisfied with the opportunities to participate in the landlord's decision making	89.97%	89.97%	92.87%
Percentage of tenants satisfied with overall service provided by landlord	89.50%	89.50%	84.79%
Percentage of properties meeting SHQS* year end	97.25%	60.62%	84.68%
Percentage of tenants satisfied with quality of home	88.28%	88.28%	87.68%
Average hours to complete emergency repairs	5.44 hrs	4.13 hrs	3.15 hrs
Percentage of tenants satisfied with repairs service	86.31%	90.34%	83.44%
Percentage of tenants who feel rent for their property represents good value for money	76.43%	76.43%	82.49%
Percentage collected of rent due	100.08%	99.24%	100.95%
Percentage gross rent arrears of rent due	4.04%	3.64%	3.87%
Percentage of rent due lost through properties being empty	0.78%	0.48%	0.59%
Average calendar days to re-let properties	35.66 days	28.11 days	33.48 days
Percentage self-contained properties that meet EESSH*	97.20%	93.30%	92.53%

\* SHQS – Scottish Housing Quality standards. EESSH – Energy Efficiency Scottish Social Housing.

Link's subsidiary, C~URB 6 Limited (C~URB), formerly known as Link Property Limited, employs Link's in-house trades team to undertake and manage the majority of the planned maintenance work as well as reactive repairs for Link. The service covers Link's three main customer bases throughout Central Scotland and services are also provided to two other partners in the Group, Larkfield Housing Association and Horizon Housing Association. The performance of C~URB is scrutinised by its Board but also the Link Board through the quarterly performance reporting cycle. C~URB continue to develop the range of their service offering and during the year established a window replacement programme which was previously outsourced.

The Link Board reviews the performance of the other RSLs in the Group on a quarterly basis and annually it compares and contrasts the Group RSL member's performance with the other RSLs in Scotland, based on the publication of the ARC results. Although each of the five Group RSLs (including Link) operate in different geographical areas, all five score highly on key indicators such as the percentage of tenants satisfied with the services provided.

## LINK GROUP LIMITED

### REPORT FOR THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023 (Continued)

All the RSLs also performed well in terms of rent collection performance and rent arrears management during what has been an extremely challenging period as a result of the cost-of-living crisis. The changes to legislation as a result of the pandemic did not adversely affect the RSLs voids, arrears, and bad debt out-turn for the period. This is primarily owing to the support services provided by the RSL partners to their tenants to sustain tenancies including increased engagement and in some cases financial support.

A high degree of efficiency in the collection of rental income and in the management of rent arrears was also achieved with the rent arrears being 3.87% (2022: 3.64%) of rental income due. In terms of value for money, void rent loss from vacant periods between tenancies was 0.59% (2022: 0.48%) of rent due which is a strong out-turn performance.

The average length of time taken to complete emergency repairs has surpassed our target by 21.24%. In the period emergency repairs increased by 12.36% compared to the prior year. The time taken to complete non-emergency repairs exceeded our target by 72.66%. The non-emergency repairs increased by 9.90% during the year. With significant increases in emergency and non-emergency repairs during the year, an improvement of 23.72% and 26.36%, respectively, were achieved compared to the prior year.

The SHR produced a regulatory engagement plan for 2022-23 and Link continued to meet the established requirements. The SHR has now updated its regulatory plan for the 2023-24 period.

The Link Group Board is satisfied that the RSL performance is strong across all ARC indicators and the Board will continue to monitor the position to ensure the performance continues. The Link Group and the partner RSLs submitted their SHR Annual Assurance statements to the regulator on that basis.

LHA is the subsidiary company which carries out housing management functions for Link including the management of the social rented housing.

On 1 April 2022, the management of the Group's commercial activities was transferred to C~Urb from LHA, including management of mid-market rented housing, shared ownership, and the shared equity sales functions. This also included the transfer of the City of Edinburgh Council's Private Sector Leasing Scheme which involves the management of around 1,400 properties, let to applicants who were previously homeless. The contract is for a period of 10 years, has 8 years left to run and continues Link's strong relationship with the City of Edinburgh Council.

Link continues to participate in the Open Market Shared Equity initiative, which is designed to assist first-time buyers on low incomes in central Scotland through the provision of shared equity grants. The scheme is promoted by the Scottish Government and operated by Link. The outstanding grants are repayable when the property is sold and are repaid in proportion to the original purchase price, by reference to the value of the property when ultimately sold. The grant repayment is returned to the Scottish Government. Link bears no risk or reward in respect of the shared equity arrangement and acts as an agent for Scottish Ministers in return for an administration fee. The Help to Buy and First Home Funds are no longer live as of March 2023, with only the administration of the schemes' aftersales currently ongoing.

Link manages grants received from the Scottish Government with all these initiatives as its agent and these grants are paid out to Shared Equity buyers. As Link has no financial interest, other than being the scheme administrator for the Scottish Government, the cumulative grants received and paid out are not included in the financial statements.

In addition to the various Scottish Government supported shared equity schemes, Link has developed and sold a number of shared equity properties under an initiative entitled "New Supply Shared Equity" (NSSE). The NSSE scheme is available across Scotland to first time buyers and priority access groups. The scheme allows the access groups to purchase a share of a newbuild home, with Link purchasing the remaining equity.

#### Financial Performance

Except where otherwise stated, the financial performance discussed is that of the parent company only i.e., of Link Group Limited ("Link") and not the consolidated group of companies. The financial statements reflect the requirements of the Statement of Recommended Practice for registered social housing providers, the Housing SORP 2018 and the SHR Determination of Accounting Requirements 2019.

Link Group consolidated accounts achieved a surplus for the year of £3.9m (2022: £35.9m) and total comprehensive

**LINK GROUP LIMITED****REPORT FOR THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023 (Continued)**

income of £3.3m (2022: £37.2m). Turnover increased by approximately 4.1% to £103.4m (2022: £99.4m) and operating costs also increased by 3.7% to £87.6m (2022: £84.5m). The income from social letting activities increased by 10.8% (2022: 29.8%), increasing income by £8.0m (2022: £17.0m) and this reflects rent increases applied in April 2023 and rents received from new build completions during the year. The operating surplus from social lettings activities increased by 27.7% (2022: -6.2%).

In 2023, Link achieved a surplus for the year of £2.1m (2022: £33.6m) and total comprehensive income of £1.9m (2022: £34.0m). Turnover increased by approximately 9.2% to £79.4m (2022: £72.7m) and operating costs also increased by 5.0% to £66.1m (2022: £63.0m). The income from social letting activities increased by 18.8% (2022: 44.8%), increasing income by £11.5m (2022: £18.8m) and this reflects rent increases applied in April 2022 and rents received from new build completions during the year.

Included in operating costs is the expenditure on wider role activities of £2.0m (2022: £2.1m). The operating costs also include expenditure on reactive maintenance, planned and cyclical maintenance and major repairs, the cost of which was £14.9m (2022: £14.7m). The total investment on all maintenance activities was £14.1m (2022: £15.3m), of which, £8.4m (2022: £4.4m) was treated as capital expenditure.

Link's operating surplus increased for the period to £13.2m from £9.6m in 2022. Owing to the significant commitment to the development of new homes that Link made in the period borrowing costs have risen by 34.4% (2022: 15.2%) reflecting the change in variable interest rates. It is also the case that the year-end drawn debt figure does not reflect the average drawn debt position throughout the period as the Weslo legacy loan with Nationwide Building Society was redeemed late in November 2022. The drawn debt figure has reduced to £376m from £386m. After adjustments for interest costs and adjustments for the year the net surplus reduced by £31.4m compared to the prior year increase of £33.1m. This reflects that last year saw the influence of the significant fair value gain as a result of the Weslo Housing Management acquisition.

Link was not immune to the impact and effect of the wider economy during 2022-23 with the war in Ukraine, the energy crisis, the cost-of-living crisis, volatile interest rates and labour market pressures. Link experienced significant cost increases over and above its budgeted assumptions for materials supplies along with energy costs for its van fleet and insurance premiums. These were incurred by its repairs and maintenance company Curb~6 Limited and these were transferred to Link through the repairs contract arrangements. In addition, labour costs experienced a greater than budgeted increase owing to the cost-of-living crisis affecting wage settlements which impacted Link and all of its subsidiary partners and employees. There were also pension liability adjustments which charged £216k (2022 £411k gain).

The overall total comprehensive income for the year of £1.9m (2022: £34.0m) was achieved after meeting interest payable and related finance costs of £13.9m (2022: £10.0m) on loans borrowed to support new properties built and those in the course of construction. The results for 2023 were significantly less than the Board's forecast expectations and similarly Link's budget for 2022/23.

Annual expenditure on planned, cyclical maintenance, and major repairs is derived from a 30-year financial model designed to ensure all Link's properties are maintained to a specific standard, thereby continuing to extend the useful life of the properties. The model takes account of the life cycles of individual components and generates an annual spend profile across all of Link's stock. The investment programme is influenced by Link's asset management strategy, which assesses when it will be appropriate to carry out whole refurbishment of properties and/or consider other re-development opportunities, rather than a continual cycle of building component replacement.

Link's investment in planned maintenance and major repairs ensured that it met the SHQS with a limited number of abeyances and the EESSH which has introduced a higher energy efficiency standard to be achieved by 2032.

Link is confident that its planned maintenance programme will go a long way to achieving this as a matter of course.

Link is required by FRS102 to depreciate its housing properties and retained surpluses are calculated after providing for depreciation of £20.5m during the period (2022: £18.9m). The depreciation is offset by amortising the grants received to build the properties which results in a credit to income of £8.2m in the period (2022: £7.7m).

The consolidated position reflects non-current assets have increased by £73.3m (8.3%) to £961.3m (2022: £888.0m). The current assets have decreased by £62.6m (49.1%) to £64.8m (2022: £127.4m), due to repayment of the Nationwide building society loan during the year, and the receipt of the Scottish widows' monies held as collateral.



**LINK GROUP LIMITED****REPORT FOR THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023 (Continued)**

Current liabilities have increased by £9.9m (20.7%) to £57.4m (2022: £47.5m), mainly due to maturity of the Santander loans. The non-current liabilities have increased by £34.8m (8.5%) to £375.5m (2022: £410.3m), coinciding with the repayment of existing loans.

Overall, total net assets have increased by £0.8m (0.2%) to £968.7m (2022: £967.9m).

The Financial position performance remains strong with the gearing - housing asset cost ratio at 34.7% (2022: 44.9%).

At 31 March 2023, Link's total reserves amounted to £103.9m, an increase of £1.9m from 2022 when they were £102.0m. The increase in reserves is attributable to the surplus achieved. In addition to providing funds for community re-development, these reserves are required to support Link's future development programme, the planned maintenance investment programme and provide a hedge against risk. The total reserves in 2023 are also after recognising Link's pension liability to the Scottish Housing Association Pension scheme of £0.2m (2022: £0.1m).

The financial statements include the results of all Link subsidiaries, and the Link Group surplus is shown on page 22. In the year to 31 March 2023 the consolidated surplus for the year was £3.9m (2022: £36.0m), based on overall Group turnover of £103.4m (2022: £99.4m). The total comprehensive income for the year was £3.3m (2022: £37.2m). The total consolidated reserves amounted to £146.2m (2022: £142.8m).

The results for 2023 are consistent with the performance reported during the year and the Board is satisfied that notwithstanding the exceptionally challenging economic environment individually all the Group members have performed well financially, and the Group's consolidated financial position is strong.

**Investment and Financing**

During the year, Link invested £90.7m (2022: £89.0m) in new properties for rent and for sale on a shared equity basis across the central belt of Scotland and on replacement of building components. This expenditure was partly financed by Social Housing Grant of £36.3m (2022: £25.3m) with the balance funded by income from property sales, cash flow and loans drawn from Link's loan facilities.

Investment in new properties reflected expenditure on the significant number of projects receiving grant approval from the Scottish Government. During 2022/23, Link completed 400 properties, (2022: 1,040) for social rent.

During the year, a total of £16.0m was drawn down (2022: £158.1 m). Link Group drew down £16.0m from a combination of its Bank of Scotland and RBS revolving credit facilities during the period. Link Group decided not to renew its revolving credit facilities with Santander that had come to their natural end of term during the period. In addition, a strategic decision was taken to exit the legacy Weslo Housing Management Ltd loans of £33.1m from Nationwide Building Society during the period. As a result, Link Group redeemed its Nationwide borrowing during the period generating a breakage gain in Link Group's favour of £930k. As part of the wider treasury management strategy a decision was taken by Larkfield to repay its intercompany debt of £2.5m with cash resources. Horizon Housing Association Limited also determined to redeem its £8.5m of loans with Nationwide Building Society and generated a breakage gain in favour of Horizon of £120k. Horizon replaced that debt with an intercompany loan of £7.5m from Link Group on a three-year term. The net effect of these transactions along with income and expenditure from operations and grants received saw the closing cash position reduce by almost £30.0m during the period to £19.7m (2022: £49.2m).

Standard & Poors undertook their annual credit rating assessment, which was finalised in November 2022, and Link maintained its "A" rating with "a stable outlook" by the rating agency.

On 31 March 2022, Link agreed a new revolving credit facility with Bank of Scotland (BoS). This was based on a term of five years to March 2028 and saw an increase in the original sum from £10.0m to £60.0m. This facility was consistent with the current approach of wherever possible agreeing Sustainability Linked Loan (SLL) funding and financing and is therefore compliant with Environmental, Social and Governance (ESG) compliant objectives.

Strong levels of liquidity are maintained as Link has £83.0m in undrawn and available revolving credit. Link also has capacity to draw upon an Allia loan availability of £17m and a £60m shelf facility available from MetLife. The requirements to draw on these facilities will be assessed as the development programme progresses.

**LINK GROUP LIMITED****REPORT FOR THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023 (Continued)**

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Link has cash requirements to fund its development programme over the next 12 to 18 months however the existing revolving credit facilities are sufficient to meet that need. Nevertheless, Link continues in its treasury management strategy to seek fixed long-term funding at the right terms and is confident that it can secure further long-term finance and if there is a shortage of long-term funding, Link will either agree further short to medium term facilities with its lenders or adjust the timing of the development programme accordingly.

Link's treasury management policy aims to maintain approximately 50% to 80% of Link's borrowings on fixed interest rates, maturing over a rolling period, as a hedge against adverse movements in variable interest rates. At 31 March 2023, Link's drawn funds fixed rate borrowings (at 82%) were outside the 80% target which reflects the natural timing of converting short to long-term borrowing in phases, and this will re-adjust over the coming years as funds drawn against variable facilities such as the revolving credit facilities could bring this down to a ratio of 66% fixed.

In addition to the housing properties required as security for all its current borrowings, Link has 2,900 units of unencumbered housing stock to be used as security for most of the required future borrowing. Link's current development programme will be financed from the new revolving credit loan facilities along with long term funding and when completed, these properties will also be available as security for future borrowings.

Link has a continuing, substantial pipeline programme of new developments. The business plan projection is to complete approximately 2,410 properties for rent over the five-year business plan period through to 2027/28. The business plan projection for rented properties is to develop approximately 70% for social rent with the remainder being mainly for mid-market rent. At current grant subsidy levels, Link is confident that it will be able to continue to build and let new homes at social rent levels, thus providing genuinely affordable housing to those in need.

In recognition however, that in certain areas of the country, there is a real need and demand for mid-market rented properties (with rents set at around 80% of the local housing allowance levels), Link will continue to provide that housing tenure, utilising lower grant funding levels from the Scottish Government. Mid-market rented properties are often at rents substantially less than full market rates and can be suitable for key incoming workers and those in employment but with limited incomes.

**Business Risks and Opportunities**

The main business risks facing the Group are assessed by each area of the business and reported to the Link Audit and Risk Committee at the time the business plan is being prepared. The risks are further reviewed and assessed mid-way during the year by that Committee and at that stage the risk mitigating controls are also reviewed.

The principal risks identified relate to potential increases in legislation which undermines the business' ability to raise revenues via rents, inflation, pension liabilities (mitigated by the move of Group staff to defined contribution schemes) and the impact of welfare reform. By far the greatest threat is the combination of high inflation when legislation prevents full cost recovery from tenants via rents.

Link continues to deliver on a significant development programme, to which the responsibility of managing this programme is delegated to C~urb 6 Limited by the Board and ensures an additional level of governance oversight in this area. The development programme is designed to minimise delivery risk through a deliberate spread of geographical locations, contractors, and tenure types.

The availability and cost of funding has not been an issue for Link to date and this has been further evidenced by the raising of Link's second SLL of £60 million as a five-year revolving credit facility with Bank of Scotland. Work in this area will continue through the next year and Link is confident it will continue to be an attractive investment proposition to funders.

At a macro and micro level there remain key economic and financial risks for the Group. The effects of the pandemic on the global supply chain continue to be a challenge and the outstanding matters with Brexit do not help supply chains in that regard but they have been managed and contained during the year.

By far the bigger risk is the wider economic risk of substantial global and domestic inflation linked with the significant changes in energy prices affecting the Group, but also more importantly its tenants. This presents very real challenges to

**LINK GROUP LIMITED****REPORT FOR THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023 (Continued)**

balancing the annual rent increase necessary to ensure costs are met whilst being mindful of rent affordability for Link's

tenants whether their rent is met by benefits or otherwise. This scenario is combined with a labour market which, following the pandemic and the "great resignation", is experiencing significant wage claims owing to the inflationary backdrop, a lack of suitably experienced and qualified labour and a reluctance to move employers at this time, is creating pressures where natural employee turnover is occurring. The third risk at this time is the increasing central bank and bond market interest rate environment which affects the cost of borrowing. Link is largely immune to this given it has secured long term funding during the year at competitive rates and that Link has a treasury management strategy where the ratio of fixed rate debt compared to variable rate debt is currently 82%/18% on drawn facilities. The Link Board is comfortable that the detailed stress testing analysis undertaken on the business plan is of sufficient depth that it covers the key material risk areas for the organisation, irrespective of the cause.

The Link Board was pleased that the annual credit rating review by Standard & Poors re-affirmed a stand-alone credit rating at A with a stable outlook which provides an additional point of external validation of the robustness of the organisation.

**Strategic Risk Register**

<b>Risk</b>	<b>Cause</b>	<b>Control Measures</b>	<b>Indicators</b>
Rent freeze/Rent Caps/Ban on Evictions	Government Intervention	Scottish Government advice issued in January 2023 allowing RSLs to apply rent increase from 1/4/2023. Housing Bill due with new legislation and frameworks expected.	Effective lobbying by Link/SFHA of Ministers and civil servants
Failure to deliver good quality Reactive and Voids Repairs Service	Unprecedented rise in materials costs; inadequate resources; poor quality materials;	Appropriate controls in place in addition full review of service and pilot programme of centralising voids in place to be reviewed end of August	Formal reporting and KPIs for C~urb Property Maintenance and subcontractors to Director and Board(s)
Tenant perception of value for money remains low	Lack of tenant consultation and communication; lack of demonstrating value for money and social value	Consultations continue through annual rent consultation and scrutiny Group. Tenant satisfaction survey complete with results shared with LHA Board in December 2022	Maintain consultations with tenants.
Significant Business Interruption including Cyber Attack	Severe weather; major disaster/Illness/Pandemic; skills shortage;	Risk managed through updated Disaster Recovery Plan and Business Continuity Plan in place	Disaster Recovery Plan and Business Continuity Plan in place; New systems and technology installed to improve our ability to work remotely. Heuristic endpoint and server protection software combined with firewalls on all endpoints on the network.

**LINK GROUP LIMITED****REPORT FOR THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023 (Continued)**

<b>Risk</b>	<b>Cause</b>	<b>Control Measures</b>	<b>Indicators</b>
Deterioration of reputation (based on comments)	Defamatory comments by staff or former staff or members of the public	Communications Coordinator and team monitors social media regularly	Social media monitored,
Property management non-compliance	Failure of H&S systems/processes for eg gas, electric, legionella	Risk Reviewed no change	Reporting of performance and ensuring annual services are achieved by anniversary date
Compliance - Failure to comply with provisions of Housing (Scotland) Act 2014	Failure of systems/processes	Schedule due for review by December 2023	Regulatory or legal actions
Service user, vulnerable tenant, member of staff or member of the public is harmed (includes financial exploitation)	Service/organisational negligence; failure of systems/processes	Regulatory compliance/inspections. The Care Inspectorate undertakes regular audits of services which includes the recruitment process	Complaints and insurance claims data
Lack of Strategic Planning and leadership	Poor management/lack of awareness/training/development	Business planning/strategy days	Non-compliant business plan
Risk of legal action/compensation costs and reputational risk of a significant performance failure.	Failure to comply with SPSO, SHR and Property Tribunal complaints requirements. General failure of systems/processes	Quarterly analysis to Board and GLT.	Notifiable events
Information Governance failure	Non-compliance with Freedom of Information Act; Non-compliance with GDPR legislation	Kept under review through the Information Governance Board Policies, guidance, toolkit and training available to all employees, volunteers and Board members. All complete and actioned	FOI or GDPR complaints



**LINK GROUP LIMITED****REPORT FOR THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023 (Continued)**

Growth of Link Group's portfolio of activities without appropriate cost and resource assessment/ due diligence	Lack of planning, coordination and governance	Seek Board approval prior to commencement or expenditure. Delegated authorities. Business planning approval and risk appetite statement	Board papers and Budget Variance Reports
<b>Risk</b>	<b>Cause</b>	<b>Control Measures</b>	<b>Indicators</b>
Procurement non-compliance	Failure of systems/processes	Any managers with procurement responsibility to receive support as required	Legal challenges
Failure to meet SHR regulatory requirements	Failure of systems/processes	Governance reviews undertaken; Robust, audited AAS evidence-based process	Regulatory engagements
Lower Property Occupancy/ Reduced benefit payments/benefit cap/benefit freeze	Welfare Reform impact	LHA Board report confirming up to date position in relation to Welfare Reform.	Continued assessment of impact of welfare reforms and monitoring of early intervention
Loan Covenant Breaches	Failure of systems/processes; longer-term rent freeze; high inflation poor financial control; Scottish Independence; high interest rates	Regular review of Budget Variance Reports and Finance Business Partner engagement with partner principals on monthly financial outturn.	Regular monitoring of financial performance to budget discipline is practised.
Long term bank or other debt funding is not available and/or affordable	Turbulence in financial markets; change in lender policy	S&P review undertaken in November 2022; rating maintained. Regular engagement with lenders	Link maintains a strong financial position to ensure that it has the best opportunity to borrow, on short, medium and long-term basis with banks and investors.
Increased organisational debt/ draw down on existing reserves to meet recurrent/ project/ capital expenditure	Poor financial control/planning	Budget variance reports produced regularly and review processes set.	Monthly Budget Variance Reports produced for GLT
Financial fraud/ theft	Failure of systems/processes	Budget monitoring and reporting performed monthly	Fraud register

## LINK GROUP LIMITED

### REPORT FOR THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023 (Continued)

#### Business Outlook

Link has a strong development programme and is committed both to growth in its services to customers and is committed to playing its part in the Scottish Governments delivery ambitions of 110,000 affordable homes by 2032. In addition to completing the current substantial development programme, Link actively seeks to source and fund the purchase of sites for housing development, to safeguard future housing supply. Link is confident that it can continue to develop and meet housing needs particularly in areas where there is a severe shortage of affordable housing options.

With support from the Scottish Government in maintaining current grant levels, Link expects to be able to continue to provide affordable housing covering a range of tenure types to people with a variety of housing needs.

Whilst Link seeks to provide more affordable homes, its Board is particularly aware that it has a duty of care to ensure that the position of existing tenants is not compromised and that these tenants continue to receive a high-quality service at affordable rents. As such Link's 30-year financial projections centre on ensuring that Link remains financially viable in the long term and can meet all its obligations in service delivery and maintenance upkeep of each tenant's home.

Beyond the next three years Link financial projections are based upon relatively low levels of inflation remaining constant throughout the 30-year plan period.

The plan anticipates that rent increases will keep pace with these inflation estimates (although no real rent increases above inflation are assumed) and costs increases will also be contained within the estimated inflation rates. Provided therefore that costs and income keep pace with inflation, Link will remain a viable going concern financially. Most of Link's funding is long term and at fixed rates so Link is not exposed to interest rate volatility.

The SHR expects RSLs to ensure that they can demonstrate value for money in terms of rents charged and services provided. Link is already working towards that aim and will ensure that it involves tenants in that assessment process.

Link also recognises that an important aspect of community wellbeing is wider care and support infrastructure. LinkLiving Limited is a key part of the Group providing a range of services. From employability services using our specialist Scottish Qualifications Authority (SQA) accredited academy in Falkirk, through to young person's mental health services in Edinburgh. The ongoing development of this area of the organisation will be a priority moving forward.

#### Board and Directors

The Board consists of up to 15 members elected at the Annual General Meeting. Board members serve on various committees as described in the Statement on Internal Financial Controls. Current membership of the Board is set out on page 1. Board membership at March 2023 stood at 11 Members (as at the date of this report, 15 Members).

The Directors of Link (who are staff members) have no beneficial interest in its share capital and they act within the authority delegated by the Board of management.

#### Equality and Diversity

Link is committed to creating an environment where people are valued and given equal opportunity to employment and services. Staff are guided by the values in Link's Equality, Diversity, and Inclusion (ED&I) policy, and the ED&I group meets regularly to oversee the achievement of action plans across the Group. Link has Investors in Diversity status and remains committed to support staff and Board members in further developing our approach to equality and diversity.

#### Employee Involvement

Link employed 862 staff (2022: 848) across the Group on average throughout the year. Of those 123 staff members (2022: 162) are employed in Link. Link's employee involvement covers a wide range of methods from the formal recognition of the UNITE union, to employee information and consultation groups, working parties and project groups. Regular team and one-to-one meetings with staff ensure that communication is of good quality, and that these meetings supplement the monthly core brief emanating from the Board meetings and the monthly staff newsletter. Link's employee involvement, learning and development activities and well-being initiatives have been acknowledged through achievement of Investors in People Gold award, Investors in Young People award and Healthy Working Lives Gold.

## **LINK GROUP LIMITED**

### **REPORT FOR THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2023 (Continued)**

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#### **Basis of Preparation of Financial statements**

Link is in a strong financial position and based on its business plan and financial projections indicate it will continue to be in such a position for the foreseeable future, and certainly for the next 12 months. Accordingly, the preparation of the financial statements on a going concern basis is appropriate.

#### **Auditor**

A resolution to appoint an auditor will be proposed to the annual general meeting to be held on 19th September 2023.

As far as each of the members of the Board at the time of the report is approved is aware:

- there is no relevant information of which Link's auditor is unaware; and
- the members of the Board have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information.

BY ORDER OF THE BOARD



P Woodburn  
Board Member

Date: 22<sup>nd</sup> August 2023

Registered Office:  
Link House, 2c, New Mart Road, Edinburgh, EH14 1RL

**LINK GROUP LIMITED****BOARD OF MANAGEMENT STATEMENT ON INTERNAL FINANCIAL CONTROLS**

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The Board is responsible for establishing and maintaining systems of internal financial controls for Link and its subsidiaries. Internal control systems are designed to meet the Group's particular needs and the risks to which it is exposed, and by their nature can provide reasonable, but not absolute, assurance against material misstatement or loss. The key procedures which the Board has established with a view to providing effective internal financial control are as follows:-

**Corporate Governance**

Link follows the Regulatory Code of Governance published by the Scottish Housing Regulator and the Board continues to be satisfied that Link complies with the Regulatory Code of Governance. Board Members are also required to adhere to the Code of Governance for Governing Body Members.

**Management Structure**

The Board has established Standing Orders, which reserves specific powers to the Board and delegates functions and powers to its Sub-Committees, the Group Leadership Team and partner Companies.

The Board operates with three Sub-Committees, the Group Audit and Risk Committee (which meets three times a year), the Sustainability Governance Group (which meets 4 times a year), and the Remuneration Committee (which meets as required). Development Committee (which has stood down, with powers transferring to Curb). Board meetings are held bi-monthly and are structured to focus on performance and financial monitoring and to allow sufficient time for the Board to focus on strategic direction. The remit of the three Sub-Committees is further described later in this statement.

Four of Link's subsidiaries are Registered Social Landlords (RSLs) and are governed by Boards of Management elected by their respective memberships. The Boards of management of these subsidiaries meet at least six times in each year. Horizon Housing Association has an Audit, Finance and Risk Committee and West Highland Housing Association has a Audit & Risk and Performance, Health & Safety Sub Committees. Link's active non-RSL partner Board members are appointed by the Link Group Board.

**Policies**

The Group has up-to-date policies in place for all areas of the business. The Strategy and Business Support team co-ordinates the policy review process across the Group and during the year the relevant Boards approved a number of revised/updated policies in accordance with the policy review timetable. Where appropriate, Group wide policies are adopted, but there are a number of locally focused policies which are approved by the relevant partner Boards. All Group policies are available to staff through the intranet. Link also publishes customer-related policies on its web page.

**Procedure Manuals**

Responsibility levels are set out in detailed procedure manuals. These communicate the Groups' ethos, delegation of authority and authorisation levels, segregation of duties and other control procedures together with accounting policies and procedures. The manuals are updated regularly.

**Quality and Integrity of Personnel**

The integrity and competence of staff is ensured and maintained through high recruitment standards and subsequent training courses. In addition, the Group operates a performance management framework incorporating regular staff performance reviews and annual appraisals. Training and development plans for all staff are set annually.

A number of training programmes have also been delivered to all staff and the Groups' Leadership Development Programme has been completed for all line managers across the Group. Well trained and qualified staff are an essential part of the control environment and the ethical standards expected of staff are embodied within the Group's ethos and in the Staff Code of Conduct.

**LINK GROUP LIMITED****BOARD OF MANAGEMENT STATEMENT ON INTERNAL FINANCIAL CONTROLS (continued)**

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**Identification of Business Risks**

The Boards are responsible for identifying the major business risks faced by the Group and for determining the appropriate course of action to manage those risks. Major business risks and the financial implications are assessed by reference to established criteria. These risks are incorporated into risk registers which are reviewed by the Group Leadership Team, the Group Audit and Risk Committee and the Board itself.

The financial implications of major business risks are controlled by means of delegated authorities which reserve significant matters to the Boards for decision, segregation of duties in appropriate areas and physical controls over assets and access to records.

**Management Information Systems**

Management information systems have been developed to provide accurate and timeous data of all aspects of the business. Management accounts comparing actual results against budget are presented to the Board monthly, together with a balance sheet and performance against key financial indicators. Reports accompanying the accounts also provide information on borrowing, investment and recoverability of debts due.

**Internal Control Systems**

The Boards monitor the operation of the internal financial control system by considering regular reports from management and the external auditor. This ensures appropriate corrective action is taken to address any reported weaknesses.

**Internal Audit**

Internal Audit services are provided by an experienced external company. The audit work plan is generated from a detailed Audit Needs Assessment which is based upon a systematic risk assessment of the Groups' operations and activities. The Internal Auditor reports to the Group Audit and Risk Committee.

**Group Audit and Risk Committee**

The Group Audit and Risk Committee has up to seven members and monitors the controls which are in force and any perceived gaps in the control environment. This is achieved through reports to the Committee from the internal and external auditors. The Committee considers and determines relevant action in respect of any control issues raised by the internal or external auditors. Partner Boards also receive reports from the external and internal auditors.

**Remuneration Committee**

The Remuneration Committee's remit is to monitor the performance of the Chief Executive and Directors; to review the salaries of those individuals and to determine whether any performance awards are due. The Committee has an advisory role and will make recommendations to the Board on the aforementioned matters.

**Health & Safety**

The Group is committed to the provision of a healthy and safe working environment. The Group endeavours to eliminate hazards where recognisable, including the risk of fire; security losses; damage to plant, property, and the environment, thus significantly reducing the risk of personal injury or occupational ill health to all personnel. The Health & Safety Committee staff groups in each RSL oversee the risk assessment programme and regularly review the policies. Link's full-time Health and Safety Officer works closely with the Group Health and Safety Committees.

## LINK GROUP LIMITED

### BOARD OF MANAGEMENT STATEMENT ON INTERNAL FINANCIAL CONTROLS (continued)

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#### Statement

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

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

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss.

In ensuring it meets its responsibilities, the Board has delegated the scrutiny of control functions to the Group Audit and Risk Committee which receives regular reports from the internal auditor based on the internal audit strategic plan. The Committee follows up on progress made with regard to the implementation of audit recommendations and the internal auditor also checks that the previous year's recommendations are implemented. The internal audit strategic plan applies to the Link Group which enables the Group Audit and Risk Committee (on the Board's behalf) to be satisfied that the control systems in the Group are effective. Both internal and external auditors are invited to all Group Audit and Risk Committee meetings

The Board has continued to review the system of internal financial control in Link during the year ended 31 December 2023 and internal financial control systems of the wider Group including all partner companies. No weaknesses were found in the internal financial controls, which could result in material losses, contingencies, or uncertainties which require disclosure in the financial statements, or in the auditor's report on the financial statements.

#### BY ORDER OF THE BOARD



P Woodburn  
Board Member

Date: 22<sup>nd</sup> August 2023

Registered Office:  
Link House, 2c, New Mart Road, Edinburgh, EH14 1RL

## **LINK GROUP LIMITED**

### **STATEMENT OF BOARD'S RESPONSIBILITIES UNDER THE CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014 FOR A REGISTERED SOCIAL LANDLORD**

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The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the Group and of the surplus or deficit for that period. In preparing these financial statements, the Board is required to:

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

The Board is responsible for instituting adequate systems of internal control and for:

- safeguarding assets
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website.

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

**LINK GROUP LIMITED****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINK GROUP LIMITED**

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**Opinion**

We have audited the financial statements of Link Group Limited (the 'Association') and its subsidiaries (the 'Group') for the year ended 31 March 2023 which comprise the Consolidated and Association Statement of Comprehensive Income, Consolidated and Association Statement of Changes in Reserves, Consolidated and Association Statement of Financial Position, Consolidated and Association Statement of Cash Flows 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 Group's and Association's affairs as at 31 March 2023 and of the income and expenditure of the Group and the income and expenditure of the Association for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, 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 Group and the parent 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'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 on the groups or 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 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 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.



**LINK GROUP LIMITED****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINK GROUP LIMITED (continued)**

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**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**

As explained more fully in the Board's responsibilities statement set out on page 17, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either 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.

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

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and the Association operates in and how the group and the Association are 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

**LINK GROUP LIMITED****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINK GROUP LIMITED (continued)**

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 Housing (Scotland) Act 2010 and the Scottish Housing Regulator's Determination of Accounting Requirements – February 2019. 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 Scottish Housing Regulator's Regulatory Framework (published 2019) and the Housing (Scotland) Acts 2006 and 2014. We performed audit procedures to inquire of management whether the company is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing income, 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.

DocuSigned by:

*RSM UK Audit LLP*  
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Kelly Adams

For and on behalf of RSM UK Audit LLP

Statutory Auditor

Chartered Accountants

Third Floor

2 Semple Street

Edinburgh

EH3 8BL

Date 25/8/2023 | 11:05 BST

## LINK GROUP LIMITED

### REPORT BY THE AUDITOR TO THE MEMBERS OF LINK GROUP ON CORPORATE GOVERNANCE MATTERS

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In addition to our audit of the Financial Statements, we have reviewed your statement on page 14 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. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

#### Opinion

In our opinion the Statement on Internal Financial Control on page 14 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.

DocuSigned by:

*RSM UK Audit LLP*

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RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Third Floor  
2 Semple Street  
Edinburgh  
EH3 8BL

Date..... 25/8/2023 | 11:05 BST

**LINK GROUP LIMITED****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023**

	<b>Notes</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
<b>Turnover</b>	2a	103,435	99,351
Operating expenditure	2a	(87,590)	(84,460)
<b>Operating surplus</b>	2a	<b>15,845</b>	<b>14,891</b>
Gain on revaluation of investment properties		796	175
Gain on sale of non-housing assets		27	15
Interest receivable		1,177	25
Interest and financing costs	6	(15,072)	(11,051)
Other finance charges		(324)	(120)
Loan breakage gain		930	-
Gain on revaluation of Lothian Pension Fund cessation liability.		500	-
Business combination- excess of Fair Value over Book Value	30	-	32,005
<b>Surplus on ordinary activities before taxation</b>		<b>3,879</b>	<b>35,940</b>
Taxation		-	-
<b>Surplus for the year</b>		<b>3,879</b>	<b>35,940</b>
Remeasurement of the defined benefit pension liability	28	(567)	1,293
<b>Total comprehensive income for the year</b>		<b>3,312</b>	<b>37,233</b>

The results for the year relate wholly to continuing activities.

The notes on pages 29 to 64 form part of these accounts.

**LINK GROUP LIMITED****LINK GROUP LIMITED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023**

	<b>Notes</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
Turnover	2b	79,395	72,687
Operating expenditure	2b	<u>(66,171)</u>	<u>(63,039)</u>
<b>Operating surplus</b>	2b	<b>13,224</b>	<b>9,648</b>
Gain on revaluation of investment properties		796	175
Gain / (Loss) on disposal of non-housing assets		27	(17)
Interest receivable		947	57
Interest and financing costs	6	(13,935)	(10,367)
Other financing charges		(323)	(126)
Loan breakage gain		930	-
Gain on revaluation of Lothian Pension Fund cessation liability.		500	-
Fair value gain due to business combinations	30	-	32,005
Gift aid income from partner undertakings		(21)	2,199
<b>Surplus on ordinary activities before taxation</b>		<b>2,145</b>	<b>33,574</b>
Taxation		<u>-</u>	<u>-</u>
<b>Surplus for the year</b>		<b>2,145</b>	<b>33,574</b>
Remeasurement of the defined benefit pension liability	28	(216)	411
<b>Total comprehensive income for the year</b>		<u><b>1,929</b></u>	<u><b>33,985</b></u>

The results for the year relate wholly to continuing activities.

The notes on pages 29 to 64 form part of these accounts.

**LINK GROUP LIMITED****STATEMENT OF CHANGES IN RESERVES AS AT 31 MARCH 2023****CONSOLIDATED STATEMENT OF CHANGES AND RESERVES**

	<b>Revenue Reserve £'000</b>	<b>Restricted Reserve £'000</b>	<b>2023 Total £'000</b>	<b>2022 Total £'000</b>
As at 1 April 2022	142,641	165	142,806	105,573
Surplus from Statement of Comprehensive Income	3,757	122	3,879	35,940
Transfers to/from restricted reserves	57	-	57	-
Remeasurement of the defined benefit pension liability	(567)	-	(567)	1,293
As at 31 March 2023	<u>145,888</u>	<u>287</u>	<u>146,175</u>	<u>142,806</u>

**LINK GROUP LIMITED STATEMENT OF CHANGES IN RESERVES**

	<b>Revenue Reserve £'000</b>	<b>Restricted Reserve £'000</b>	<b>2023 Total £'000</b>	<b>2022 Total £'000</b>
As at 1 April 2022	101,988	10	101,998	68,013
Surplus from Statement of Comprehensive Income	2,138	7	2,145	33,574
Transfers to/from restricted reserves	(46)	-	(46)	-
Remeasurement of the defined benefit pension liability	(216)	-	(216)	411
As at 1 April 2023	<u>103,864</u>	<u>17</u>	<u>103,881</u>	<u>101,998</u>

The notes on pages 29 to 64 form part of these accounts.

## LINK GROUP LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Notes	2023 £'000	2022 £'000
<b>Non-current assets</b>			
Intangible assets	11a	1,196	1,265
Housing properties	12a	939,607	866,987
Investment properties	12c	11,371	10,575
Other fixed assets	13a	9,127	9,191
Investments - other	14	-	-
		<u>961,301</u>	<u>888,018</u>
<b>Current assets</b>			
Work in progress	15	8,064	9,365
Stock		5,398	1,658
Receivables	16	12,179	32,974
Current asset investments		3,155	2,038
Cash and cash equivalents		<u>36,013</u>	<u>81,360</u>
		64,809	127,395
<b>Payables:</b> amounts falling due within one year	17	(57,377)	(47,522)
<b>Net current assets</b>		<u>7,432</u>	<u>79,873</u>
<b>Total assets less current liabilities</b>		968,733	967,891
<b>Payables:</b> amounts falling due after more than one year	18	(375,521)	(410,286)
Deferred income	19	(445,430)	(413,818)
Defined benefit pension liability	28	(507)	(232)
Provision for liabilities	29	(1,100)	(750)
<b>Net assets</b>		<u>146,175</u>	<u>142,805</u>
<b>Capital and reserves</b>			
Share capital		-	-
Restricted reserve		287	165
Revenue reserve		145,888	142,640
<b>Total reserves</b>		<u>146,175</u>	<u>142,805</u>

Approved and authorised for issue by the Board of Management on 22<sup>nd</sup> August 2023 and signed on its behalf by: -

P Woodburn, Board Member

C Cuthbertson, Board Member

J N Hall, Secretary

Date: 22 August 2023

The notes on pages 29 to 64 form part of these accounts.

**LINK GROUP LIMITED****LINK GROUP LIMITED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023**

	<b>Notes</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
<b>Non-current assets</b>			
Intangible assets	11b	1,152	1,199
Housing properties	12b	847,232	777,105
Investment properties	12c	11,371	10,575
Other fixed assets	13b	7,073	7,345
Investments - other	14	100	100
		<u>866,928</u>	<u>796,324</u>
<b>Current assets</b>			
Work in progress	15	7,524	8,038
Stock		5,033	1,422
Receivables	16	28,407	53,024
Cash and cash equivalents		<u>19,703</u>	<u>49,251</u>
		60,667	111,735
<b>Payables: amounts falling due within one year</b>	17	(52,559)	(37,611)
<b>Net current assets</b>		<u>8,110</u>	<u>74,124</u>
<b>Total assets less current liabilities</b>		<b>875,037</b>	<b>870,448</b>
Payables: amounts falling due after one year	18	(364,382)	(389,826)
Deferred income	19	(405,532)	(377,742)
Defined benefit pension liability	28	(241)	(132)
Provisions for liabilities	29	(1,000)	(750)
<b>Net assets</b>		<u><u>103,881</u></u>	<u><u>101,998</u></u>
<b>Capital and reserves</b>			
Share capital		-	-
Revenue reserve		103,864	101,988
Restricted reserve		17	10
<b>Total reserves</b>		<u><u>103,881</u></u>	<u><u>101,998</u></u>

Approved and authorised for issue by the Board of Management on 22<sup>nd</sup> August 2023 and signed on its behalf by:-

P Woodburn, Board Member

C Cuthbertson, Board Member

J N Hall, Secretary

Date 22<sup>nd</sup> August 2023

The notes on pages 29 to 64 form part of these accounts



**LINK GROUP LIMITED****CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £'000	2022 £'000
<b>Net cash inflow generated from operating activities</b>	25	55,825	52,014
<b>Investing activities</b>			
Acquisition and construction of properties	12	(97,503)	(174,138)
Purchase of intangible assets	11a	(104)	(1,795)
Purchase of other fixed assets	13a	(909)	(2,509)
Proceeds on disposal of fixed assets		(5,924)	9,703
Grants received	19	39,084	26,932
Grants repaid	19	(281)	(527)
Interest received on cash and cash equivalents		(1,177)	25
<b>Net cash outflow from investing activities</b>		(66,814)	(142,309)
<b>Financing activities</b>			
Interest paid on loans	6	(15,072)	(11,051)
New loans		16,000	110,000
New loans from business combinations		-	49,080
Loan principal repayments		(35,286)	(7,529)
<b>Net cash (outflow)/inflow from financing activities</b>		(34,358)	140,500
(Decrease)/increase in cash		(45,347)	50,205
<b>Opening cash and cash equivalents</b>		81,360	31,155
<b>Closing cash and cash equivalents</b>		36,013	81,360

The notes on pages 29 to 64 form part of these accounts.

**LINK GROUP LIMITED****LINK GROUP LIMITED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023**

	<b>Notes</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
<b>Net cash inflow generated from operating activities</b>	25	49,862	30,604
<b>Investing activities</b>			
Acquisition and construction of properties	12	(90,977)	(170,561)
Purchase of intangible assets	11b	(104)	(1,242)
Purchase of other fixed assets	13b	(415)	(2,420)
Proceeds on disposal of fixed assets		5,924	9,280
Grants received	19	36,539	25,343
Grants repaid	19	(281)	(527)
Interest received on cash and cash equivalents		947	57
<b>Net cash outflow from investing activities</b>		(48,367)	(140,070)
<b>Financing activities</b>			
Interest paid on loans	6	(13,935)	(10,367)
New loans		16,000	110,000
New loans from business combinations		-	49,419
Loan principal repayments		(33,108)	(6,892)
<b>Net cash (outflow)/inflow from financing activities</b>		(31,043)	142,160
(Decrease)/increase in cash		(29,548)	32,694
<b>Opening cash and cash equivalents</b>		49,251	16,557
<b>Closing cash and cash equivalents</b>		19,703	49,251

The notes on pages 29 to 64 form part of these accounts.

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****LEGAL STATUS**

Link Group Limited is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is a housing association registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010. It is a Public Benefit Entity in accordance with the definition within FRS 102.

**1 ACCOUNTING POLICIES****(a) Basis of consolidation**

These financial statements are prepared in accordance with Financial Reporting Standard 102 – the applicable financial reporting standard for registered social housing providers in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice 2018 and comply with the Co-operative and Community Benefit Societies Act 2014.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: investment property.

**(b) Basis of consolidation**

The Group financial statements consolidate those of Link Group Limited and of its partner undertakings drawn up to 31 March 2023 on a line-by-line basis. Profits or losses on intra-group transactions are eliminated in full in accordance with FRS 102.

**(c) Going concern**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in May 2022 by the Board. As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure. Following the outbreak of Covid-19, the Group has continued to undertake a series of further scenario tests including severe but plausible downsides in the worst-case scenario.

The Board, after reviewing the Group and partner budgets for 2022/23 and the Group's medium term financial position as detailed in the 30-year business plan, including, is of the opinion that, taking account of severe but plausible downsides, the Group and partners have adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

During the year, Links Loan portfolio increased by a total of £50m, through the addition of a revolving credit facility that is undrawn. Link Group also repaid the loan inherited from Weslo Housing Management Ltd of £33.1m from Nationwide BS. The closing cash position at the end of the period was £19.7m.

Standard & Poors undertook their annual credit rating assessment, which was finalised in November 2021, and Link maintained its "A" rating with a stable outlook although it was taken down one notch from last year's A+ rating.

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

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**1 ACCOUNTING POLICIES (continued)**

Link is confident that it can secure further long-term finance and if there is a shortage of long-term funding Link will either agree further short to medium term facilities with its lenders or adjust the timing of the development programme accordingly.

Link remains highly liquid with substantial committed funding facilities available to it through its revolving credit facilities with RBS and its “shelf facility” with MetLife. Link also has substantial headroom in its interest cover covenant and gearing ratios at current and forecast levels and has significant unencumbered assets with which to raise further private finance, although Link is not forecasting the need to raise additional finance. Link is also subject to asset cover ratio covenants. Link can add additional unencumbered properties as part of this calculation which significantly reduces the risk of breaching this covenant.

The board believe the Group and partners have sufficient funding in place and expect the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Directors are confident that the Group and partners will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**(d) Investments in subsidiaries**

Investments are included at cost less provision for any permanent diminution in value. The Board is of the opinion that this does not differ materially from the market value.

**(e) Bad and doubtful debts**

Historic data is used to estimate collection rates. A provision is then made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they are considered potentially irrecoverable. Debts are classed as uncollectable after an assessment of the legislative options available to recover and consideration of specific circumstances.

**(f) Intangible fixed assets – computer software**

Intangible assets that are acquired by the company are stated at cost less accumulated amortisation and less accumulated impairment losses. Amortisation is charged to the Income and Expenditure Account on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. A full year amortisation charge will be applied in the first year of use. The estimated useful lives are as follows: software - 3 years, in line with the length of the Private Sector Leasing contract for which it is used.

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****1 ACCOUNTING POLICIES (continued)****(g) Tangible fixed assets and depreciation**

Housing properties are properties for the provision of social housing or otherwise to provide social benefit and are principally properties available for rent. Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

A full year's depreciation is charged in the year of capitalisation/acquisition of all assets and no depreciation charged in the year of disposal.

***Housing land and buildings***

Properties are stated at historical cost less accumulated depreciation. Each property has been split between its major component parts which are depreciated on a straight-line basis over their expected economic useful life. The following major components and useful lives have been identified by the Group:

- Land - not depreciated
- Structure - over 50 - 60 years
- Smoke Detectors – over 10 years
- Kitchen - over 15 years
- Windows - over 30 years
- Bathrooms - over 25 years
- Rewiring - over 40 years
- Doors - over 30 years
- Boilers - over 12 years
- Pipework - over 24 years

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 material reduction in future maintenance costs, or
- Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets 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 the statement of comprehensive income.

***Other fixed assets***

- Office Property - Over 50 years
- Improvements to Leased Office Property - Over Lease term
- Office Furniture and Equipment - 10%, 12.5%, or 15% of cost
- Motor Vehicles - 25% of NBV
- Plant and Equipment - 10%, 15%, 20%, 25%, or 33.3% of cost
- Computer Equipment - 10%, 20%, or 33.3% of cost
- Computer Systems - 10%, 20%, or 33.3% of cost

Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any write down would be charged to operating surplus unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of other comprehensive income.

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****1 ACCOUNTING POLICIES (continued)*****Impairment of fixed assets***

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Association estimates the recoverable amount of the asset. Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the Statement of Comprehensive Income.

**(h) Investment properties**

Investment properties are properties which are not held for social or affordable housing. They are held at current market valuation and are not subject to depreciation. Rental income from investment properties is accounted for as income from Other Activities and not as income from Affordable Letting Activities.

**(i) Grants**

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

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account 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.

Non-government grants are accounted for using the performance method, as outlined in Section 24 of Financial Reporting Standard 102 and the SORP 2018. Non-government grants are recognised as income when the performance conditions have been met.

**(j) Mortgages**

Mortgage loans are advanced by banks under the terms of loan facility agreements in respect of the housing properties used as security for them.

**(k) Work in progress**

Costs incurred on construction of property for sale are included at cost within work in progress. Interest on related loans is also included in work in progress, where applicable.

**(l) Shared Ownership transactions**

First tranche sales of shared ownership properties are treated as sales of current assets, with proceeds being credited to turnover and costs to cost of sales in the Income and Expenditure Account. Sales taking place after the initial purchase are accounted for as a disposal of fixed assets.

**(m) Apportionment of management expenses**

Direct employee, administration and operating costs have been apportioned to the relevant operational functions undertaken by the Group, primarily on the basis of costs of the staff engaged in the operations dealt with in these accounts and additionally by reference to the costs of the overhead expenditure consumed.

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

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**1 ACCOUNTING POLICIES (continued)****(n) Pensions*****Defined Contribution Scheme***

Link, Larkfield, Horizon, and West Highland participates in the Scottish Housing Association Pension Scheme (SHAPS) Defined Contribution pension scheme. Contributions are charged to the Statement of Comprehensive Income so as to spread the cost of pensions over the employees' working lives with the Association.

***Defined Benefit Scheme***

In respect of the SHAPS defined benefit scheme, payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating associations taken as a whole. In accordance with FRS 102, the Group's share of the scheme assets and liabilities has been separately identified and included in the Group's Statement of Financial Position and measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. The Group's share of the deficit is recognised in full, and the movement is split between operating costs, finance items and in the Statement of Comprehensive Income as "actuarial gain/(loss) in respect of defined benefit pension scheme".

The SHAPS provision is valued by an independent actuary, which provides the values to be include in these financial statements. The assumptions used are reviewed by the Board of Management and considered appropriate. Assumptions include estimates of mortality, salary inflation, inflation, and discount rate. There are also judgements in respect of the allocation of assets and liabilities in SHAPS as a multi-employer pension scheme.

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates. The members of the Board are satisfied that the accounting policies are appropriate and applied consistently.

**(o) Value Added Tax**

Link has group registration for VAT purposes. A large proportion of Link's income, rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. For 2021/22, only a small proportion of VAT paid is recoverable, expenditure is therefore shown inclusive of VAT and any input VAT recovered is included in other income.

**(p) Lease obligations**

Rentals paid under operating leases are charged to the Income and Expenditure Account on a straight-line basis over the lease term.

**(q) Link as Lessor – Operating Leases**

Rental income from assets leased under operating leases is recognised on a straight-line basis over the term of the lease. Rent-free periods or other incentives given to the lessee are accounted for as a reduction to the rental income and recognised on a straight-line basis over the lease term.

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****1 ACCOUNTING POLICIES (continued)****(r) Cash and equivalents**

Cash comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying values.

**(s) Financial instruments**

Link has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when Link becomes a party to the contractual provisions of the instrument and are offset only when Link currently has a legally 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***Receivables*

Receivables which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade receivables are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade receivable constitutes a financing transaction, the receivable 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 receivables is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade receivable over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the Income and Expenditure Account.

**Financial liabilities***Trade payables*

Trade payables 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 payable constitutes a financing transaction, the payable 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.

**Derecognition of financial assets and liabilities**

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled, or expires.



**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

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**1 ACCOUNTING POLICIES (continued)****(t) Provisions**

The Group recognises provisions when: there is a present legal or constructive obligation as a result of past events; it is probable that an outflow of resource will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

**(u) Taxation**

Link is considered to pass the tests set out in paragraph 1 schedule 6 of the Finance Act 2010 and meets the definition of a charitable company for UK corporation tax purposes. Accordingly, it is potentially exempt from taxation in respect of income or capital gains received within categories set out in chapter 3 part II of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent such income or gains are applied exclusively to charitable purposes.

Partner companies are not exempt from taxation except where they meet similar tests as above and taxation is based on the taxable profit or loss for the year after adjusting for the effect of the Gift Aid payment to Link Group.

**(v) Acquisition accounting**

Link uses the acquisition method of accounting to account for business combinations. Any costs directly attributable to the business combination are included in the cost of acquisition. Identifiable assets acquired, and liabilities and contingent liabilities assumed are incorporated at their fair values at the acquisition date. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

**(w) Gift aid**

Partner companies generating profits for trading activities elect to transfer these to the parent company under the Gift Aid scheme. These are accounted for at parent company level in recognition that they are a distribution of profits rather than an income source.

Gift aid receipts are only recognised as an asset at the year end to the extent that it has been received prior to the year end, there is a deed of covenant prior to the year end or a Companies Act s288 written resolution has been approved by the partner shareholders in the year to pay the taxable profit for the year to its parent by a certain payment date.

**(x) Turnover**

Turnover, which is stated net of value added tax, represents income receivable from lettings and property management, revenue grants, fees from managed associations and other income. In respect of the Consolidated Statement of Comprehensive Income, turnover also includes income from providing support and personal care services, housing for sale projects and property management and factoring income. Also included is any income from first tranche shared ownership disposals and the sale of properties on a shared equity basis. Turnover is recognised when it falls due and is accounted for on an accrual basis.

**(y) Restricted reserves**

Donations received from organisations which specify funds are to be used for specific purposes are used for these purposes with any amounts unspent at the year-end being carried forward and placed in restricted reserves to designate that they are not available for unrestricted use by Group members.

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

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**1 ACCOUNTING POLICIES (continued)****(z) Material Estimates and Judgements**

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates. The members of the Board are satisfied that the accounting policies are appropriate and applied consistently.

***Valuation of Investment Property***

Link believes that the most significant judgement applied is the valuation of investment properties. As described in note 1, investment properties are held at fair value. The investment property portfolio is valued by an independent valuer and any valuation movement will be reflected in the Statement of Comprehensive Income. This results in inherent volatility in the expected results for the year.

***Debtors***

Debtor recoverability is considered throughout the year and appropriate provisions set aside in the financial statements where required.

***Pension***

The SHAPS provision is valued by an independent actuary, which provides the values to be include in these financial statements. The assumptions used are reviewed by the Board of Management and considered appropriate. Assumptions include estimates of mortality, salary inflation, inflation and discount rate. There are also judgements in respect of the allocation of assets and liabilities in SHAPS as a multi-employer pension scheme.

***Housing Components and Useful Lives***

Key sources of estimation have been applied in apportioning the cost of housing properties between constituent components and in determining the depreciation rates which have been deemed to be appropriate for the class of asset or asset component.

***Provisions***

Provisions relating to Corbiehall have been valued using independent contractors, which provides the estimated values of works required, at the current market rates, as described in note 29. Link continues to review these costs and changes are accounted for in the statement of comprehensive income.

Other provisions relating to legal proceedings have been valued after advice taken from legal representatives. This considers the potential costs that may be likely to be incurred, as outlined in note 29, by the group in the process of legal proceedings analysing an array of outcomes.

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****2a. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS/(DEFICIT) CONSOLIDATED**

		2023	2023	2023	2022
		Turnover	Operating	Operating	Operating
	Notes	£'000	Costs	Surplus /	Surplus /
			£'000	(Deficit)	(Deficit)
				£'000	£'000
Affordable letting activities	3a	82,231	(64,114)	18,117	14,186
Other activities	4a	21,204	(23,476)	(2,272)	705
<b>Total 2023</b>		<b>103,435</b>	<b>(87,590)</b>	<b>15,845</b>	<b>14,891</b>
<b>Total 2022</b>		<b>99,351</b>	<b>(84,460)</b>	<b>14,891</b>	<b>-</b>

**2b. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS/(DEFICIT) LINK GROUP LTD**

		2023	2023	2023	2022
		Turnover	Operating	Operating	Operating
	Notes	£'000	Costs	Surplus /	Surplus /
			£'000	(Deficit)	(Deficit)
				£'000	£'000
Affordable letting activities	3b	72,267	(56,988)	15,279	10,940
Other activities	4b	7,128	(9,183)	(2,055)	(1,292)
<b>Total 2023</b>		<b>79,395</b>	<b>(66,171)</b>	<b>13,224</b>	<b>9,648</b>
<b>Total 2022</b>		<b>72,687</b>	<b>(63,039)</b>	<b>9,648</b>	<b>-</b>

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****3a. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS FROM AFFORDABLE LETTING ACTIVITIES – CONSOLIDATED**

	<b>General Needs housing £'000</b>	<b>Supported housing £'000</b>	<b>Shared ownership £'000</b>	<b>2023 Total £'000</b>	<b>2022 Total £'000</b>
<b>Revenue from rent and service charges</b>					
Rents receivable (net of service charges)	68,054	77	1,228	69,359	61,880
Service charges receivable	1,558	0	21	1,579	1,922
<b>Gross income from rent and service charges</b>	<b>69,612</b>	<b>77</b>	<b>1,249</b>	<b>70,938</b>	<b>63,802</b>
Less: rent losses from voids	(524)	0	(1)	(525)	(484)
<b>Net income from rent and service charges</b>	<b>69,088</b>	<b>77</b>	<b>1,248</b>	<b>70,413</b>	<b>63,318</b>
 Grants released from deferred income	 10,305	 83	 280	 10,668	 9,857
Release of deferred Income	784	-	-	784	673
Revenue grants from Scottish Ministers	299	0	-	299	166
Other operating income	48	6	13	67	186
<b>Total turnover from affordable letting activities</b>	<b>80,524</b>	<b>166</b>	<b>1,541</b>	<b>82,231</b>	<b>74,200</b>
<b>Expenditure</b>					
Management and maintenance administration costs	(15,587)	(88)	(148)	(15,823)	(15,185)
Service costs	(2,514)	(3)	(6)	(2,523)	(2,009)
Planned and cyclical maintenance & major repair costs	(9,234)	12	-	(9,222)	(8,649)
Reactive maintenance costs	(12,377)	(6)	-	(12,383)	(10,468)
Bad debts – rents & service charges	(8)	-	1	(7)	(297)
Depreciation of affordable let properties	(24,361)	(112)	(421)	(24,894)	(22,756)
Loss on disposal of components	(344)	-	-	(344)	(650)
Reversal of Impairment	1,082	-	-	1,082	-
<b>Operating costs for affordable letting activities</b>	<b>(63,343)</b>	<b>(197)</b>	<b>(574)</b>	<b>(64,114)</b>	<b>(60,014)</b>
<b>Operating surplus for affordable lettings 2023</b>	<b>17,181</b>	<b>(31)</b>	<b>967</b>	<b>18,117</b>	<b>14,186</b>
<b>Operating surplus for affordable lettings 2022</b>	<b>12,688</b>	<b>552</b>	<b>946</b>	<b>14,186</b>	

The cost of property components capitalised in the year was £9.8m (2022: £5.1m).

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****3b. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS FROM AFFORDABLE LETTING ACTIVITIES LINK GROUP LTD**

	General Needs housing £'000	Supported housing £'000	Shared Ownership housing £'000	2023 Total £'000	2022 Total £'000
<b>Revenue from rent and service charges</b>					
Rent receivable net of service charges	57,646	-	1,115	58,761	50,847
<b>Gross income from rent and service charges</b>	<b>57,646</b>	<b>-</b>	<b>1,115</b>	<b>58,761</b>	<b>50,847</b>
Less voids	(466)	-	(1)	(467)	(397)
<b>Net income from rents and service charges</b>	<b>57,180</b>	<b>-</b>	<b>1,114</b>	<b>58,294</b>	<b>50,450</b>
<b>Revenue grants</b>					
Grants released from deferred income	8,163	58	269	8,490	7,740
Revenue grants from Scottish Ministers	597	-	-	597	465
Other revenue grants	208	-	-	208	(20)
Other operating income	4,685	-	(7)	4,678	2,154
<b>Total turnover from affordable letting activities</b>	<b>70,833</b>	<b>58</b>	<b>1,376</b>	<b>72,267</b>	<b>60,789</b>
<b>Expenditure</b>					
Management and maintenance administration costs	(18,341)	-	(622)	(18,963)	(15,359)
Service costs	-	-	-	-	(11)
Planned and cyclical maintenance including major repair costs	(7,890)	12	-	(7,878)	(6,364)
Reactive maintenance costs	(9,964)	(5)	-	(9,969)	(8,372)
Bad debts – rents and service charges	(15)	-	1	(14)	(286)
Depreciation of affordable let properties	(20,547)	(70)	(385)	(21,002)	(18,921)
Loss on disposal of components	(244)	-	-	(244)	(536)
Reversal of Impairment	1,082	-	-	1,082	-
<b>Operating costs for affordable letting activities</b>	<b>(55,919)</b>	<b>(63)</b>	<b>(1,006)</b>	<b>(56,988)</b>	<b>(49,849)</b>
<b>Operating surplus / (deficit) for affordable letting activities 2023</b>	<b>14,914</b>	<b>(5)</b>	<b>370</b>	<b>15,279</b>	<b>10,940</b>
<b>Operating surplus / (deficit) for affordable letting activities 2022</b>	<b>10,112</b>	<b>(12)</b>	<b>840</b>	<b>10,940</b>	<b>-</b>

The cost of property components capitalised in the year was £8.4m (2022: £4.4m).

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****4a. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS/(DEFICIT) FROM OTHER ACTIVITIES - CONSOLIDATED**

	Grants from Scottish Ministers £'000	Other revenue grants £'000	Supporting people income £'000	Other income £'000	Total turnover £'000	Other operating costs 2023 £'000	Operating surplus / surplus / (deficit) 2023 £'000	Operating surplus / surplus / (deficit) 2022 £'000
Wider role activities	-	2	-	-	2	(1,732)	(1,730)	(1,950)
Care and repair of property	-	-	-	-	-	-	-	(44)
Factoring	-	-	-	510	510	(897)	(387)	(488)
Development and construction of property activities	19	-	-	272	291	(1,843)	(1,552)	(548)
Contracted out services undertaken for RSLs	-	47	-	130	177	(260)	(84)	(627)
Contracted out services undertaken for other organisations	-	-	-	5,373	5,373	(5,512)	(139)	1,102
Developments and improvements for sale to non-RSLs	-	(19)	-	4,522	4,503	(4,121)	382	(149)
Gain on revaluation of investment properties	-	-	-	-	-	-	-	-
Business & other development costs	-	-	-	-	-	(194)	(194)	(211)
Publicity and Promotion	-	-	-	-	-	(94)	(94)	(432)
Shared Equity Sales Administration	-	-	-	1,082	1,082	(739)	342	1,329
Investment property activities	-	104	-	1,040	1,144	(12)	1,132	1,708
Gain/(loss) on sale of properties	-	-	-	1,297	1,297	(1,497)	(200)	794
Other activities	126	73	-	660	859	(686)	174	5
Support activities	31	1,450	84	4,401	5,966	(5,889)	78	218
<b>Total from other activities 2023</b>	<b>176</b>	<b>1,655</b>	<b>84</b>	<b>19,287</b>	<b>21,204</b>	<b>(23,476)</b>	<b>(2,272)</b>	<b>705</b>
<b>Total from other activities 2022</b>	<b>158</b>	<b>1,469</b>	<b>80</b>	<b>23,444</b>	<b>25,151</b>	<b>(24,446)</b>	<b>705</b>	

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****4b. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS/(DEFICIT) FROM OTHER ACTIVITIES - LINK GROUP LTD**

	2023 Grants from Scottish Ministers £'000	2023 Other Revenue Grants £'000	2023 Supporting People Income £'000	2023 Other Income £'000	2023 Total Turnover £'000	2023 Other Operating Costs £'000	2023 Operating Surplus / (Deficit) £'000	2022 Operating Surplus / (Deficit) £'000
Wider role activities	-	-	-	-	-	(2,028)	(2,115)	(2,115)
Factoring	-	-	-	(34)	(34)	(317)	(409)	(409)
Development and construction of property activities	19	-	-	-	19	(358)	(339)	(506)
Contracted out services undertaken for other RSLs	-	-	-	18	18	(154)	(136)	24
Contracted out services undertaken for other organisations	-	-	-	(7)	(7)	(225)	(232)	238
Development and improvements for sale to non-RSLs	-	-	-	4,621	4,621	(4,125)	496	(155)
Business and other development activities	-	-	-	-	-	(196)	(196)	(404)
Publicity and promotions	-	-	-	-	-	(94)	(94)	(199)
Shared equity sales administration	-	-	-	(55)	(55)	(80)	(135)	(158)
Investment property activities	-	-	-	1,040	1,040	(32)	1,008	797
Gain on sale of properties	-	-	-	1,298	1,298	(1,434)	(136)	1,312
Other activities	-	-	-	228	228	(135)	93	(7)
Support activities	-	-	-	-	-	(5)	(5)	291
<b>Total from other activities 2023</b>	<b>19</b>	<b>-</b>	<b>-</b>	<b>7,109</b>	<b>7,128</b>	<b>(9,183)</b>	<b>(2,055)</b>	<b>(1,292)</b>
<b>Total from other activities 2022</b>	<b>57</b>	<b>49</b>	<b>-</b>	<b>11,792</b>	<b>11,898</b>	<b>(13,190)</b>	<b>(1,292)</b>	<b>-</b>

The costs included in Contracted out services undertaken for other organisations refers to the management fee paid to Link Housing Association Limited for the management of properties owned by Link Group Limited. The other income included relates to management fees received from partner undertakings.

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****5. GAIN ON DISPOSAL OF NON-CURRENT ASSETS – HOUSING PROPERTIES**

In the year to 31 March 2023 the consolidated Statement of Comprehensive Income included a gain on disposal of housing properties of £884,017 (2022: £1,328,724).

Link Group Limited achieved a gain on disposal of housing properties of £884,017 compared to a gain in 2022 of £1,312,000. During the year, Link Group Limited continued to sell properties under the onward sale of shared ownership tranches.

**6. INTEREST AND FINANCING COSTS**

	<b>Consolidated</b>		<b>Link Group Ltd</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Finance charges in the year have been charged as follows:				
Loan interest	14,849	10,726	13,879	10,211
Net interest on Net Defined Benefit Obligation	3	36	2	13
Bank charges	220	289	54	143
	<u>15,072</u>	<u>11,051</u>	<u>13,935</u>	<u>10,367</u>

**7. KEY MANAGEMENT PERSONNEL AND BOARD MEMBERS' EMOLUMENTS**

Under FRS 102 Link Group Limited has defined "key management personnel" as the members of the Senior Management Group whose posts are set out on page 1 of the Report and Financial Statements.

The total emoluments of the key management personnel over £60,000, and the Directors of the Board of Link Group less than £60,000, including the Chief Executive were as follows;

	<b>Consolidated</b>		<b>Link Group Ltd</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Emoluments (excluding pension contributions)	1,587	1,173	1,052	948
Pension contributions	123	99	84	81
Total Emoluments	<u>1,710</u>	<u>1,272</u>	<u>1,136</u>	<u>1,029</u>



**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****7. KEY MANAGEMENT PERSONNEL AND BOARD MEMBERS' EMOLUMENTS (continued)**

The Directors whose emoluments exceed £60,000 fall within the following bandings:

<b>Emoluments (including pension contributions)</b>	<b>Consolidated</b>		<b>Link Group Ltd</b>	
	<b>2023 £'000</b>	<b>2022 £'000</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
£60,000 - £69,999	4	-	-	-
£70,000 - £79,999	2	2	-	-
£80,000 - £89,999	1	1	-	-
£90,000 - £99,999	2	1	1	1
£100,000 - £109,999	-	1	-	1
£110,000 - £119,999	2	3	2	3
£120,000 - £129,999	-	-	-	-
£130,000 - £139,999	1	1	1	1
£140,000 - £149,999	-	1	-	1
£150,000 - £159,999	-	-	-	-
£160,000 - £169,999	1	1	1	1
£170,000 - £179,999	-	-	-	-
£180,000 - £189,999	1	-	1	-
£190,000 - £199,999	1	-	1	-
	<u>15</u>	<u>11</u>	<u>7</u>	<u>8</u>

The emoluments, excluding pension contributions, of the highest paid Director, who is the Group Chief Executive are £180,774, this includes backdated emoluments of £27,354, relating to prior accounting year. The increase is attributable to the implementation of a new pay structure and updated salary benchmarking following the acquisition and integration of Weslo Housing Management Limited into the Link group of companies in 2021, (2022: £149,425). The Group Chief Executive is an ordinary member of the pension scheme, no enhanced or special terms apply and has no other pension arrangements with Link. The pension contribution by Link in respect of the Chief Executive amounted to £15,323 (2022: £12,268).

The total emoluments of the Chief Executive for the year were £196,097 (2022: £161,693), of which £27,354 is in relation to prior years.

Emoluments were paid to the following Board members:

	<b>Consolidated</b>		<b>Link Group Ltd</b>	
	<b>2023 £'000</b>	<b>2022 £'000</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
Chair Link Group	17	16	17	16
Chair Audit and Risk Committee	6	5	6	5
Vice Chair (Commercial)	6	-	6	-
Vice Chair (Communities)	2	5	2	5
Vice Chair (Corporate)	6	5	6	5
	<u>37</u>	<u>31</u>	<u>37</u>	<u>31</u>

Total expenses reimbursed insofar as not chargeable to UK income tax:

<b>Consolidated</b>		<b>Link Group Ltd</b>	
<b>2023 £'000</b>	<b>2022 £'000</b>	<b>2023 £'000</b>	<b>2022 £'000</b>

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

Board of Management	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>
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**8. EMPLOYEES**

	<b>Consolidated</b>		<b>Link Group Ltd</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Staff costs during the year were as follows:				
Wages and salaries	27,701	26,702	5,448	7,031
Social security costs	2,914	2,650	609	736
Contributions to defined contribution plans	<u>1,924</u>	<u>1,800</u>	<u>444</u>	<u>506</u>
	<b><u>32,539</u></b>	<b><u>31,152</u></b>	<b><u>6,501</u></b>	<b><u>8,273</u></b>

	<b>Consolidated</b>		<b>Link Group Ltd</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Agency staff costs	<u>243</u>	<u>386</u>	<u>96</u>	<u>148</u>

Four Directors (2022: 1) received travel expenses of £3,316 (2022: £400) for Link Group Limited and six Directors (2022: 1) received travel expenses of £6,400 (2022: £2,019) for consolidation at group level.

	<b>Consolidated</b>		<b>Link Group Ltd</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
Average number of employees during the year	<u>862</u>	<u>848</u>	<u>123</u>	<u>162</u>
Average full-time equivalent of employees during the year	<u>806</u>	<u>782</u>	<u>118</u>	<u>155</u>

**9. AUDITOR'S REMUNERATION**

	<b>Consolidated</b>		<b>Link Group Ltd</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Audit of these financial statements	75	54	77	54
Audit of financial statements of subsidiaries	100	68	-	-
Taxation compliance services	<u>21</u>	<u>23</u>	<u>4</u>	<u>14</u>
	<b><u>196</u></b>	<b><u>145</u></b>	<b><u>81</u></b>	<b><u>68</u></b>

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****10. HOUSING STOCK**

	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>Units in</b>	<b>Units in</b>	<b>Units under</b>	<b>Units under</b>
	<b>Management</b>	<b>Management</b>	<b>Development</b>	<b>Development</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
Housing accommodation for letting	11,749	11,308	961	1,054
Shared bedspaces	513	641	-	-
Shared ownership accommodation	410	405	-	-
<b>Total Units</b>	<b>12,672</b>	<b>12,354</b>	<b>961</b>	<b>1,054</b>

Included in the above are -, 41 unit currently out of management (2022: 1 unit) and 12,672 units (2022: 12,354 units) managed by subsidiaries Link Housing Association and C~urb 6 Ltd. Excluded are - non-housing units 55 (2022: 292).

The following units are managed or owned and managed by other members of the Group:

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Larkfield Housing Association Ltd	390	386
Horizon Housing Association Ltd	882	883
West Highland Housing Association Ltd	1,113	1,011
	<b>2,385</b>	<b>2,280</b>

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****11a. INTANGIBLE ASSETS - CONSOLIDATED**

	Software in development £'000	Software in use £'000	Total £'000
<b>Cost</b>			
As at 1 April 2022	616	3,004	3,620
Additions in year	-	104	104
Disposals in year	-	(450)	(450)
Transfers in year	(527)	527	-
As at 31 March 2023	<u>89</u>	<u>3,185</u>	<u>3,274</u>
<b>Amortisation</b>			
As at 1 April 2022	-	2,355	2,355
Amortised in year	-	134	134
Amortisation eliminated on disposal	-	(411)	(411)
Impairment in year	-	-	-
As at 31 March 2023	<u>-</u>	<u>2,078</u>	<u>2,078</u>
<b>Net book value</b>			
<b>As at 31 March 2023</b>	<u>89</u>	<u>1,107</u>	<u>1,196</u>
<b>As at 31 March 2022</b>	<u>616</u>	<u>649</u>	<u>1,265</u>

**11b. INTANGIBLE ASSETS - LINK GROUP LTD**

	Software in development £'000	Software in use £'000	Total £'000
<b>Cost</b>			
As at 1 April 2022	616	2,253	2,869
Additions in year	-	119	119
Disposals in year	-	-	-
Transfers in year	(527)	527	-
As at 31 March 2023	<u>89</u>	<u>2,899</u>	<u>2,988</u>
<b>Amortisation</b>			
As at 1 April 2022	-	1,670	1,670
Amortised in year	-	166	166
Amortisation eliminated on disposal	-	-	-
Impairment in year	-	-	-
As at 31 March 2023	<u>-</u>	<u>1,836</u>	<u>1,836</u>
<b>Net book value</b>			
<b>As at 31 March 2023</b>	<u>89</u>	<u>1,063</u>	<u>1,152</u>
<b>As at 31 March 2022</b>	<u>616</u>	<u>583</u>	<u>1,199</u>

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****12a. NON-CURRENT ASSETS - HOUSING PROPERTIES - CONSOLIDATED**

	Housing properties held for lettings £'000	Shared ownership housing properties £'000	Housing properties in course of construction £'000	Total £'000
<b>Cost</b>				
As at 1 April 2022	957,141	21,215	105,050	1,083,406
Additions in year	30,563	79	66,861	97,503
Reversal of Impairment	1,092	-	-	1,092
Disposals in year	(1,841)	(449)	-	(2,290)
Transfers in year	65,320	(44)	(65,276)	-
As at 31 March 2023	1,052,275	20,801	106,635	1,179,711
<b>Depreciation</b>				
As at 1 April 2022	208,746	7,673	-	216,419
Charge in year	24,472	421	-	24,893
Eliminated on disposals in year	(1,126)	(92)	-	(1,218)
Reversal of Impairment	10	-	-	10
Transfers in year	13	(13)	-	-
As at 31 March 2023	232,115	7,989	-	240,104
<b>Net book value</b>				
As at 31 March 2023	820,160	12,812	106,635	939,607
As at 31 March 2022	748,395	13,542	105,050	866,987

Additions to housing properties in the course of construction include no interest payable on loans advanced for those properties (2022: nil). Total works expenditure on housing properties amounted to £16m (2022: £20.3m) of which £9.8m (2022: £5.1m) was capitalised and £6.2 (2022: £15.1m) was expensed. Of the £9.8m (2022: £5.1m) works capitalised, £4.5 (2022: £3.8m) were component replacements and £5.3m (2022: £0.7m) were improvements.

All housing properties are owned, and none are held on a lease. Many of the properties are secured to lenders providing loans required to finance their construction. The historical value of land included in the net book value at 31 March 2023 was £80.5 (2022: £72.9m).

## LINK GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

## 12b. NON-CURRENT ASSETS - HOUSING PROPERTIES - LINK GROUP LTD

	Housing properties held for lettings £'000	Shared ownership housing properties £'000	Housing properties in course of construction £'000	Total £'000
<b>Cost</b>				
As at 1 April 2022	839,033	19,235	102,709	960,977
Additions in year	26,431	79	64,467	90,977
Reversal of impairment	1,092	-	-	1,092
Disposals in year	(1,425)	(449)	-	(1,874)
Transfers in year	62,051	-	(62,051)	-
As at 31 March 2023	927,182	18,865	105,125	1,051,172
<b>Depreciation</b>				
As at 1 April 2022	176,492	7,380	-	183,872
Charge in year	20,708	293	-	21,001
Eliminated on disposals in year	(852)	(91)	-	(943)
Reversal of impairment	10	-	-	10
As at 31 March 2023	196,358	7,582	-	203,940
<b>Net book value</b>				
<b>As at 31 March 2023</b>	730,824	11,283	105,125	847,232
<b>As at 31 March 2022</b>	662,541	11,855	102,709	777,105

Development administration costs capitalised amounted to £1.2m (2022: £4.4m). Total works expenditure on housing properties amounted to £13.8m (2022: £15.8m) of which £8.4m was capitalised (2022: £4.5m) and £5.4m (2022: £11.4m) was expensed. Of the works capitalised, £5.3m (2022: £3.8m) were component replacements and £3.1m (2022: £0.7m) were improvements. Additions to housing properties in the course of construction include no interest payable on loans advanced for those properties (2022: £nil).

All housing properties are owned and none are held on a lease. Many of the properties are secured to lenders providing loans required to finance their construction. The historical value of land included in the net book value at 31 March 2023 was £77.3m (2022: £72.9m).

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****12c. TANGIBLE FIXED ASSETS - INVESTMENT PROPERTIES**

<b>Investment property – Link Group Limited and Consolidated</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
At 1 April 2022	10,575	10,400
Unrealised gain on revaluation	<u>796</u>	<u>175</u>
At 31 March 2023	<u><u>11,371</u></u>	<u><u>10,575</u></u>

Link Group Limited is responsible for repairs and maintenance of the 84 properties which are leased to a university for student accommodation. The valuation was carried out by an independent valuer, Jones Lang LaSalle, a financial and professional services firm specialising in real estate services and investment management.

The valuations were completed as at 31 March 2023 and were prepared on the basis of market value. The investment method of valuation to derive the market value of the properties was used. No allowance was made for any expenses of realisation, or for taxation (including VAT) which might arise in the event of a disposal and the properties were considered free and clear of all mortgages or other charges which may be secured thereon.

Any gain or loss arising from a change in fair value is recognised in the Income and Expenditure Account. Rental income from investment property is accounted for as described in note 1 (g) of the accounting policies.

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****13a. TANGIBLE NON-CURRENT ASSETS - OTHER NON-CURRENT ASSETS - CONSOLIDATED**

	<b>Heritable Office Property £'000</b>	<b>Plant &amp; Equipment £'000</b>	<b>Vehicles £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
As at 1 April 2022	11,837	2,643	500	14,980
Additions in year	194	659	56	909
Disposals in year	-	(57)	-	(57)
As at 31 March 2023	<u>12,031</u>	<u>3,245</u>	<u>556</u>	<u>15,832</u>
<b>Depreciation</b>				
As at 1 April 2022	3,671	1,652	466	5,789
Charge in year	500	437	6	943
Eliminated on disposal in year	-	(27)	-	(27)
As at 31 March 2023	<u>4,171</u>	<u>2,062</u>	<u>472</u>	<u>6,705</u>
<b>Net book value:</b>				
As at 31 March 2023	<u>7,860</u>	<u>1,183</u>	<u>84</u>	<u>9,127</u>
As at 31 March 2022	<u>8,166</u>	<u>991</u>	<u>34</u>	<u>9,191</u>

**13b. TANGIBLE NON-CURRENT ASSETS - OTHER NON-CURRENT ASSETS - LINK GROUP LTD**

	<b>Heritable Office Property £'000</b>	<b>Plant &amp; Equipment £'000</b>	<b>Vehicles £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
As at 1 April 2022	10,280	1,450	21	11,751
Additions in year	86	-	329	415
Disposals in year	-	(12)	-	(12)
As at 31 March 2023	<u>10,366</u>	<u>1,438</u>	<u>350</u>	<u>12,154</u>
<b>Depreciation</b>				
As at 1 April 2022	3,253	1,135	18	4,406
Charge in year	230	127	318	675
As at 31 March 2023	<u>3,483</u>	<u>1,262</u>	<u>336</u>	<u>5,081</u>
<b>Net book value:</b>				
As at 31 March 2023	<u>6,883</u>	<u>176</u>	<u>14</u>	<u>7,073</u>
As at 31 March 2022	<u>7,027</u>	<u>315</u>	<u>3</u>	<u>7,345</u>



**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****14. INVESTMENTS****Partner Undertakings**

<b>Organisation</b>	<b>Legal Nature</b>	<b>Authorised Share Capital</b>	<b>Issued Share Capital</b>	<b>Principal Activity</b>
Link Housing Association Limited	Charity, registered as a society under the Co-operative and Community Benefit Societies Act 2014	N/A	N/A	Management of social rented housing stock
LinkLiving Limited	Charitable Company	Limited by Guarantee	N/A	Providing care and support to Link tenants and others
C~URB 6 Limited	Private Limited Company	50,000 £1 shares	£50,000	Provision of maintenance services
Link Homes (2001) Limited	Private Limited Company	50,000 £1 shares	£50,000	Administration of Shared Equity schemes
Larkfield Housing Association Limited	Charity, registered as a society under the Co-operative and Community Benefit Societies Act 2014	N/A	N/A	A Registered Social Landlord, management of social rented housing stock.
Horizon Housing Association Limited	Charity, registered as a society under the Co-operative and Community Benefit Societies Act 2014	N/A	N/A	A Registered Social Landlord, management of social rented housing stock
West Highland Housing Association Limited	Charity, registered as a society under the Co-operative and Community Benefit Societies Act 2014	N/A	N/A	A Registered Social Landlord, management of social rented housing stock
Weslo Initiatives Limited	Private Limited Company	5 £1 Shares	£5	Management of market and mid-market rented properties for Weslo Housing Management and third-party landlords

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****14. INVESTMENTS (continued)**

At 31 March 2023, West Highland Housing Association Limited held 100% share capital of the following partner undertakings:

<b>Organisation</b>	<b>Legal Nature</b>	<b>Authorised Share Capital</b>	<b>Issued Share Capital</b>	<b>Principal Activity</b>
West Highland Futures Limited	Private Limited Company	1 £1 shares	£1	Provision of affordable low carbon energy

The issued share capital of West Highland Futures Limited is held at cost within West Highland Housing Association Limited.

All of the partner undertakings have been consolidated in the Group financial statements.

	<b>2023 £'000</b>	<b>2022 £'000</b>
<b>Cost</b>		
Shares in Group undertakings	100	100

**15. WORK IN PROGRESS**

	<b>Consolidated</b>		<b>Link Group Ltd</b>	
	<b>2023 £'000</b>	<b>2022 £'000</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
As at 1 April 2022	9,365	14,735	8,038	13,471
Expenditure on development properties	9,161	9,963	9,610	9,560
Cost of sales transferred to expenditure	(5,429)	(13,911)	(5,090)	(13,571)
Transfers to stock	(5,033)	(1,422)	(5,034)	(1,422)
As at 31 March 2023	<u>8,064</u>	<u>9,365</u>	<u>7,524</u>	<u>8,038</u>

The number of sales of shared equity properties were 13 (2022: 71).

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****16. RECEIVABLES**

	<b>Consolidated</b>		<b>Link Group Ltd</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Arrears of rent and service charges	3,082	2,792	2,203	1,750
Less: payment plan adjustments	(83)	(71)	(64)	(52)
Less: provision for bad and doubtful debts	(923)	(996)	(455)	(427)
Net rental debtors	<u>2,076</u>	<u>1,725</u>	<u>1,684</u>	<u>1,271</u>
Trade receivables	5,210	6,290	2,683	2,104
Social housing grant receivable	645	807	-	148
Other receivables	1,334	21,407	213	20,667
Prepayments and accrued income	2,914	2,745	2,578	2,437
Amounts due from group undertakings	-	-	21,249	26,397
	<u>12,179</u>	<u>32,974</u>	<u>28,407</u>	<u>53,024</u>

The amount due from subsidiaries includes rental income collected by partner companies on behalf of Link Group Limited and not received by Link Group until after the year end; charges levied by Link Group for services provided which were invoiced to the subsidiaries and paid after the year end; an interest only intercompany loan of £7.4m at an interest rate of 3.85% which is repayable in more than one year.

**17. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Consolidated</b>		<b>Link Group Ltd</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Housing loans	15,555	1,112	15,000	-
Shared equity grant payables	6,966	4,662	5,051	3,157
Trade payables	7,720	6,902	6,901	6,082
Rent and service charges in advance	2,548	2,293	2,068	1,863
Pension contributions payable	350	309	331	272
Taxation and social security	346	1,211	295	1,129
Other payables	11,806	10,570	8,350	7,655
Accruals and deferred income	12,086	20,463	7,735	15,147
Amounts owed to group undertakings	-	-	6,828	2,306
	<u>57,377</u>	<u>47,522</u>	<u>52,559</u>	<u>37,611</u>

Included in trade and other creditors is an amount of £0.76m (2022: £0.83m), representing a grant repayable to the Scottish Government. The amount repayable relates to grant aided flats, which were demolished following the discovery of serious structural defects. Link Group does not consider the grant repayment to be equitable and has made representations to the Scottish Government for further abatement, although in the accounts the full amount repayable has been provided.

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****18. PAYABLES: AMOUNTS FALLING DUE AFTER ONE YEAR**

	<b>Consolidated</b>		<b>Link Group Ltd</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Housing loans	372,308	406,269	361,169	386,108
Intercompany loans	-	-	-	-
Other payables	3,213	4,017	3,212	3,718
	<u>375,521</u>	<u>410,286</u>	<u>364,381</u>	<u>389,826</u>

	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>

**Housing loans - analysis of loan facilities****Fixed rate:**

Advanced by banks	116,000	71,828	116,000	66,000
Advanced by building societies	5,617	38,808	-	33,108
Advanced by private lenders	230,991	229,857	230,000	230,000

**Variable rate:**

Advanced by banks	29,295	61,221	22,000	57,000
Advanced by building societies	9,173	4,555	8,000	-
	<u>391,076</u>	<u>406,269</u>	<u>376,000</u>	<u>386,108</u>

The Group has loan facilities of £459m (2022: £459m), of which £387m had been drawn down as at 31 March 2023 (2022: £406m). The loan facilities are secured over a number of Link's housing properties. The repayment terms vary between 3 and 30 years.

Interest on the loans was charged at interest rates between 2.27% and 5.93% (2022: between 1.15% and 5.93%).

	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Analysis of maturity of debt</b>				
<b>Amounts repayable:</b>				
In one year or less, or on demand	15,555	-	15,000	-
Between one and two years	724	16,082	-	15,000
Between two and five years	1,816	3,334	-	-
	<u>18,095</u>	<u>19,416</u>	<u>15,000</u>	<u>15,000</u>
In five years or more	372,981	386,853	361,000	371,108
	<u>391,076</u>	<u>406,269</u>	<u>376,000</u>	<u>386,108</u>

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****19. DEFERRED INCOME**

	<b>Consolidation</b>		<b>Link Group Ltd</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Social Housing Grants</b>				
At 1 April	413,818	397,216	377,742	360,666
Additions in year	39,084	26,120	36,539	25,343
Released/repaid as a result of property disposals	(281)	(527)	(281)	(527)
Amortised in year	(9,741)	(8,991)	(8,468)	(7,740)
At 31 March	<u>442,880</u>	<u>413,818</u>	<u>405,532</u>	<u>377,742</u>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Other grants</b>				
At 1 April 2022	2,652	1,894	-	-
Additions in year	-	812	-	-
Amortised in year	(102)	(53)	-	-
At 31 March 2023	<u>2,550</u>	<u>2,653</u>	<u>-</u>	<u>-</u>

**20. SHARE CAPITAL**

	<b>Consolidated</b>		<b>Link Group Ltd</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
As at 1 April 2022	416	413	153	153
Issued in year	-	11	-	-
Cancelled in year	(7)	(8)	-	-
As at 31 March 2023	<u>409</u>	<u>416</u>	<u>153</u>	<u>153</u>

**21. CAPITAL COMMITMENTS**

At 31 March 2023 authorised and contracted commitments outstanding amounted to approximately £96m for Link Group Limited (2022: £272m) and £102.5m for the Group (2022: £276m).

LINK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

22. CONTINGENT LIABILITIES

Pension

Link has been notified by the Trustee of the Scottish Housing Association Pension Scheme (SHAPS) that it has performed a review of the changes made to the Scheme’s benefits over recent years. The Trustee has been advised to seek clarification from the Court on potential changes to the pension liability. This process is ongoing, and the Association understands that the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until the outcome of the Court process is known, it is not possible to calculate the impact on the liabilities of this issue, particularly on an individual employer basis, with any accuracy for the purposes of the 31 March 2023 financial statements. Accordingly, no adjustment has been made in these financial statements in respect of this potential issue.

Office Repairs

A contingent liability exists in respect of potential repair or demolition costs associated with Link’s share of property at 170 Hope Street, Glasgow. The property is listed but currently unoccupied due to structural safety concerns. The basis on which the costs would be shared is complex and requires interpretation of a number of historical deeds. The extent of potential costs is also uncertain as no decision on the future of the property has been taken. If the property is sold to Glasgow Building Preservation Trust, there may be no liability arising. Link does not expect the matter to progress in the short term.

Financial Guarantee

In connection with the development of properties at Dunbeg which is being carried out in partnership with Link Housing Association Limited, Link has entered a bond or financial guarantee in favour of Argyll and Bute Council for the amount of £40,000. The bond relates to an obligation imposed under the development’s planning conditions for the construction of a play park area for community recreation within five years of the commencement of the development.

Legal

Exemption has been taken under FRS102 S.21.17 in relation to the legal contingent liability. Full disclosure could have a prejudicial effect on the legal proceedings. In relation to legal proceedings raised against a Link Group subsidiary entity, a contingent liability has been entered. No provision has been created in respect of this.

23. RELATED PARTIES

During the year, one tenant had served as a Board Member (2022: 1). The tenancy was on normal commercial terms and the tenant could not use their position to their advantage.

Transactions with governing body members were as follows:	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Rent and factoring income received from tenants and owners on the Board	4	4
Tenants and owner Committee member arrears (in credit) as at 31 March	-	-

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****23. RELATED PARTIES (Continued)**

During the year, for their services to Link Group, six Board Members (2022: 5) received emoluments of £37,091 (2022: £31,304).

Link Group Limited is exempt from the requirements under FRS 102 (Section 33.1A) to disclose details of transactions with other members of the Group headed by Link Group Limited.

**24. OPERATING LEASES**

	<b>Consolidated</b>		<b>Link Group Ltd</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Operating leases as a lessee</b>				
Total commitments under non-cancellable operating leases are as follows:				
Within one year	93	8	4	-
In one to two years	1	590	-	36
In two to five years	14	-	-	-
After five years	39	36	26	-
At 31 March 2023	<u>147</u>	<u>634</u>	<u>30</u>	<u>36</u>

The total consolidated lease payments recognised as an expense was £54,408 (2022: £42,594) and for Link Group was £33,925 (2022: £38,704).

**Operating Leases as a Lessor**

Link Group Limited owns and is responsible for repairs and maintenance of the 84 properties which are leased to a university for student accommodation. Future minimum rentals receivable under these leases are as follows:

	<b>Consolidated</b>		<b>Link Group Ltd</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Within one year	1,447	924	1,410	881
In one to five years	5,641	1,876	5,641	1,876
In over five years	4,231	1,727	4,231	1,727
	<u>11,319</u>	<u>4,527</u>	<u>11,282</u>	<u>4,484</u>

The total rental income received by Link Group Ltd in the year was £1.03m (2022: £0.88m).

The lease agreement for one of the accommodation units expired in July 2023 but has rolled forward under tacit relocation, until formally agreed, and for the second in 2031.

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****25. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES CASHFLOW ANALYSIS**

	<b>Consolidated</b>		<b>Link Group Ltd</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Surplus for the year	2,450	35,940	714	33,574
Depreciation of tangible fixed assets	25,395	22,158	21,360	20,522
Amortisation of intangible fixed assets	134	1,069	166	1,034
Decrease in stock	(1,302)	5,370	512	5,433
(Increase)/Decrease in debtors	11,026	(18,941)	24,617	(36,497)
(Increase)/Decrease in creditors	20,959	6,283	4,047	5,384
Carrying amount of tangible fixed asset disposals	(1,112)	9,283	970	8,845
Proceeds from the sale of fixed assets	(5,924)	(9,703)	(5,924)	(9,280)
Government grants utilised in the year	(9,741)	(9,857)	(8,468)	(8,267)
Interest payable	15,072	11,098	13,935	10,367
Interest received	(1,177)	(62)	(947)	(57)
Pension cost less contributions payable	841	(449)	(325)	(279)
Unrealised gain on revaluation of investment properties	(796)	(175)	(796)	(175)
Other long-term grants	-	-	-	-
	<b>55,825</b>	<b>52,014</b>	<b>49,862</b>	<b>30,604</b>

**26. RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN DEBT**

	<b>Consolidation</b>		<b>Link Group Ltd</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
(Decrease)/Increase in cash in year	(45,347)	47,150	(29,549)	32,694
Loan repaid	(35,286)	(434)	(33,108)	-
Cash received from new loans	16,000	(154,988)	16,000	(158,121)
Changes in net debt	<b>(64,633)</b>	<b>(108,272)</b>	<b>(46,657)</b>	<b>(125,427)</b>

**27. ANALYSIS OF CHANGES IN FINANCING DURING THE CURRENT YEAR**

	<b>Consolidated</b>			<b>Link Group Ltd</b>		
	<b>As at 1 April 2022</b>	<b>Cash Flows £'000s</b>	<b>As at 31 March 2023</b>	<b>As at 1 April 2022</b>	<b>Cash Flows £'000s</b>	<b>As at 31 March 2023</b>
Cash at bank and in hand	81,299	(45,286)	36,013	49,252	(29,549)	19,703
Term deposits	2,039	1,117	3,156	-	-	-
Debt due within one year	(1,113)	(14,443)	(15,555)	-	(15,000)	(15,000)
Debt due after one year	(406,269)	33,960	(372,309)	(386,108)	24,939	(361,169)



**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

Total	(324,044)	(24,652)	(348,695)	(336,856)	(19,610)	(356,466)
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**28. PENSIONS****28a. Defined Contribution Scheme**

Link Group Limited offers all staff membership to the Link Group Defined Contribution scheme, with employer contribution rates of up to 12%. The assets of the scheme are administered by trustees in a fund independent of the Link Group. The staff of Horizon Housing Association Limited, Larkfield Housing Association Limited and West Highland Housing Association Limited are offered membership of the SHAPS Defined Contribution scheme, with employer contribution rates of 6%, 9% or 12% of pensionable salaries for employees who joined the scheme before 1 December 2013, and of 5%, 6%, 8% or 9% of pensionable salaries for employees who joined the scheme after 1 December 2013.

As at the balance sheet date, there were 791 members of staff who were members of the Link Group personal pension scheme (2022: 755), of whom 115 are employed by Link Group Limited (2022: 147), and there were 49 members of staff who were members of the SHAPS Defined Contribution Scheme (2022: 67). The total employer contributions for the year ended 31 March 2023 amounted to £1.9m (2022: £1.6m), of which £0.43m was made in relation to Link Group Limited staff (2022: £0.50m).

**28b. Defined Benefit Scheme**

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

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

The last triennial valuation of the scheme for funding purposes was carried out as at 31 December 2021. This valuation revealed a deficit of £121m. A Recovery Plan was put in place to eliminate the deficit which ran to 30 September 2022.

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

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

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

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2022. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 December 2023 to 28 February 2024 inclusive.

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

**28b. Defined Benefit Scheme (Continued)**

The liabilities are:

	<b>2023</b>	<b>2023</b>
Discount Rate	4.90%	2.75%
Salary Increases:		
Year 1	2.00%	4.75%
Year 2+	2.00%	2.00%
Inflation (RPI)	3.40%	3.85%
Inflation (CPI)	2.90%	3.25%
Allowances for cash commutation	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	<b>Life Expectancy at the age of 65 (Years)</b>
Male retiring in 2023	20.5
Female retiring in 2023	23.0
Male retiring in 2043	21.7
Female retiring in 2043	24.4

**CONSOLIDATED**

	<b>2023</b>	<b>2022</b>
<b>Amounts Recognised in Statement of Financial Position</b>	<b>£'000</b>	<b>£'000</b>
Fair value of scheme assets	11,398	17,819
Present value of benefit obligation	(11,896)	(17,978)
Surplus / (deficit) in plan	(498)	(160)
Unrecognised surplus	9	(73)
Net defined benefit asset (liability) to be recognised	(507)	(232)

	<b>2023</b>	<b>2022</b>
<b>Reconciliation of the impact of the asset ceiling</b>	<b>£'000</b>	<b>£'000</b>
Impact of asset ceiling at start of period	73	-
Effect of the asset ceiling included in net interest cost	2	-
Actuarial (gains)/losses on asset ceiling	(66)	73
Impact of asset ceiling at end of period	9	73

	<b>2023</b>	<b>2022</b>
<b>Amounts Recognised in Statement of Comprehensive Income</b>	<b>£'000</b>	<b>£'000</b>
Current service costs	15	20
Administration costs	14	16
Net interest on net defined benefit obligation	3	36
Total pension cost recognised in Statement of Comprehensive Income	32	72

	<b>2023</b>	<b>2022</b>
<b>Changes in Defined Benefit Obligation</b>	<b>£'000</b>	<b>£'000</b>
Opening Defined Benefit Obligation	17,979	19,115
Employer Service Cost	15	20
Interest Expense	488	389
Employer Expenses	16	16
Member Contributions	13	14
Actuarial (gains)/loss due to scheme experience	(589)	277
Actuarial (gains)/loss due to changes in demographic assumptions	(279)	59
Actuarial (gains)/loss due to changes in financial assumptions	(5,206)	(1,573)

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

Benefits Paid and Expenses	(541)	(338)
Closing Defined Benefit Obligation	<u>11,896</u>	<u>17,979</u>

**28b. Defined Benefit Scheme (Continued)**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in Fair Value of Scheme Assets</b>		
Opening Fair Value of Scheme Assets	17,819	17,141
Actual Return on Scheme Assets less Interest Income – gain/(loss)	(6,707)	129
Interest income	487	353
Employer Contributions	327	520
Member Contributions	13	14
Benefits Paid and Expenses	(541)	(338)
Closing Fair Value of Scheme Assets	<u>11,397</u>	<u>17,819</u>

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Other Comprehensive Income</b>		
Experience on plan assets (excluding amounts included in net interest cost) – gain/ (loss)	5,889	129
Experience gains and losses arising on the plan liabilities – gain/(loss)	(4,497)	1,573
Actuarial gains/(losses)	(247)	(59)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) – gain/(loss)	(512)	(277)
Actuarial gains and losses recognised in other comprehensive income	633	1,366
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	(66)	(73)
	<u>567</u>	<u>1,293</u>

**The major categories of Scheme Assets as a total of plan assets are as follows**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Global Equity	301	3,524
Absolute Return	156	816
Distressed Opportunity	351	638
Credit Relative Value	435	571
Alternative Risk Premia	66	736
Emerging Market Debt	89	664
Risk Sharing	830	581
Insurance-Linked Securities	317	373
Property	474	462
Infrastructure	1,228	1,113
Private Debt	509	449
Opportunistic Illiquid Credit	504	591
High Yield	58	173
Opportunistic Credit	-	62
Cash	48	49
Corporate Bond Fund	15	1,126
Liquid Credit	-	113
Long Lease Property	382	513
Secured Income	761	952
Over 15 Year Gilts	-	8
Liability Driven Investment	4,825	4,313
Currency Hedging	22	(65)
Net Current Assets	26	57
Total assets	<u>11,397</u>	<u>17,819</u>

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023****28b. Defined Benefit Scheme (Continued)****LINK GROUP LIMITED**

	<b>2023</b>	<b>2022</b>
<b>Amounts Recognised in Statement of Financial Position</b>	<b>£'000</b>	<b>£'000</b>
Fair value of scheme assets	4,091	6,311
Present value of benefit obligation	(4,332)	(6,443)
Net pension liability	<u>(241)</u>	<u>(132)</u>

	<b>2023</b>	<b>2022</b>
<b>Amounts Recognised in Statement of Comprehensive Income</b>	<b>£'000</b>	<b>£'000</b>
Current service costs	15	20
Administration costs	6	6
Net interest on net defined benefit obligation	2	13
Total Pension Cost Recognised in Statement of Comprehensive Income	<u>23</u>	<u>39</u>

	<b>2023</b>	<b>2022</b>
<b>Changes in Defined Benefit Obligation</b>	<b>£'000</b>	<b>£'000</b>
Opening Defined Benefit Obligation	6,443	6,729
Employer Current Service Cost	15	20
Employer Expenses	6	6
Interest Expense	174	137
Member Contributions	13	14
Actuarial (gains)/loss due to scheme experience	(348)	138
Actuarial (gains)/loss due to changes in demographic assumptions	(106)	22
Actuarial (gains)/loss due to changes in financial assumptions	(1,623)	(480)
Benefits Paid and Expenses	(242)	(143)
Closing Defined Benefit Obligation	<u>4,332</u>	<u>6,443</u>

	<b>2023</b>	<b>2022</b>
<b>Changes in Fair Value of Scheme Assets</b>	<b>£'000</b>	<b>£'000</b>
Opening Fair Value of Scheme Assets	6,311	6,025
Actual Return on Scheme Assets less Interest Income – gain/(loss)	(2,293)	91
Interest income	172	124
Employer Contributions	130	200
Member Contributions	13	14
Benefits Paid and Expenses	(242)	(143)
Closing Fair Value of Scheme Assets	<u>4,091</u>	<u>6,311</u>

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was £0.75m.

	<b>2023</b>	<b>2022</b>
<b>Amounts Recognised in Other Comprehensive Income</b>	<b>£'000</b>	<b>£'000</b>
Experience on plan assets (excluding amounts included in net interest cost) - gain/(loss)	(2,293)	91
Experience gains and losses arising on the plan liabilities – gain/(loss)	1,623	480
Actuarial gains/(losses) due to changes in demographic assumptions	106	(22)
Actuarial gains/(losses)	348	(138)

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

Actuarial gains and losses recognised in other comprehensive income	(216)	411
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**28b. Defined Benefit Scheme (Continued)**

The major categories of Scheme Assets as a total of plan assets are as follows

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Global Equity	108	1,248
Absolute Return	56	289
Distressed Opportunity	126	226
Credit Relative Value	156	202
Alternative Risk Premia	24	261
Fund of Hedge Funds	-	-
Emerging Market Debt	32	235
Risk Sharing	298	206
Insurance-Linked Securities	114	132
Property	170	164
Infrastructure	441	394
Private Debt	183	159
Opportunistic Illiquid Credit	181	209
High Yield	21	61
Opportunistic Credit	-	22
Cash	17	18
Corporate Bond Fund	5	399
Liquid Credit	-	40
Long Lease Property	137	182
Secured Income	273	337
Over 15 Year Gilts	-	3
Index Linked All Stock Gilts	-	-
Liability Driven Investment	1,732	1,527
Currency Hedging	8	(23)
Net Current Assets	9	20
Total assets	<u>4,091</u>	<u>6,311</u>

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

**29. PROVISION FOR LIABILITIES**

	<b>Consolidated</b>		<b>Link Group</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Corbiehall provision	1,000	750	1,000	750
Other provisions	100	-	-	-
Total	<u>1,100</u>	<u>750</u>	<u>1,000</u>	<u>750</u>

There is a legal obligation for Link under housing legislation that requires it to provide tenants with a habitable home and one which meets the SHQS. The properties at Corbiehall do not meet that requirement given the extensive analysis of works required, the on-going void position and the planned tender for works and in order to achieve that Link will be obligated to spend sums identified to ensure those minimum standards are met for the properties it owns in the scheme.

**LINK GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

Additionally, there is a legal claim lodged against a subsidiary of Link Group. A transfer of 100k to provisions has been made during the year by the subsidiary. Exemption has been taken under FRS102 S.21.17 in relation to the legal contingent liability. Full disclosure could have a prejudicial effect on the legal proceedings

**30. Business Combinations**

On 1 June 2021, Link Group acquired the assets and liabilities of Weslo Housing Management Limited under a transfer of engagements for £nil consideration.

At 1 June 2021 (the 'acquisition date'), the assets and liabilities of Weslo Housing Management Limited were consolidated to their fair value, outlined below. The properties were valued on the basis of existing use value for social housing by Jones Lang Lasalle Limited on 1 June 2021.

The excess fair value of the acquired assets over the fair value of the acquired liabilities of £32,005 has been recognised in the Statement of Comprehensive Income. The movement in relation to the acquired pension liability reflects the long term financial agreement entered into with Lothian Pension Fund.

	<b>Fair Value at Acquisition 2023 £'000</b>	<b>Fair Value at Acquisition 2022 £'000</b>
Housing Properties	-	81,516
Other Fixed Assets	-	1,178
Stock	-	76
Net Rental Receivables	-	57
Amount due from subsidiary	-	374
Prepayments and accrued income	-	52
Other receivables	-	200
Cash and cash equivalents	-	4,235
<b>Total Assets</b>	<b>-</b>	<b>87,688</b>
Housing Loans	-	(49,419)
Deferred capital grant	-	-
Long Term Payables (Lothian Pension Fund)	-	(4,369)
Rent and service charges in advance	-	(386)
Trade payables	-	(48)
Other payables	-	(512)
Accruals and deferred income	-	(182)
Other provision for liabilities	-	(767)
<b>Total Liabilities</b>	<b>-</b>	<b>(55,683)</b>
<b>Net Assets</b>	<b>-</b>	<b>32,005</b>