

Linstone Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2015

Registered Housing Association No. HEP299

FCA Reference No. 2524R(S)

Scottish Charity No. SC027454

LINSTONE HOUSING ASSOCIATION LIMITED

CONTENTS

	Page
MEMBERS OF THE MANAGEMENT COMMITTEE EXECUTIVES AND ADVISERS	1
REPORT OF THE MANAGEMENT COMMITTEE	2
REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS	6
REPORT OF THE AUDITORS	7
INCOME AND EXPENDITURE ACCOUNT	9
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	9
BALANCE SHEET	10
CASH FLOW STATEMENT	11
NOTES TO THE FINANCIAL STATEMENTS	12

LINSTONE HOUSING ASSOCIATION LIMITED

**MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2015**

MANAGEMENT COMMITTEE

Nanette J. Reid	Chairperson
Elizabeth Arnott	Vice-chairperson
James Carmichael	
Toni Cassidy	Resigned 16 September 2014
Councillor Stuart Clark	Resigned 16 September 2014
Jamie Irvine	
Elizabeth McAlpine	Secretary
Colin Turnbull	
Sandra Inrig	Resigned 16 September 2014
Audrey Simpson	
Joe Ferrie	
Elaine Hunter	
Sandy Hewitt	
Bernard Singleton	
Elizabeth Bell	Co-opted 21 October 2015
Bernard Parsons	Co-opted 21 October 2015

EXECUTIVE OFFICERS

Adele Fraser	Chief Executive
David Adam	Director of Housing & Property Services
Gary Dalziel	Director of Finance & Corporate Services

REGISTERED OFFICE

17 Bridge Street
Linwood
Renfrewshire
PA3 3DB

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

BANKERS

Bank of Scotland Corporate Specialist Banking - RM (Not for Profit)
2nd Floor Pentland House
8 Lochside Avenue
Edinburgh Park
Edinburgh Park
EH12 9DJ

SOLICITORS

HBJ Gateley
Exchange Tower
19 Canning Street
Edinburgh
EH3 8EH

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2015**

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2015.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2524R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC027454.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

Review of Business and Future Developments

The Association has now completed its sixteenth year of business and 2014/15 represented one of the most significant and rewarding years in our history.

The rent increase for the year was set at 2.9% which remained relatively low in comparison to other Housing Associations within Scotland. Our major expenditure during the year was in relation to progressing the ECO programme. For these works the association invested almost £2 million while at the same time attaining significant grant funding from the energy companies and government. This has allowed us to continue our major programme of investment in insulating and improving energy efficiency within our residents' homes.

Allied to the investment in our ECO programme expenditure in relation to other works including reactive maintenance, cyclical works and minor planned maintenance amounted to a further £1.1 million.

During the year the association, with support from the Scottish Government Housing Association Grant, refurbished 16 flats in Brown Street, Paisley at a cost of approximately £1.2 million.

We continued to deliver significant investment and resources into Johnstone Castle which has resulted in improvements in managing to allocate the properties in this area. Extensive estate management initiatives have been implemented across large portions of our stock including close cleaning, estate services and on-going maintenance.

The other major activity for the association in the early part of 2014/15 involved Linstone moving to a new purpose built office within Linwood which we took full ownership of in May 2015. We purchased the building from Tesco at a heavily discounted purchase price together with a range of fit-out costs, new furniture and enhanced ICT. This newly built accommodation is a strong asset to the association going forward and will allow us to deliver high quality services within the heart of one of our communities.

One area Linstone continues to focus on is providing opportunities through placements and temporary positions for people often excluded or at the margins of the labour market. During the year we had, a placement from Glasgow Centre from Inclusive Living (GCIL), a graduate traineeship, a member of staff part funded through Renfrewshire Council's Invest in Renfrewshire programme and temporary placements into our caretaking service.

In October 2013 the association (on behalf of FLAIR and other partners) was successful in attaining over £300,000 from the Big Lottery for an 18 month project aimed at providing support to tenants suffering from financial exclusion which complements and builds upon our existing welfare rights service. This project commenced in December 2013 and throughout 2014/15 has proven to provide successful outcomes for residents in terms of energy efficiency, financial literacy, mental health support and furniture provision. During 2014/15 the association has been developing a further lottery application to build upon the success of this project.

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2015**

Review of Business and Future Developments (Contd)

Other activities which continued the development and growth of the association during the last year included a focus upon marketing, on-line communication and communication with our customers. An enhanced website with greater user functionality was implemented together with increasing our social media presence across a range of platforms.

Across almost all areas of core performance Linstone continued to see a positive trend with areas like tenancy sustainment, debt control and reletting of homes all improving on the previous year's performance.

Overall Linstone has made significant progress throughout the year and this has allowed us to meet a range of commitments to our customers and deliver long term improvements in our homes.

Management Committee and Executive Officers

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

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

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

Statement of Management Committee's Responsibilities

The Co-operative & Community Benefit Societies Act 2014 requires the Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Management Committee is required to:-

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

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

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

REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2015

In so far as the Management Committee are aware:

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

Statement on Internal Financial Control

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

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

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

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

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2015. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

LINSTONE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2015

Auditors

A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Management Committee



ELIZABETH MCALPINE

Secretary

01 September 2015

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

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 5 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 Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 5 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

Alexander Sloan

ALEXANDER SLOAN
Chartered Accountants

GLASGOW
01 September 2015

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

We have audited the financial statements of Linstone Housing Association Limited for the year ended 31st March 2015 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Management Committee and Auditors

As explained more fully in the Statement of Management Committee's Responsibilities the Association's Management Committee, are responsible for the preparation of the Financial Statements that give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit on the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Management Committee's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

Opinion on the financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2015 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LINSTONE HOUSING ASSOCIATION LIMITED**

Matters on which we are required to report by exception (contd.)

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.
- the Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.

Alexander Sloan

ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
01 September 2015

LINSTONE HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2015

	Notes	2015 £	2014 £
TURNOVER	2.	8,069,658	6,460,478
Operating Costs	2.	<u>(8,041,308)</u>	<u>(5,828,893)</u>
OPERATING SURPLUS	9.	28,350	631,585
Gain On Sale Of Housing Stock	7.	83,469	122,613
Interest Receivable and Other Income		29,192	44,748
Interest Payable and Similar Charges	8.	(333,766)	(346,541)
Other Finance (Cost)/Income	23.	<u>5,000</u>	<u>(6,000)</u>
		<u>(216,105)</u>	<u>(185,180)</u>
(DEFICIT) / SURPLUS ON ORDINARY ACTIVITIES		<u><u>(187,755)</u></u>	<u><u>446,405</u></u>

All amounts relate to continuing activities. Historical cost surpluses and deficits are identical to those shown in the accounts.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2015 £	2014 £
Surplus for the financial year	(187,755)	446,405
Actuarial Gain/(loss) on pension scheme	23. <u>57,000</u>	<u>(44,000)</u>
Total losses and gains recognised since last annual report	<u><u>(130,755)</u></u>	<u><u>402,405</u></u>

LINSTONE HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2015

	Notes	£	2015 £	£	2014 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	11.(a)		22,712,349		22,412,735
Less: Social Housing Grant	11.(a)		(5,522,007)		(4,766,701)
			<u>17,190,342</u>		<u>17,646,034</u>
Other fixed assets	11.(b)		573,122		9,092
			<u>17,763,464</u>		<u>17,655,126</u>
CURRENT ASSETS					
Debtors	14.	444,418		593,272	
Investments	22.	2,112,331		2,106,615	
Cash at bank and in hand		2,689,387		4,019,011	
			<u>5,246,136</u>	<u>6,718,898</u>	
CREDITORS: Amounts falling due within one year	15.	(1,630,662)		(2,241,328)	
NET CURRENT ASSETS			<u>3,615,474</u>		<u>4,477,570</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>21,378,938</u>		<u>22,132,696</u>
CREDITORS: Amounts falling due after more than one year	16.		(11,039,224)		(11,591,219)
PROVISIONS FOR LIABILITIES AND CHARGES					
Pension Liability	23.	(289,000)		(360,000)	
			<u>(289,000)</u>		<u>(360,000)</u>
NET ASSETS			<u>10,050,714</u>		<u>10,181,477</u>
CAPITAL AND RESERVES					
Share Capital	18.		164		172
Revenue Reserves	19.		10,050,550		10,181,305
			<u>10,050,714</u>		<u>10,181,477</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on 01 September 2015.



Chairperson



Vice-Chairperson



Secretary

LINSTONE HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2015

	Notes	2015 £	2014 £
Net Cash Inflow from Operating Activities	17.	155,417	2,477,206
Returns on Investment and Servicing of Finance			
Interest Received		29,192	44,748
Interest Paid		(333,766)	(346,541)
Net Cash Outflow from Investment and Servicing of Finance		(304,574)	(301,793)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties		(1,170,745)	(202,863)
Purchase of Other Fixed Assets		(614,501)	-
Social Housing Grant Received		1,038,399	(190,414)
Proceeds on Disposal of Properties		106,466	145,270
Net Cash Outflow from Capital Expenditure and Financial Investment		(640,381)	(248,007)
Net Cash (Outflow) / Inflow before use of Liquid Resources and Financing		(789,538)	1,927,406
Management of Liquid Resources			
Change in short term deposits with banks		(5,716)	(27,253)
Financing			
Loan Principal Repayments		(534,372)	(527,697)
Share Capital Issued		2	23
Net Cash Outflow from Financing		(534,370)	(527,674)
(Decrease) / Increase in Cash	17.	(1,329,624)	1,372,479

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Basis Of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2010, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2012. A summary of the more important accounting policies is set out below.

Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable.

Valuation Of Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 11. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<i>Component</i>	<i>Useful Economic Life</i>
Land	Not depreciated
Structure	50 years
Kitchen	15 years
Bathroom	25 years
Central Heating	20 years
Windows	35 years
Door Entry System	16 years
Lifts	40 years

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Fixed Assets

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

Leasehold Office Improvements	6.67%
Computer Equipment	20.00%
Furniture and Office Equipment	10.00%
Office Premises	5.00%

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Social Housing Grant And Other Grants In Advance/Arrears

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

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.

Sales Of Housing Properties

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

Disposals of housing property under the Right to Buy scheme are treated as a fixed asset disposal and any gain and loss on disposal accounted for in the Income and Expenditure Account.

Disposals under shared equity schemes are accounted for in the Income and Expenditure Account. The remaining equity in the property is treated as a fixed asset investment, which is matched with the grant received.

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

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

Works to Existing Properties

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

Capitalisation Of Development Overheads

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

Development Interest

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

Retirement Benefits

Scottish Housing Association Defined Benefits Pension Scheme

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

The expected cost to the Association of pensions is charged to income so as to spread the cost of pensions over the service life of the employees in the scheme taken as a whole.

Strathclyde Pension Fund Defined Benefits Pension Scheme

The Strathclyde Pension Fund is a defined benefit scheme which is externally funded and contracted out of the State Earnings Related Pension Scheme. The contributions are determined by qualified actuaries on basis of periodic valuations using the projected unit method.

For defined benefit schemes the amount charged to the income and expenditure account in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other finance costs.

Defined benefit schemes are funded, with the assets held separately from the Association in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the Association has a legal or constructive obligation to settle the liability.

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2015			2014		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	7,695,313	7,716,584	(21,271)	6,195,961	5,614,287	581,674
Other Activities	4.	374,345	324,724	49,621	264,517	214,606	49,911
Total		8,069,658	8,041,308	28,350	6,460,478	5,828,893	631,585

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General		2015 Total £	2014 Total £
	Needs Housing £	Supported Housing £		
Income from Lettings				
Rent Receivable Net of Identifiable Service Charges	5,605,249	399,160	6,004,409	5,825,480
Service Charges Receivable	26,729	204,310	231,039	233,629
Gross Rents Receivable	5,631,978	603,470	6,235,448	6,059,109
Less: Rent losses from voids	172,095	2,499	174,594	174,054
Net Rents Receivable	5,459,883	600,971	6,060,854	5,885,055
Revenue Grants from Scottish Ministers	53,010	-	53,010	310,906
Home Energy Efficiency Programmes Scotland Grant	1,581,449	-	1,581,449	-
Total Income From Social Letting	7,094,342	600,971	7,695,313	6,195,961
Expenditure on Social Letting Activities				
Service Costs	30,450	232,755	263,205	259,453
Management and maintenance administration costs	2,134,584	150,781	2,285,365	1,889,144
Reactive Maintenance	605,873	43,907	649,780	954,611
Bad Debts - Rents and Service Charges	(908)	(65)	(973)	64,583
Planned and Cyclical Maintenance, including Major Repairs	3,542,320	139,637	3,681,957	1,647,090
Depreciation of Social Housing	781,591	55,659	837,250	799,406
Operating Costs of Social Letting	7,093,910	622,674	7,716,584	5,614,287
Operating Surplus on Social Letting Activities	432	(21,703)	(21,271)	581,674
2014	585,971	(4,297)		

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2015	Operating Surplus / (Deficit) 2014
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	-	-	245,778	245,778	-	272,409	(26,631)	(9,368)
Factoring	-	-	-	91,434	91,434	2,543	27,673	61,218	65,394
Support Activities	-	37,133	-	-	37,133	-	22,099	15,034	(6,115)
Total From Other Activities	-	<u>37,133</u>	-	<u>337,212</u>	<u>374,345</u>	<u>2,543</u>	<u>322,181</u>	<u>49,621</u>	<u>49,911</u>
2014	-	-	<u>30,092</u>	<u>234,425</u>	<u>264,517</u>	-	<u>214,606</u>	<u>49,911</u>	

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in s149 of the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers or servants of the Association.

	2015	2014
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>69,265</u>	<u>67,349</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>7,716</u>	<u>5,792</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>69,265</u>	<u>67,349</u>

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

	Number	Number
£60,001 to £70,000	1	1

6. EMPLOYEE INFORMATION

	2015	2014
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>47</u>	<u>42</u>
The average total number of Employees employed during the year was	<u>51</u>	<u>48</u>
Staff Costs were:	£	£
Wages and Salaries	1,414,121	1,247,477
Social Security Costs	118,132	107,796
Other Pension Costs	313,741	183,008
Temporary, Agency and Seconded Staff	33,708	40,787
	<u>1,879,702</u>	<u>1,579,068</u>

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2015	2014
	£	£
Sales Proceeds	106,466	145,420
Cost of Sales	<u>22,997</u>	<u>22,807</u>
Gain On Sale Of Housing Stock	<u>83,469</u>	<u>122,613</u>

8. INTEREST PAYABLE

	2015	2014
	£	£
On Bank Loans & Overdrafts	<u>333,766</u>	<u>346,541</u>

9. (DEFICIT) / SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2015	2014
	£	£
(Deficit) / Surplus on Ordinary Activities before Taxation is stated after charge		
Depreciation - Tangible Owned Fixed Assets	898,605	819,785
Auditors' Remuneration - Audit Services	9,000	9,000
Operating Lease Rentals - Other	<u>2,439</u>	<u>1,307</u>

10. TAX ON (DEFICIT) / SURPLUS ON ORDINARY ACTIVITIES

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

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Total £
COST			
As at 1st April 2014	30,621,892	120,683	30,742,575
Additions	203,472	967,273	1,170,745
Disposals	(49,825)	-	(49,825)
Schemes Completed	1,087,956	(1,087,956)	-
As at 31st March 2015	<u>31,863,495</u>	<u>-</u>	<u>31,863,495</u>
DEPRECIATION			
As at 1st April 2014	8,329,840	-	8,329,840
Charge for Year	837,250	-	837,250
Disposals	(15,944)	-	(15,944)
As at 31st March 2015	<u>9,151,146</u>	<u>-</u>	<u>9,151,146</u>
SOCIAL HOUSING GRANT			
As at 1st April 2014	4,700,326	66,375	4,766,701
Additions	28,287	727,019	755,306
Schemes Completed	793,394	(793,394)	-
As at 31st March 2015	<u>5,522,007</u>	<u>-</u>	<u>5,522,007</u>
NET BOOK VALUE			
As at 31st March 2015	<u>17,190,342</u>	<u>-</u>	<u>17,190,342</u>
As at 31st March 2014	<u>17,591,726</u>	<u>54,308</u>	<u>17,646,034</u>

Additions to housing properties includes capitalised development administration costs of £nil (2014 - £nil) and capitalised major repair costs to existing properties of £203,472 (2014 £82,180)

All land and housing properties are freehold.

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets

	Office Premises £	Leasehold Improvements £	Office Computers £	Furniture & Equipment £	Total £
COST					
As at 1st April 2014	-	269,969	343,628	115,261	728,858
Additions	501,020	-	49,800	63,681	614,501
Eliminated on Disposals	-	(269,969)	(343,628)	(115,261)	(728,858)
As at 31st March 2015	<u>501,020</u>	<u>-</u>	<u>49,800</u>	<u>63,681</u>	<u>614,501</u>
AGGREGATE DEPRECIATION					
As at 1st April 2014	-	266,005	343,628	110,133	719,766
Charge for year	25,051	3,964	9,960	11,496	50,471
Eliminated on disposal	-	(269,969)	(343,628)	(115,261)	(728,858)
As at 31st March 2015	<u>25,051</u>	<u>-</u>	<u>9,960</u>	<u>6,368</u>	<u>41,379</u>
NET BOOK VALUE					
As at 31st March 2015	<u>475,969</u>	<u>-</u>	<u>39,840</u>	<u>57,313</u>	<u>573,122</u>
As at 31st March 2014	<u>-</u>	<u>3,964</u>	<u>-</u>	<u>5,128</u>	<u>9,092</u>

12. CAPITAL COMMITMENTS

	2015 £	2014 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements is	<u>7,282,931</u>	<u>11,280,525</u>

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

13. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-	2015 £	2014 £
Other		
Expiring between two and five years	<u>2,439</u>	<u>2,439</u>

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. DEBTORS

	2015	2014
	£	£
Arrears of Rent & Service Charges	362,181	322,569
Less: Provision for Doubtful Debts	<u>(142,182)</u>	<u>(143,303)</u>
	219,999	179,266
Social Housing Grant Receivable	-	283,093
Other Debtors	<u>224,419</u>	<u>130,913</u>
	<u>444,418</u>	<u>593,272</u>

15. CREDITORS: Amounts falling due within one year

	2015	2014
	£	£
Housing Loans	557,212	539,589
Trade Creditors	162,833	1,335,046
Rent in Advance	130,986	148,144
Other Taxation and Social Security	36,536	33,891
Other Creditors	90,980	88,328
Accruals and Deferred Income	<u>652,115</u>	<u>96,330</u>
	<u>1,630,662</u>	<u>2,241,328</u>

At the balance sheet date there were pension contributions outstanding of £31,462 (2014 £21,307)

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

	2015	2014
	£	£
Housing Loans	<u>11,039,224</u>	<u>11,591,219</u>
Housing Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as follows:-		
Within one year	557,212	539,589
Between one and two years	564,949	551,995
Between two and five years	1,778,451	1,736,031
In five years or more	<u>8,695,824</u>	<u>9,303,193</u>
	11,596,436	12,130,808
Less: Amount shown in Current Liabilities	<u>557,212</u>	<u>539,589</u>
	<u>11,039,224</u>	<u>11,591,219</u>

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2015 £	2014 £
Operating Surplus	28,350	631,585
Depreciation	898,605	819,785
Change in Debtors	(134,239)	68,870
Change in Creditors	(628,289)	956,981
Share Capital Written Off	(10)	(15)
Defined Benefit Pension Contributions Paid (Strathclyde Pension Fund)	(25,000)	(24,000)
Service Cost on defined Benefit Scheme (Strathclyde Pension Fund)	16,000	14,000
	<u>155,417</u>	<u>2,477,206</u>

Reconciliation of net cash flow to movement in net debt

	2015 £	£	2014 £	£
(Decrease) / Increase in Cash	(1,329,624)		1,372,479	
Cash flow from management of liquid resources	5,716		27,253	
Cash flow from change in debt	534,372		527,697	
	<u>(789,536)</u>		<u>1,927,429</u>	
Movement in net debt during year		(789,536)		1,927,429
Net debt at 1st April 2014		(6,005,182)		(7,932,611)
Net debt at 31st March 2015		<u>(6,794,718)</u>		<u>(6,005,182)</u>

Analysis of changes in net debt

	At 01.04.14 £	Cash Flows £	Other Changes £	At 31.03.15 £
Cash at bank and in hand	4,019,011	(1,329,624)		2,689,387
	<u>4,019,011</u>	<u>(1,329,624)</u>		<u>2,689,387</u>
Liquid Resources	2,106,615	5,716		2,112,331
Debt: Due within one year	(539,589)	534,372	(551,995)	(557,212)
Due after more than one year	(11,591,219)	-	551,995	(11,039,224)
	<u>(6,005,182)</u>	<u>(789,536)</u>	<u>-</u>	<u>(6,794,718)</u>
Net Debt				

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2014	172
Issued in year	2
Cancelled in year	<u>(10)</u>
At 31st March 2015	<u>164</u>

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

19. RESERVES

Revenue Reserves	Revenue Reserves	Pension Reserves	Total £
At 1st April 2014	10,541,305	(360,000)	10,181,305
Actuarial loss in the year (Deficit) / Surplus for the year	-	57,000	57,000
Transfer (to) / from Revenue Reserves	(187,755)	-	(187,755)
	<u>(14,000)</u>	<u>14,000</u>	<u>-</u>
At 31st March 2015	<u>10,339,550</u>	<u>(289,000)</u>	<u>10,050,550</u>

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2015	2014
	No.	No.
General Needs - New Build	1,479	1,465
Supported Housing	<u>101</u>	<u>101</u>
	<u>1,580</u>	<u>1,566</u>

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 8.

The related party relationships of the members of the Management Committee is summarised as follows:

3 members are tenants of the Association

1 member is a relevant local councillor

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

Governing Body Members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Governing Body Member has a connection with is made at arm's length and is under normal commercial terms.

22. CURRENT ASSET INVESTMENTS

	2015	2014
	£	£
Short Term Deposits	2,112,331	2,106,615

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. RETIREMENT BENEFIT OBLIGATIONS

General

Linstone Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The Scheme offers five benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate
- Career average revalued earnings with a 1/70th accrual rate
- Career average revalued earnings with a 1/80th accrual rate
- Career average revalued earnings with a 1/120th accrual rate, contracted in
- Defined Contribution

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Linstone Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate from 01 April 2009 and the final salary with a 1/60th accrual rate for new entrants from 01 April 2009.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Linstone Housing Association Limited paid contributions at the rate of 12.3% of pensionable salaries. Member contributions were 12.3%.

As at the balance sheet date there were 25 active members of the Scheme employed by Linstone Housing Association Limited. The annual pensionable payroll in respect of these members was £810,199. Linstone Housing Association Limited continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The last formal valuation of the Scheme was performed as at 30th September 2012 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394m. The valuation revealed a shortfall of assets compared with the value of liabilities of £304m (equivalent to a past service funding level of 56.4%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2014. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £539 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £281 million, equivalent to a past service funding level of 66%.

Financial Assumptions

The key financial assumptions underlying the valuation as at 30th September 2012 were as follows:

	% p.a.
- Investment return pre-retirement	5.3
- Investment return post-retirement - non pensioners	3.4
- Investment return post-retirement - pensioners	3.4
- Rate of Salary increases	4.1
- Rate of price inflation:	
RPI	2.6
CPI	2.0

The valuation was carried out using the SAPS (S1PA) All pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement for non-pensioners and pensioners.

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Valuation Results

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed as:

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable salaries)</i>
Final salary - 60ths	24.6
Career average 60ths	22.4
Career average 70ths	19.2
Career average 80ths	16.9
Career average 120ths	11.4

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

The Trustees have recently supplied Linstone Housing Association Limited with an updated contribution figure to the past service deficit. From 1 April 2015 Linstone Housing Association Limited will be required to pay £198,314 per annum as a contribution to the past service deficit. This will represent an increase of 3% in Linstone Housing Association Limited's contribution to the past service deficit. The deficit contribution will increase each April by 3%.

As a result of Pension Scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. RETIREMENT BENEFIT OBLIGATIONS

Strathclyde Pension Fund Defined Benefit Scheme

The Association operates a defined benefit scheme as an admitted body under the Strathclyde Pension Fund, the assets of which are held in a separate trustee administered fund.

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

At the balance sheet date, there were 2 active members of the scheme employed by the Association. Total pension contributions made by the Association for the year were £25,000. This includes £2,284 of outstanding contributions at the balance sheet date. Gross pensionable salaries for the year were £44,000.

The following figures are prepared by the Actuaries in accordance with their understanding of Financial Reporting Standard 17 - 'Retirement Benefits' (FRS 17) and Guidance Note 36: Accounting for Retirement Benefits under Financial Reporting Standard 17 issued by the Institute and Faculty of Actuaries.

Principal Actuarial Assumptions

Assumptions as at	2015	2014	2013
	%p.a.	%p.a.	%p.a.
Price increases	2.4	-	-
Salary increases	4.3	5.1	5.1
Pension increases	3.2	2.8	2.8
Discount rate	3.2	4.3	4.5

The defined benefit obligation is estimated to comprise of the following:

	2015	2014
	£'000	£'000
Employee members	606	486
Deferred pensioners	664	568
Pensioners	405	530
	<u>1,675</u>	<u>1,584</u>

Net Pension Liability	2015	2014
	£'000	£'000
Fair value of employer's assets	1,386	1,224
Present value of scheme liabilities	<u>(1,675)</u>	<u>(1,584)</u>
Net liability	<u>(289)</u>	<u>(360)</u>

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. RETIREMENT BENEFIT OBLIGATIONS

Analysis of amount charged to the Income and Expenditure Account

	2015 £'000	2014 £'000
Charged to operating costs:		
Service cost	16	14
	<u>16</u>	<u>14</u>
Charged to Other Finance Costs / (Income)		
Expected Return on employer assets	(73)	(60)
Interest on pension scheme liabilities	68	66
	<u>(5)</u>	<u>6</u>
Net Charge to the Income and Expenditure Account	<u>11</u>	<u>20</u>
Actual Return on Plan Assets	<u>160</u>	<u>78</u>

Expected Return on Assets

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period as follows:

Asset Class	2015 % p.a.	2014 % p.a.
Equities	3.2	6.6
Bonds	3.2	3.7
Property	3.2	4.8
Cash	3.2	3.7

Other Assumptions

Mortality Rates

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

	Males (Years)	Females (Years)
Current Pensioners	22.1	23.6
Future Pensioners	24.8	26.2

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. RETIREMENT BENEFIT OBLIGATIONS

Employer membership statistics	2015	2014
	(Number)	(Number)
Actives	2	2
Deferreds	4	4
Pensioners	8	8
Fair Value of employer assets	2015	2014
	£'000	£'000
Opening fair value of employer assets	1,224	1,159
Expected Return on Assets	73	60
Contributions by Members	3	3
Contributions by the Employer	25	24
Actuarial Gains / (Losses)	92	17
Estimated Benefits Paid	(31)	(39)
Closing fair value of employer assets	1,386	1,224
Fair value of scheme assets by category	2015	2014
	£'000	£'000
Equities	1,040	930
Bonds	180	147
Property	152	86
Cash	14	61
	1,386	1,224
Reconciliation of defined benefit obligations	2015	2014
	£'000	£'000
Opening defined benefit obligation	1,584	1,479
Current Service Cost	16	14
Interest Cost	68	66
Contributions by members	3	3
Actuarial Gains	35	61
Estimated Benefits Paid	(31)	(39)
	1,675	1,584

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. RETIREMENT BENEFIT OBLIGATIONS

Analysis of projected amount to be charged to the Income & Expenditure Account for the year

	£	% of pay
Projected current service cost	19,000	42%
Interest on obligation	53,000	121%
Expected return on plan assets	(44,000)	-100%
	<u>28,000</u>	<u>62.7%</u>

Contributions made by the Association for the year ended 31 March 2016 are estimated to be approximately £25,000.

Amounts for the current and previous accounting periods:

	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
Fair value of employer assets	1,386	1,224	1,159	1,020	1,004
Present value of defined benefit obligations	(1,675)	(1,584)	(1,479)	(1,281)	(1,134)
Deficit	(289)	(360)	(320)	(261)	(130)
Experience (losses) on assets	92	17	92	(23)	7
Experience gains on liabilities	-	1	3	(45)	-

Actuarial Gain / (Loss) recognised in the Statement of Recognised Gains and Losses

	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
Actuarial gain/(loss) recognised in year	71	(44)	(70)	(136)	94
Cumulative actuarial gains	(358)	(429)	(385)	(315)	(179)

