



Alexander Sloan
Accountants and Business Advisers

Linstone Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2017

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
STATEMENT OF COMPREHENSIVE INCOME	9
STATEMENT OF FINANCIAL POSITION	10
STATEMENT OF CASHFLOWS	11
STATEMENT OF CHANGES IN EQUITY	12
NOTES TO THE FINANCIAL STATEMENTS	13

LINSTONE HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2017

MANAGEMENT COMMITTEE

Elizabeth Arnott	Chairperson
Nanette J Reid BEM	Vice-Chairperson
Elizabeth McAlpine	Secretary
Councillor John Hood	
Jamie Irvine	
Colin Turnbull	
Audrey Simpson	
Elaine Hunter	
Sandy Hewitt	Acting secretary from 29 August 2017
Bernard Singleton	
Elizabeth Bell	
Isaac Nwokeabia	Appointed 13 September 2016
Joe Ferrie	Resigned 13 September 2016
Bernard Parsons	Resigned 13 September 2016

EXECUTIVE OFFICERS

Adele Fraser	Chief Executive Officer
David Adam	Director of Housing & Property Services
Lesley-Anne Junner	Director of Finance & Corporate Services (appointed May 2017)
Gary Dalziel	Director of Finance & Corporate Services (resigned Feb 2017)

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
EH12 9DJ

SOLICITORS

HBJ Gatelely
Exchange Tower
19 Canning Street
Edinburgh
EH3 8EH

LINSTONE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2017.

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 eighteenth year of business and 2016/17 has been successful in terms of performance and activities.

The rent increase for the year was set at 1.5%, which is low in comparison to other Housing Associations in our sector. Our major expenditure during the year was targeted to improve our stock including finalising 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 complete our major programme of investment in insulating and improving energy efficiency within our tenants' 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.

We continued to deliver significant improvements to the common areas at Kintyre which has resulted in improvements in allocating 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.

One area Linstone continues to focus on is providing training opportunities through placements and temporary positions for people in our communities. During the year we were able to offer several placements including from the Community Jobs Fund and Invest in Renfrewshire.

In December 2015 Linstone (on behalf of FLAIR and other partners) was successful in obtaining over £500,000 from the Big Lottery for a 3 year project aimed at providing support to tenants suffering from financial exclusion which complements and builds upon our existing welfare rights service. The second phase of this Lottery funded project, Connect4Renfrewshire, commenced in December 2015 and will continue for 3 years. Working with several third sector partners, the project provides assistance in home energy, financial literacy, mental health support and furniture provision. The project offers significant support to our tenants to enable them to sustain their tenancies successfully.

Linstone has also been successful in raising external funding to resource a number of innovative wider role projects, including Community Connectors, which is funded through the Health and Social Care Partnership.

Linstone has also been focussing on digital communication with our tenants and customers to improve customer service. We have focussed on social media as well as text messaging to streamline service delivery.

Across almost all areas of core performance Linstone continued to see a positive trend with areas like tenancy sustainment, debt control and re-letting 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 a programme of long term improvements in our homes.

LINSTONE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

Financial Performance

The Statement of Comprehensive Income (page 9) shows the Association recording total comprehensive income of £2,923k (2016: £185k). Part of the reason for the increase from the prior year relates to the reduction in the provision for the Pension Past Service Deficit Liability of £1,100k which needs to be recognised under FRS 102. This is purely a reporting requirement and does not represent the trading position of the organisation. The increased surplus is also due to a reduction in Operating Costs to £6,395k (2016: £8,556k) due to the completion of the External Wall Insulation programme during this financial year. This work was fully funded by grants and therefore all the expenditure was matched with income.

The Statement of Financial Position shows a positive net current assets position of £4,198k (2016: £3,243k) and an overall Net Assets position of £10,769k which demonstrates that the organisation can meet all its liabilities and continue to be a going concern.

The Statement of Cash Flows (page 11) is the best indicator of the performance of the organisation as it reflects only cash movements and is not distorted by statutory reporting requirements. This shows an increase in cash of £829k and a closing cash balance of £5,511k. Due to the roll out of Universal Credit in 2018, it is prudent for the Association to prepare for the potential cash flow repercussions, from the delays which are likely to happen when the new service goes live, by increasing cash reserves.

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.

LINSTONE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

Statement of Management Committee's Responsibilities

The Co-operative and Community Benefit 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 judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- prepare a statement on Internal Financial Control.

The 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 2014 and the Determination of Accounting Requirements 2015. 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.

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 members of 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.

LINSTONE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

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:

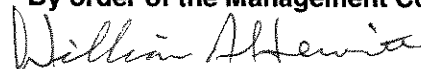
- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility 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 control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2017. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

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



SANDY HEWITT

Acting Secretary

07 September 2017

LINSTONE HOUSING ASSOCIATION LIMITED

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 in 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 Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 5 has provided the disclosures required by the relevant Regulatory Standards with 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 the relevant Regulatory Standards in respect of internal financial controls 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
Statutory Auditors
GLASGOW
07 September 2017



Alexander Sloan
Accountants and Business Advisers



We have audited the financial statements of Linstone Housing Association Limited for the year ended 31st March 2017 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and accounting standards of the United Kingdom.

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

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 Financial Reporting Council's (FRC) 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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for 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 2017 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 2014 and the Determination of Accounting Requirements 2015.

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.
- 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.

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

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

- the Statement of Comprehensive Income to which our report relates, and the Statement of Financial Position 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
07 September 2017



Alexander Sloan
Accountants and Business Advisers

LINSTONE HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH

	Notes	£	2017 £	£	2016 £
REVENUE	2.		8,648,335		8,842,853
Operating Costs	2.		(6,394,929)		(8,556,121)
OPERATING SURPLUS			2,253,406		286,732
Remeasurement of Pension Liability	25.	1,100,000		-	
Gain On Sale Of Housing Stock	7.	47,435		64,045	
Interest Receivable and Other Income		17,936		35,873	
Interest Payable and Similar Charges	8.	(299,517)		(321,236)	
Other Finance Charges	11.	(88,000)		(53,000)	
			777,854		(274,318)
SURPLUS FOR YEAR	9.		3,031,260		12,414
Other Comprehensive Income	26.		(108,000)		173,000
TOTAL COMPREHENSIVE INCOME			2,923,260		185,414

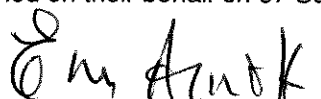
The notes on pages 12 to 32 form part of these financial statements.

LINSTONE HOUSING ASSOCIATION LIMITED

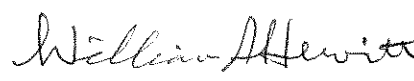
STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2017

	Notes	2017		2016	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	12.(a)		21,314,792		21,083,221
Other Non Current Assets	12.(b)		490,364		531,743
			<u>21,805,156</u>		<u>21,614,964</u>
CURRENT ASSETS					
Receivables	14.	507,522		448,594	
Investments	24.	-		1,598,658	
Cash at bank and in hand		5,510,612		3,083,315	
		<u>6,018,134</u>		<u>5,130,567</u>	
CREDITORS: Amounts falling due within one year	15.	<u>(1,819,623)</u>		<u>(1,888,026)</u>	
NET CURRENT ASSETS			<u>4,198,511</u>		<u>3,242,541</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>26,003,667</u>		<u>24,857,505</u>
CREDITORS: Amounts falling due after more than one year	16.		<u>(10,809,871)</u>		<u>(12,631,682)</u>
PENSION LIABILITY					
Strathclyde Pension Scheme	26.	<u>(211,000)</u>		<u>(114,000)</u>	
			<u>(211,000)</u>		<u>(114,000)</u>
DEFERRED INCOME					
Social Housing Grants	18.	<u>(4,213,903)</u>		<u>(4,266,127)</u>	
			<u>(4,213,903)</u>		<u>(4,266,127)</u>
NET ASSETS			<u>10,768,893</u>		<u>7,845,696</u>
EQUITY					
Share Capital	19.		96		159
Revenue Reserves			<u>10,768,797</u>		<u>7,845,537</u>
			<u>10,768,893</u>		<u>7,845,696</u>

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 07 September 2017.


Chairperson


Vice-Chairperson


Secretary (Acting)

The notes on pages 12 to 32 form part of these financial statements.

LINSTONE HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2017

	Notes	2017		2016	
		£	£	£	£
Net Cash Inflow from Operating Activities	17.		2,707,318		945,664
Investing Activities					
Acquisition and Construction of Properties		(1,189,259)		(383,145)	
Social Housing Grant Received		81,941		68,065	
Proceeds on Disposal of Properties		63,268		88,540	
Net Cash Outflow from Investing Activities			(1,044,050)		(226,540)
Financing Activities					
Interest Received on Cash and Cash Equivalents		26,577		27,232	
Interest Paid on Loans		(299,517)		(321,236)	
Loan Principal Repayments		(561,691)		(544,866)	
Share Capital Issued		2		1	
Net Cash Outflow from Financing			(834,629)		(838,869)
Increase / (decrease) in Cash			828,639		(119,745)
Opening Cash & Cash Equivalents			4,681,973		4,801,718
Closing Cash & Cash Equivalents			<u>5,510,612</u>		<u>4,681,973</u>
Cash and Cash equivalents as at 31 March 2017.					
Cash			5,510,612		3,083,315
Short term deposits			-		<u>1,598,658</u>
			<u>5,510,612</u>		<u>4,681,973</u>

The notes on pages 12 to 32 form part of these financial statements.

LINSTONE HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31ST MARCH 2017

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1st April 2015	164	7,660,123	7,660,287
Issue of Shares	1	-	1
Cancellation of Shares	(6)	-	(6)
Surplus for Year	-	12,414	12,414
Other comprehensive income - pension scheme	-	173,000	173,000
Balance as at 31 March 2016	159	7,845,537	7,845,696
Balance as at 1st April 2016	159	7,845,537	7,845,696
Issue of Shares	2	-	2
Cancellation of Shares	(65)	-	(65)
Surplus for Year	-	3,031,260	3,031,260
Other comprehensive income - pension scheme	-	(108,000)	(108,000)
Balance as at 31 March 2017	96	10,768,797	10,768,893

The reserves opening balance at 1st April 2015 has been restated to reflect the change in accounting requirements under the Housing SORP 2014 and FRS102.

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

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

Basis Of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2014, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2015. A summary of the more important accounting policies is set out below.

Revenue

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

Government Grants are released to income over the expected useful life of the asset to which it relates.

Retirement Benefits

The Association participates in the Scottish Housing Association Defined Benefit Pension Scheme with retirement benefits to employees of the Association being funded by the contributions from all participating employers and employees in the Scheme. The Association also participates in the Strathclyde Pension Scheme. This is also a defined benefit scheme and payments to this scheme are made in accordance with periodic calculations by consulting Actuaries.

The Association accounts for amounts that it has agreed to pay towards the Scottish Housing Association Defined Benefit Pension Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for a high quality corporate bond.

Valuation Of Housing Properties

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

Component	Useful Economic Life
Land	Not depreciated
Structure	50 years
Kitchens	15 years
Bathrooms	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 2017 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Non-Current Assets

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

Leasehold Office Improvements	- 6.67%
Computer Equipment	- 20%
Furniture and Office Equipment	- 10%
Office Premises	- 5%

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

Social Housing Grant And Other Grants In Advance/Arrears

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

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

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

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

Sales Of Housing Properties

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

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

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

Estimation Uncertainty

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

a) Rent Arrears - Bad Debt Provision

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

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

b) Life Cycle of Components

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

c) Useful life of properties, plant and equipment

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

Leases/Leased Assets

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

Works to Existing Properties

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

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

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

b) Identification of cash generating units

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

c) Financial instrument break clauses

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

Financial Instruments - Basic

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

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

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	Turnover £	2017 Operating Costs £	Operating Surplus £	Turnover £	2016 Operating Costs £	Operating Surplus £
Affordable letting activities	3.	7,885,525	5,785,138	2,100,387	8,151,691	8,031,802	119,889
Other Activities	4.	762,810	609,791	153,019	691,162	524,319	166,843
Total		8,648,335	6,394,929	2,253,406	8,842,853	8,556,121	286,732

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Supported Housing £	2017 Total £	2016 Total £
Revenue from Lettings				
Rent Receivable Net of Service Charges	5,930,329	308,624	6,238,953	6,155,328
Service Charges	27,746	205,384	233,130	236,266
Gross income from rent and service charges	5,958,075	514,008	6,472,083	6,391,594
Less: Rent losses from voids	110,397	8,992	119,389	164,377
Net Rents Receivable	5,847,678	505,016	6,352,694	6,227,217
Grants released from deferred income	134,031	-	134,031	129,679
Revenue grants from Scottish Ministers	137,000	-	137,000	48,651
Other revenue grants	1,261,800	-	1,261,800	1,746,144
Total turnover from affordable letting activities	7,380,509	505,016	7,885,525	8,151,691
Expenditure on affordable letting activities				
Management and maintenance administration costs	2,069,705	120,183	2,189,888	2,045,189
Service Costs	29,370	122,099	151,469	250,099
Planned and cyclical maintenance, including major repairs	1,758,610	7,671	1,766,281	3,991,074
Reactive maintenance costs	641,792	15,638	657,430	775,032
Bad Debts - rents and service charges	26,865	-	26,865	62,026
Depreciation of affordable let properties	993,205	-	993,205	908,382
Operating costs of affordable letting activities	5,519,547	265,591	5,785,138	8,031,802
Operating surplus on affordable letting activities	1,860,962	239,425	2,100,387	119,889
2016	217,119	(97,230)		

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2017	Operating Surplus / (Deficit) 2016
	£	£	£	£	£	£	£	£	£
Wider Role Activities	24,000	175,749	-	84,892	284,641	-	272,504	12,137	(5,148)
Factoring	-	-	-	413,328	413,328	-	308,044	105,284	127,392
Support Activities	-	-	28,013	-	28,013	-	29,243	(1,230)	1,819
Other activities	-	-	-	36,828	36,828	-	-	36,828	42,780
Total From Other Activities	24,000	175,749	28,013	535,048	762,810	-	609,791	153,019	166,843
2016	-	174,499	30,390	486,273	691,162	6,935	517,384	166,843	

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

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

	2017	2016
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>70,885</u>	<u>69,930</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>7,911</u>	<u>7,832</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>70,885</u>	<u>69,930</u>
Total Emoluments paid to key management personnel	<u>220,648</u>	<u>220,999</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
£70,001 to £80,000	<u>1</u>	<u>-</u>

6. EMPLOYEE INFORMATION

	2017	2016
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>49</u>	<u>49</u>
The average total number of Employees employed during the year was	<u>53</u>	<u>51</u>
Staff Costs were:	£	£
Wages and Salaries	1,425,360	1,400,811
Social Security Costs	135,040	108,000
Other Pension Costs	116,128	116,097
Temporary, Agency and Seconded Staff	6,904	34,243
	<u>1,683,432</u>	<u>1,659,151</u>

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2017	2016
	£	£
Sales Proceeds	63,268	88,540
Cost of Sales	15,833	24,495
Gain On Sale Of Housing Stock	<u>47,435</u>	<u>64,045</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2017	2016
	£	£
On Bank Loans & Overdrafts	<u>299,517</u>	<u>321,236</u>

9. SURPLUS FOR YEAR

	2017	2016
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	999,488	949,761
Auditors' Remuneration - Audit Services	9,300	9,024
Auditors' Remuneration - Other Services	1,728	1,806
Operating Lease Rentals - Other	12,626	11,784
Gain on sale of fixed assets	<u>47,435</u>	<u>64,045</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

11. OTHER FINANCE INCOME / CHARGES

	2017	2016
	£	£
Unwinding of Discounted Liabilities - SHAPS past service deficit	84,000	44,000
Finance (Gain)/Cost on Strathclyde Pension Fund	4,000	9,000
	<u>88,000</u>	<u>53,000</u>

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Total £
COST		
As at 1st April 2016	32,027,145	32,027,145
Additions	1,246,043	1,246,043
Disposals	(124,911)	(124,911)
As at 31st March 2017	<u>33,148,277</u>	<u>33,148,277</u>
DEPRECIATION		
As at 1st April 2016	10,943,924	10,943,924
Charge for Year	958,109	958,109
Disposals	(68,548)	(68,548)
As at 31st March 2017	<u>11,833,485</u>	<u>11,833,485</u>
NET BOOK VALUE		
As at 31st March 2017	<u>21,314,792</u>	<u>21,314,792</u>
As at 31st March 2016	<u>21,083,221</u>	<u>21,083,221</u>

Additions to housing properties include capitalised development administration costs of £nil (2016 - £nil) and capitalised major repair costs to existing properties of £1,003,561 (2016 - £156,495), and acquisitions of £242,482.

All land and housing properties are freehold.

Total expenditure on existing properties in the year amounted to £3,266,086. The amount capitalised is £1,003,561, with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £1,003,561 and improvement of £nil.

The Association's Lenders have standard securities over Housing Property with a carrying value of £3,583,040 (2016 - £3,951,414).

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON CURRENT ASSETS (Continued)				
b) Other Tangible Assets	Furniture & Equipment	Office Premises	Office Computers	Total
	£	£	£	£
COST				
As at 1st April 2016	63,681	501,020	49,800	614,501
As at 31st March 2017	63,681	501,020	49,800	614,501
AGGREGATE DEPRECIATION				
As at 1st April 2016	12,736	50,102	19,920	82,758
Charge for year	6,368	25,051	9,960	41,379
As at 31st March 2017	19,104	75,153	29,880	124,137
NET BOOK VALUE				
As at 31st March 2017	44,577	425,867	19,920	490,364
As at 31st March 2016	50,945	450,918	29,880	531,743

12. CAPITAL COMMITMENTS		
	2017	2016
	£	£
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	-	791,100

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		
	2017	2016
	£	£
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Other		
Not later than one year	12,274	3,330
Later than one year and not later than five years	15,623	23,266

Lease commitments have been restated under FRS102 to include the timing of the full payment due under the contract.

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. RECEIVABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Arrears of Rent & Service Charges	284,731	251,420
Less: Provision for Doubtful Debts	(136,757)	(128,032)
	<u>147,974</u>	<u>123,388</u>
Other Receivables	359,548	325,206
	<u>507,522</u>	<u>448,594</u>

15. PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Housing Loans	579,007	554,888
Trade Payables	663,910	99,903
Rent in Advance	192,623	191,072
Other Taxation and Social Security	35,498	35,487
Other Payables	113,755	101,720
Liability for Past Service Contributions	220,000	197,000
Accruals and Deferred Income	14,830	707,956
	<u>1,819,623</u>	<u>1,888,026</u>

At the balance sheet date there were pension contributions outstanding of £36,099 (2016: £37,501).

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2017	2016
	£	£
Liability for Past Service Contributions	899,000	2,135,000
Housing Loans	9,910,871	10,496,682
	<u>10,809,871</u>	<u>12,631,682</u>
Housing Loans		
Amounts due within one year	579,007	554,888
Amounts due in one year or more but less than two years	592,228	548,670
Amounts due in two years or more but less than five years	1,862,583	1,624,263
Amounts due in more than five years	7,456,060	8,323,749
	<u>10,489,878</u>	<u>11,051,570</u>
Less: Amount shown in Current Liabilities	579,007	554,888
	<u>9,910,871</u>	<u>10,496,682</u>
Liability for Past Service Contributions		
Amounts due within one year	220,000	197,000
Amounts due in one year or more but less than two years	227,000	203,000
Amounts due in two years or more but less than five years	672,000	648,000
Amounts due in more than five years	-	1,284,000
	<u>1,119,000</u>	<u>2,332,000</u>
Less: Amount shown in Current Liabilities	220,000	197,000
	<u>899,000</u>	<u>2,135,000</u>

Housing Loans

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

Lender	Security	Effective Interest Rate	Maturity	Variable / Fixed
Nationwide	Nationwide hold a Standard Security	5.19%	2032	Fixed
Nationwide	over 1,051 properties across 2 loans	LIBOR + 0.5%	2032	Variable

All of the Association's bank borrowings are repayable in a monthly basis with the principal being amortised over the term of the loans.

Past Service Deficit Contributions

The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 1.06% (2016 - 2.29%).

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to balance as at 31st March 2017</i>	2017 £	2016 £
Operating Surplus	2,253,406	286,732
Depreciation	1,040,017	949,761
Amortisation of Capital Grants	(134,165)	(129,679)
Change in debtors	(67,569)	4,465
Change in creditors	(1,385,306)	(110,609)
Unwinding of Discount on Pension Liability (SHAPS)	(84,000)	(44,000)
Remeasurement of Pension Liability	1,100,000	-
Service cost on Defined Benefit Scheme (Strathclyde Pension Fund)	14,000	19,000
Defined Benefit Pension Contributions (Strathclyde Pension Fund)	(29,000)	(30,000)
Share Capital Written Off	(65)	(6)
Net cash inflow from operating activities	<u>2,707,318</u>	<u>945,664</u>

18. DEFERRED INCOME

	Housing Properties Held for Letting £	Total £
Social Housing Grants		
Balance as at 1st April 2016	5,590,072	5,590,072
Additions in the year	81,941	81,941
Eliminated on disposal of components and property	(4,363)	(4,363)
Balance as at 31st March 2017	<u>5,667,650</u>	<u>5,667,650</u>
Amortisation		
Balance as at 1st April 2016	1,323,945	1,323,945
Amortisation in year	132,588	132,588
Eliminated on disposal of components and property	(2,786)	(2,786)
Balance as at 31st March 2017	<u>1,453,747</u>	<u>1,453,747</u>
Net book value		
Balance as at 31st March 2017	<u>4,213,903</u>	<u>4,213,903</u>
Balance as at 31st March 2016	<u>4,266,127</u>	<u>4,266,127</u>

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

	2017 £	2016 £
Amounts due within one year	132,588	129,679
Amounts due after more than one year	4,081,315	4,136,448
	<u>4,213,903</u>	<u>4,266,127</u>

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2016	159
Issued in year	2
Cancelled in year	(65)
At 31st March 2017	<u>96</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.

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2017 No.	2016 No.
General Needs - Built by Association	1,501	1,501
Supported Housing	77	78
	<u>1,578</u>	<u>1,579</u>

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

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 102.

Those members who are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their position 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 is made at arm's length is under normal commercial terms.

Transactions with governing body members (and their close family) were as follows:

	£
Rent and factoring received from Tenants on the Committee and their close family members	16,916
Factoring Charges received from owners on the Committee	38

At the year end, total rent and factoring arrears owed by the tenant members of the Committee (and their close family) were £nil.

22. DETAILS OF ASSOCIATION

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

The Association's principal place of business is 17 Bridge Street, Linwood, Renfrewshire.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Linwood.

23. GOVERNING BODY MEMBER EMOLUMENTS

Management Committee members received £nil in the year by way of reimbursement of expenses (2016 - £nil). No remuneration is paid to Management Committee members in respect of their duties in the Association.

24. INVESTMENTS

	2017	2016
	£	£
Short term deposits	-	1,598,658

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS - SHAPS

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.

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 FRS102 represents the employer contribution payable.

The most recent valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m equivalent to a past service funding level of 76%.

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

All employers in the scheme have entered into an agreement to make additional contributions to fund the scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the statement of financial position date the present value of this obligation was £1,119,000 (2016 - £2,332,000). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of a high quality corporate bond with a similar term. This discount rate used was 1.06% (2016 - 2.29%).

The Association made payments totalling £197,477 (2016: £284,411) to the pension scheme during the year.

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS - SHAPS (continued)

Reconciliation of opening and closing provisions

	2017 £'000s	2016 £'000s
Provision at start of period	2,332	2,480
Unwinding of the discount factor (interest expense)	51	53
Deficit contribution paid	(197)	(192)
Remeasurement - impact of any change in assumptions	33	(9)
Remeasurement - amendments to the contribution schedule	(1,100)	-
	<u>1,119</u>	<u>2,332</u>

Income and expenditure impact

	2017 £'000s	2016 £'000s
Interest expense	51	53
Remeasurement - impact of any change in assumptions	33	(9)
Remeasurement - amendments to the contribution schedule	(1,100)	-
	<u>1,119</u>	<u>2,332</u>

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RETIREMENT BENEFIT OBLIGATIONS - STRATHCLYDE PENSION FUND

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 (2016 - 2). Total pension contributions made by the Association in respect of the current year were £31,373 (2016 - £32,747). This includes £2,373 of outstanding contributions at the balance sheet date (2016 - £2,747). Gross pensionable salaries for the year were £38,000 (2016 - £45,000).

The following figures are prepared by the Actuaries in accordance with their understanding of Financial Reporting Standard 102 Section 28 - 'Employee Benefits'.

Principal Actuarial Assumptions

Assumptions as at 31 March:	2017	2016	2015
	%p.a.	%p.a.	%p.a.
Salary increases	4.4	4.2	4.3
Pension increases	2.4	2.2	2.4
Discount rate	2.6	3.5	3.2

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

	2017	2016
	£'000	£'000
Active members	777	588
Deferred members	811	584
Pensioner members	377	366
	<u>1,965</u>	<u>1,538</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	2017	2016
	% p.a.	% p.a.
Equities	2.6	3.5
Bonds	2.6	3.5
Property	2.6	3.5
Cash	2.6	3.5

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RETIREMENT BENEFIT OBLIGATIONS - STRATHCLYDE PENSION FUND

Mortality Rates

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2012 model assuming current rates of improvement have peaked and will converge to a long term rate of 1.5% p.a. for males and 1.25% p.a. for females. 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

Fair value of scheme assets by category

	2017 £'000	2016 £'000
Equities	1,280	1,025
Bonds	210	228
Property	175	171
Cash	88	-
	<u>1,754</u>	<u>1,424</u>

Net Pension Liability

	2017 £'000	2016 £'000
Fair value of employer's assets	1,754	1,424
Present value of scheme liabilities	<u>(1,965)</u>	<u>(1,538)</u>
	<u>(211)</u>	<u>(114)</u>

Reconciliation of fair value of employer assets

	2017 £'000	2016 £'000
Opening fair value of employer assets	1,424	1,386
Expected return on assets	50	44
Contributions by Members	3	3
Contributions by the Employer	29	30
Actuarial Gains / (Losses)	280	(8)
Estimated Benefits Paid	<u>(32)</u>	<u>(31)</u>
	<u>1,754</u>	<u>1,424</u>

Reconciliation of defined benefit obligations

	2017 £'000	2016 £'000
Opening defined benefit obligation	1,538	1,675
Current Service Cost	14	19
Interest Cost	54	53
Contributions by Members	3	3
Actuarial (Gains) / Losses	388	(181)
Estimated Benefits Paid	<u>(32)</u>	<u>(31)</u>
	<u>1,965</u>	<u>1,538</u>

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RETIREMENT BENEFIT OBLIGATIONS - STRATHCLYDE PENSION FUND

Analysis of amount charged to the Statement of Comprehensive Income (Surplus for the year)

	2017 £'000	2016 £'000
Charged to operating costs:		
Service cost	14	19
Charged to Other Finance Costs / (Income)		
Expected Return on employer assets	(50)	(44)
Interest on pension scheme liabilities	54	53
Total net interest	4	9
Net Charge to the Income and Expenditure Account	18	28
Actual Return on Plan Assets	330	36

Amounts for the current and previous accounting periods:

	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Fair value of employer assets	1,754	1,424	1,386	1,224	1,159
Present value of defined benefit obligations	1,965	(1,538)	(1,675)	(1,584)	(1,479)
Deficit	(211)	(114)	(289)	(360)	(320)
Experience gains / (losses) on assets	280	(8)	112	17	92
Experience (gains) / losses on liabilities	-	(25)	(197)	1	3

Actuarial Gain / (Loss) recognised in the Statement of Comprehensive Income

	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Actuarial gain/(loss) recognised in year	(108)	173	77	(44)	(70)
Cumulative actuarial gains	(287)	(179)	(352)	(429)	(385)

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RETIREMENT BENEFIT OBLIGATIONS - STRATHCLYDE PENSION FUND

Analysis of projected amount to be charged to the Statement of Comprehensive Income for the year ended 31 March 2018

	£'000	% of pay
Projected current service cost	18,000	48%
Interest on obligation	51,000	134%
Expected return on plan assets	45,000	-118%
	<u>114,000</u>	<u>64%</u>

Contributions required to be made by the Association for the year ended 31 March 2018 are estimated to be approximately £30,000.