



Alexander Sloan
Accountants and Business Advisers

Linstone Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2021

Registered Social Landlord No. HEP299

FCA Reference No. 2524R(S)

Scottish Charity No. SC027454

LINSTONE HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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LINSTONE HOUSING ASSOCIATION LIMITED

BOARD, EXECUTIVE AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2021

BOARD

Jamie Irvine
Christine Boyland
Sandy Hewitt
Councillor Mags MacLaren
Janine Ballantyne
Michael Wilkie
Kirsty Sweenie
Darren Keddie
Mary Clark
Robert Finlay
Jan Johnston
Jill Galbraith
Nan McBride
Christine Smith
Janis McDonald
Duncan Smith
George MacDonald
Ilene Campbell

Chairperson
Vice-Chairperson
Secretary

Resigned from Board 28/07/2020
Resigned as Co-optee 09/02/21
Resigned as Co-optee 24/07/20
Elected to Board 15/09/20
Elected to Board 15/09/20
Elected to Board 15/09/20, Resigned from Board 28/01/21
Temp Co-optee from 27/4/21
Temp Co-optee from 27/4/21
Temp Co-optee from 27/4/21
Temp Co-optee from 27/4/21

EXECUTIVE OFFICERS

Adele Fraser
David Adam
Lesley-Anne Junner
Frank Boyle

Chief Executive Officer
Director of Housing & Property Services Left 12/02/21
Director of Finance & Corporate Services
Director of Assets & Property Services, Appointed
01/04/21

REGISTERED OFFICE

17 Bridge Street
Linwood
Renfrewshire
PA3 3DB

EXTERNAL AUDITORS

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

BANKERS

Bank of Scotland Corporate Specialist
Banking
2nd Floor Pentland House
8 Lochside Avenue
Edinburgh Park
EH3 8EH

SOLICITORS

HBJ Gateley
Exchange Tower
19 Canning Street
Edinburgh EH3 8EH

LINSTONE HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2021

The Board presents its report and the financial statements for the year ended 31 March 2021.

Legal Status

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No. 2524R(S)), the Scottish Housing Regulator as a registered social landlord (No. HEP299) under the Housing (Scotland) Act 2010 and as 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 reported a surplus of £783,173 (2020 – deficit of £199,557) and, after accounting for the pension movements, recorded total deficit of £483,827 (2020 - total comprehensive income of £1,692,443).

The last financial year has been a challenge for all of us with the global pandemic, however I am pleased to report that Linstone has managed to continue to provide services to our tenants and customers during 2020/2021.

This was the third year of our 5-year Business plan and we have made good progress with the majority of business objectives set for the year.

Linstone's 20-year vision is to be: "A successful, thriving and sustainable housing association - our priority is to provide excellent homes and services for our tenants and to make a positive difference in our communities."

It has 4 key values of being Inclusive, Customer Focussed, Respectful and Sustainable, all of which underpin the strategic objectives for the next 5 years.

In 2020, the Board agreed to reduce the rent increase to the minimum required to meet our costs, a 1% increase, which is less than inflation. A full consultation was carried out with 19% of our tenants (by text and phone calls), 62% of tenants consulted agreed with the proposal to increase rents by 1%. Data collected in our ARC return showed that 97% of our tenants believe that their rent represents good value for money.

The ongoing commitment to investment and improvement of Linstone properties continued this year with expenditure totalling £2.5m on our stock. This comprises £0.3m of capitalised costs, £1.6m on planned and cyclical maintenance and £0.6m on reactive repairs with a focus during the year on doors, boilers and rewiring of properties.

We continue to achieve excellent response times in relation to our repairs and were pleased to report in the Annual Return on the Charter (ARC) that our average response time for emergency repairs was under 2 hours and less than 5 days for non-emergency repairs, demonstrating our commitment to excellent customer service.

Many of our tenants have moved onto Universal Credit during the pandemic. Our staff have been working hard with tenants to support them and we have provided additional Welfare Rights support to help tenants claim their due benefits. At the outbreak of the pandemic, Linstone redeployed some staff to provide additional support to tenants through our Linstone Response Team.

LINSTONE HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2021

Review of Business and Future Developments (Contd.)

Linstone has also registered for the Government's KickStart programme to provide temporary work experience for local young people within our teams.

Linstone has been successful in bidding to support projects which support our communities. This includes our wider role projects, such as the continuation of the Health and Social Care Partnership project - the Housing Hub, which provides support to any GP patients in Renfrewshire who need advice on their housing.

We were also recognised as a Community Anchor Organisation by the Scottish Government and provided with Supporting Communities funding to support local charities, third sector organisations and community groups in Renfrewshire as they delivered support to communities.

Our staff have been working extremely hard to provide essential services such as repairs and letting properties. Although most of our staff have been working from home, our Estates Team has been working on site to maintain our estates and properties. Over the past year we have been using digital technology to communicate with tenants through social media, through texting and via our website which has been extremely useful as we continue to work through the pandemic. We have not been able to hold our usual community consultation events.

We are pleased to report that most of our essential work has continued, however we recognise that it will take some time until we are "back to normal" in terms of our work. Linstone has closely followed Government guidance on safe working practices to protect the health and safety of our staff, tenants and contractors. We continue to engage with tenants remotely and have been fortunate to obtain funding to provide additional support to our tenants in terms of energy advice and tenancy maintenance.

Linstone has started planning several new build housing developments in Linwood, Johnstone and Paisley which have been supported within the Council's Strategic Housing Investment Plan. We look forward to developing more affordable rented housing for people in our area.

LINSTONE HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2021

Board and Executive Officers

The members of the Board and the Executive officers are listed on page 1.

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

The members of the Board are also trustees of the charity. Members of the Board are appointed by the members at the Association's Annual General Meeting.

Statement of Board's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 requires the Board to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those financial statements the Board 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 a going concern basis unless it is inappropriate to presume that the Association will continue in business; and
- prepare a statement on internal financial control.

The Board 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 2019. It is 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.

Going Concern

Based on its budgetary and forecasting processes the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future; therefore, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

LINSTONE HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2021

Statement on Internal Financial Control

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

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

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

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

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

Donations

During the year the Association made charitable donations of £156 (2020 - £250).

Disclosure of Information to the Auditor

The members of the Board at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Auditor

A resolution to reappoint the Auditors, Alexander Sloan, Accountants and Business Advisers, will be proposed at the Annual General Meeting.

LINSTONE HOUSING ASSOCIATION LIMITED

**REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2021**

By order of the Board



**Sandy Hewitt
Secretary
17 August 2021**

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 to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement of 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 Board and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Board'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 contained 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
Accountants and Business Advisers
Statutory Auditors
Glasgow
17 August 2021



Alexander Sloan
Accountants and Business Advisers

LINSTONE HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LINSTONE HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021

Opinion

We have audited the financial statements of Linstone Housing Association Limited (the 'Association') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2021 and of the surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019.

Basis of Opinion

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

Conclusions relating to going concern

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

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

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

Other Information

The Board is responsible for the other information. The other information comprises the information contained in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

LINSTONE HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LINSTONE HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021 (continued)

Other Information (Contd.)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the statement of Board's responsibilities as set out on page 4, the Board is responsible for the preparation of the financial statements and for being satisfied that they give true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

LINSTONE HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LINSTONE HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021 (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud
Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we gained an understanding of the legal and regulatory framework applicable to the Association through discussions with the Board and other management, and from our wider knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Association, including the Co-operative and Community Benefit Societies Act 2014 (and related regulations), the Housing (Scotland) Act 2010 and other laws and regulations applicable to a registered social housing provider in Scotland. We also considered the risks of non-compliance with the other requirements imposed by the Scottish Housing Regulator and we considered the extent to which non-compliance might have a material effect on the financial statements.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Association's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing the Association's Assurance Statement and associated supporting information; and
- reviewing correspondence with the Scottish Housing Regulator, HMRC and the Association's legal advisors.

LINSTONE HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LINSTONE HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021 (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud (Contd.)


There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. The description forms part of our audit report.

Use of our Report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.


ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
Glasgow
17 August 2021


Alexander Sloan
Accountants and Business Advisers

LINSTONE HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021	2020
		£	£
Revenue	2	7,709,009	7,577,241
Operating costs	2	6,711,169	7,499,430
OPERATING SURPLUS		997,840	77,811
Interest receivable and other income		20,025	44,671
Interest payable and similar charges	7	(232,692)	(280,039)
Other Finance income/(charges)	10	(2,000)	(42,000)
		(214,667)	(277,368)
Surplus / (deficit) on ordinary activities before taxation	8	783,173	(199,557)
Tax on surplus / (deficit) on ordinary activities	9	-	-
SURPLUS / (DEFICIT) FOR THE YEAR		783,173	(199,557)
Other comprehensive income			
Actuarial gains/(losses) on defined benefit pension plan	18	(1,267,000)	1,892,000
TOTAL COMPREHENSIVE INCOME		(483,827)	1,692,443

The results relate wholly to continuing activities.


The notes on pages 16 to 35 form an integral part of these financial statements.


LINSTONE HOUSING ASSOCIATION LIMITED


STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	2021		2020
		£	£	£
NON-CURRENT ASSETS				
Housing properties - depreciated cost	11		21,259,934	21,307,212
Other tangible assets	11		395,907	418,885
			<u>21,655,841</u>	<u>21,726,097</u>
CURRENT ASSETS				
Receivables	12	652,190	775,641	
Investments	13	4,539,377	4,569,729	
Cash and cash equivalents	14	932,390	249,730	
		<u>6,123,957</u>	<u>5,595,100</u>	
CREDITORS: Amounts falling due within one year	15	(1,831,451)	(1,614,565)	
			<u>4,292,506</u>	<u>3,980,535</u>
NET CURRENT ASSETS				
			<u>25,948,347</u>	<u>25,706,632</u>
LIABILITIES				
CREDITORS: Amounts falling due after more than one year	16		(7,477,114)	(8,115,042)
PROVISIONS FOR LIABILITIES				
Scottish housing association pension scheme	18	(998,000)	-	
Strathclyde Pension Fund	18	-	-	
			<u>(998,000)</u>	<u>-</u>
DEFERRED INCOME				
Social housing grants	19	(4,335,339)	(3,969,867)	
			<u>(4,335,339)</u>	<u>(3,969,867)</u>
NET ASSETS				
			<u>13,137,894</u>	<u>13,621,723</u>
EQUITY				
Share capital	20		111	113
Revenue reserves			14,135,783	13,621,610
Pension reserves			(998,000)	-
			<u>13,137,894</u>	<u>13,621,723</u>

The financial statements were approved by the Board and authorised for issue and signed on their behalf on 24 August 2021.


Jamie Irvine
 Committee Member


Christine Boyland
 Committee Member


Sandy Hewitt
 Secretary

The notes on pages 16 to 35 form an integral part of these financial statements.

LINSTONE HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021		2020	
		£	£	£	£
Surplus for the Year			783,173		(199,557)
<i>Adjustments for non-cash items:</i>					
Depreciation of tangible fixed assets	11	1,110,716		1,102,473	
Impairment	11	-		148,453	
Amortisation of capital grants	19	(132,571)		(134,651)	
Non-cash adjustments to pension provisions		(269,000)		(20,000)	
Share capital written off	20	(2)		(8)	
			709,143		1,096,267
Interest receivable			(20,025)		(44,671)
Interest payable	7		232,692		280,039
			<u>1,704,983</u>		<u>1,132,078</u>
Operating cash flows before movements in working capital					
Change in debtors		213,451		(40,319)	
Change in creditors		201,923		(618,802)	
			415,374		(659,121)
Net cash inflow from operating activities			2,120,357		472,957
Investing Activities					
Acquisition and construction of properties		(1,103,118)		(1,186,562)	
Purchase of other fixed assets		(27,342)		(12,174)	
Social housing grant received		498,043		-	
Other grants received		-		82,642	
Changes on short term deposits with banks		30,352		1,154,964	
			(602,065)		38,870
Net cash (outflow) / inflow from investing activities					
Financing Activities					
Interest received on cash and cash equivalents		20,025		44,671	
Interest paid on loans		(232,692)		(280,039)	
Loan principal repayments		(622,965)		(593,072)	
Share capital issued	20	-		22	
			(835,632)		(828,418)
Net cash outflow from financing activities					
Increase/(decrease) in cash	21		682,660		(316,591)
Opening cash & cash equivalents			249,730		566,321
Closing cash & cash equivalents			<u>932,390</u>		<u>249,730</u>
Cash and cash equivalents as at 31 March					
Cash	21		932,390		249,730
			<u>932,390</u>		<u>249,730</u>

LINSTONE HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2021

	Share Capital	Strathclyde Pension Reserve	Scottish Housing Association Pension reserve	Revenue Reserve	Total
	£	£	£	£	£
Balance as at 1 April 2019	99	(36,000)	(1,876,000)	13,841,167	11,929,266
Issue of Shares	22	-	-	-	22
Cancellation of Shares	(8)	-	-	-	(8)
Other comprehensive income	-	120,000	1,772,000	-	1,892,000
Revaluation in year	-	-	-	-	-
Other movements	-	(84,000)	104,000	(20,000)	-
Deficit for the year	-	-	-	(199,557)	(199,557)
Balance as at 31 March 2020	113	-	-	13,621,610	13,621,723
Balance as at 1 April 2020	113	-	-	13,621,610	13,621,723
Issue of Shares	-	-	-	-	-
Cancellation of Shares	(2)	-	-	-	(2)
Other comprehensive income	-	(18,000)	(1,249,000)	-	(1,267,000)
Revaluation in year	-	-	-	-	-
Other movements	-	18,000	251,000	(269,000)	-
Surplus for the year	-	-	-	783,173	783,173
Balance as at 31 March 2021	111	-	(998,000)	14,135,783	13,137,894

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance and Basis of Accounting

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 2018. 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 2019. They comply with the Determination of Accounting Requirements 2019. A summary of the principal accounting policies is set out below.

Basis of Preparation

The Board is responsible for making an annual assessment of whether it is appropriate to prepare the accounts on a going concern basis. Linstone has significant net assets, investments and cash along with a track record of preparing and delivering against its long term business plan. In late 2019-20 and throughout 2020-21, COVID-19 will have a significant impact on the finance and operations of the Association. Work has commenced to assess and respond to the impact as outlined on page 3. The principal activities in this regard include: reforecasting based on the potential impact of COVID-19 on service delivery, economic forecasts and the effect on Linstone customers; assessing the funding facilities available (as detailed on page 3), compliance with loan covenants; and assessing ongoing repairs and development plans. Linstone considers that it is well placed to manage the impact of COVID-19 with significant cash and available funding facilities together with headroom on key covenants. It also considers that rental income is reasonably certain. Taken together, the Board has determined that it remains appropriate to prepare the financial statements on a going concern basis.

Revenue

Revenue comprises rental and service charge income receivable in the period, income from shared ownership first tranche sales, sales of properties built for sale, other services provided, revenue grants receivable and government grants released to income in the period.

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

Government grants are released to income over the expected useful life of the asset to which they relate. Revenue grants are receivable when the conditions for receipt of the agreed grant funding have been met.

Retirement Benefits

The Association participates in the Strathclyde Pension Fund a multi-employer defined benefit scheme. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102.

The Association participates in the Scottish Housing Association Pension Scheme (SHAPS) a multi-employer defined benefit scheme. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102.

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Housing Properties

Housing properties are held for the provision of social housing. Housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes acquisition of land and buildings and development cost. The Association depreciates housing properties over the useful life of each major component. Housing under construction and land are not depreciated.

Component	Useful Economic Life
Land	Not depreciated
Structure	Over 50 years
Kitchens	Over 15 years
Bathrooms	Over 25 years
Central Heating	Over 20 years
Windows	Over 35 years
Door Entry System	Over 16 years
Lifts	Over 40 years

Depreciation and Impairment of Other Tangible Assets

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

Asset Category	Depreciation Rate
Leasehold Office Improvements	Over 15 years
Computer Equipment	Over 5 years
Furniture and Office Equipment	Over 10 years
Office Premises	Over 20 years

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

Social Housing Grants and Other Capital Grants

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

Social housing grant attributed to individual components is written off to the statement of comprehensive income when these components are replaced.

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 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.

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Taxation

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

Leases

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 or the term of the lease whichever is shorter.

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, a material reduction in future maintenance costs, or a significant extension of the life of the property.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to ongoing development activities are capitalised.

Borrowing Costs

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme. All other borrowing costs are expensed to the statement of comprehensive income using the effective interest rate method.

Housing Property Managed By Agents

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

VAT

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

Impairment

The Association assesses at the end of each accounting period whether there are indications that a non-current asset may be impaired or that an impairment loss previously recognised has fully or partially reversed.

Where the carrying value of non-current assets is less than their recoverable amounts the shortfall is recognised as an impairment loss in the Statement of Comprehensive Income. The recoverable amount is the higher of the fair value less costs to sell and value-in-use of the asset based on its service potential.

Impairment losses previously recognised are reversed if the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income.

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Key Judgements and estimates made in the application of Accounting Policies

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the Association to exercise judgement in applying the its 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.

Key Judgements

a) Categorisation of Housing Properties

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

d) Pension Liability

The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. The Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method. In respect of defined benefit pension schemes, the Association is unable to incorporate a pension asset unless they have received written confirmation from the pension scheme confirming that the asset will be repaid or future contributions will be reduced.

Estimation Uncertainty

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. The impact of COVID-19 did not impact on this year's arrears figure but the policy for bad debt provision will be reviewed to ensure accuracy of the provision in future years following on from the pandemic.

b) Life Cycle of Components

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

c) Useful life of properties, plant and equipment

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

d) Defined pension liability

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

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Notes	Turnover £	Operating costs £	Operating surplus / (deficit) £	Turnover £	Operating costs £	Operating surplus / (deficit) £
Affordable letting activities	3	7,040,471	5,991,619	1,048,852	6,987,575	6,897,357	90,218
Other Activities	4	668,538	719,550	(51,012)	589,666	602,073	(12,407)
Total		7,709,009	6,711,169	997,840	7,577,241	7,499,430	77,811

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

	General Needs Housing £	Supported Housing £	2021 Total £	2020 Total £
Revenue from Lettings				
Rent receivable net of service charges	6,401,858	321,481	6,723,339	6,584,308
Service charges receivable	31,137	194,614	225,751	225,074
Gross income from rent and service charges	6,432,995	516,095	6,949,090	6,809,382
Less: Rent losses from voids	194,640	43,496	238,136	147,724
Income from rents and service charges	6,238,355	472,599	6,710,954	6,661,658
Grants released from deferred income	78,373	54,198	132,571	134,652
Revenue grants from Scottish Ministers	57,289	-	57,289	66,890
Other revenue grants	113,025	26,632	139,657	124,375
Total turnover from affordable letting activities	6,487,042	553,429	7,040,471	6,987,575
Expenditure on affordable letting activities				
Management and maintenance administration costs	2,528,335	73,886	2,602,321	2,773,258
Service costs	52,577	117,055	169,632	230,214
Planned and cyclical maintenance, including major repairs	1,580,602	4,389	1,584,991	2,047,722
Reactive maintenance costs	555,292	11,832	567,124	610,652
Bad Debts - rents and service charges	7,155	-	7,155	28,472
Depreciation of affordable let properties	981,960	78,436	1,060,396	1,206,039
Impairment of affordable letting activities	-	-	-	-
Operating costs of affordable letting activities	5,705,921	285,698	5,991,619	6,897,357
Operating surplus / (deficit) on affordable letting activities	781,121	267,731	1,048,852	90,218
2020	(96,237)	186,455		

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
 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	Other income	Total Turnover	Operating costs - bad debts	Other operating costs	Operating surplus / (deficit) 2021	Operating surplus / (deficit) 2020
	£	£	£	£	£	£	£	£
Wider role activities	300,000	111,845	-	411,845	-	450,646	(38,801)	(17,777)
Factoring	-	-	241,527	241,527	594	234,386	6,547	14,359
Uncapitalised development administration costs	-	-	-	-	-	18,758	(18,758)	(8,989)
Other activities	-	-	7,469	7,469	-	7,469	-	-
Rechargeable Repairs	-	-	7,697	7,697	-	7,697	-	-
Total From Other Activities	300,000	111,845	256,693	668,538	594	718,956	(51,012)	(12,407)
2020	8,566	282,805	298,295	589,666	(5,507)	607,580	(12,407)	-

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. OFFICERS' EMOLUMENTS

	2021	2020
	£	£
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board, managers and employees of the Association.		
Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions)	<u>200,223</u>	<u>201,789</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>36,380</u>	<u>23,268</u>
Emoluments payable to Chief Executive Officer (excluding pension contributions)	79,501	78,249
Pension contributions paid on behalf of the Chief Executive Officer	<u>15,185</u>	<u>9,312</u>
Total emoluments payable to the Chief Executive Officer	<u>94,686</u>	<u>87,561</u>
Total emoluments paid to key management personnel	<u>260,688</u>	<u>249,273</u>

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

	Number	Number
£60,001 to £70,000	1	2
£70,001 to £80,000	<u>1</u>	<u>1</u>

6. EMPLOYEE INFORMATION

	2021	2020
	No.	No.
Average monthly number of full time equivalent persons employed during the year	<u>52</u>	<u>55</u>
Average total number of employees employed during the year	<u>59</u>	<u>65</u>
Staff costs were:	£	£
Wages and salaries	1,636,265	1,715,557
National insurance costs	145,019	152,688
Pension costs	214,340	145,709
Temporary, agency and seconded staff	8,156	12,364
	<u>2,003,780</u>	<u>2,026,318</u>

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2021	2020
	£	£
On bank loans and overdrafts	232,692	280,039

8. SURPLUS / (DEFICIT) FOR THE YEAR

	2021	2020
	£	£
Surplus / (Deficit) For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	1,091,520	1,078,082
Auditors' remuneration - audit services	10,260	10,530
Operating lease rentals - other	10,279	8,271

9. CORPORATION TAX

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

10. OTHER FINANCE INCOME / (CHARGES)

	2021	2020
	£	£
Net interest on pension obligations	(2,000)	(42,000)

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

11. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties In course of Construction £	Housing Properties Held for Letting £	Total £
COST			
At 1 April 2020	-	35,699,795	35,699,795
Additions	410,443	602,675	1,013,118
Disposals	-	(194,787)	(194,787)
	<hr/>	<hr/>	<hr/>
At 31 March 2021	410,443	36,107,683	36,518,126
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
At 1 April 2020	-	14,392,583	14,392,583
Charge for Year	-	1,041,200	1,041,200
Transfers	-	-	-
Disposals	-	(175,591)	(175,591)
	<hr/>	<hr/>	<hr/>
At 31 March 2021	-	15,258,192	15,258,192
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 31 March 2021	410,443	20,849,491	21,259,934
	<hr/>	<hr/>	<hr/>
At 31 March 2020	-	21,307,212	21,307,212
	<hr/>	<hr/>	<hr/>

	2021		2020	
	<i>Component replacement £</i>	<i>Improvement £</i>	<i>Component replacement £</i>	<i>Improvement £</i>
Expenditure on Existing Properties				
Amounts capitalised	317,675	-	949,062	-
Amounts charged to the statement of comprehensive income	2,152,115	-	2,658,374	-
	<hr/>	<hr/>	<hr/>	<hr/>

All land and housing properties are heritable.

Additions to housing properties include capitalised development administration costs of £Nil (2020-£Nil)

The Association's lenders have standard securities over housing property with a carry value of £13,429,596 (2020 - £13,629,811)

The depreciation charge on housing properties as shown above differs from that per Note 3 due to accelerated depreciation on component replacements.

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

11. NON CURRENT ASSETS (continued)

(b) Other tangible assets	Office Premises £	Furniture & Equipment £	Computer Equipment £	Total £
COST				
At 1 April 2020	501,020	63,681	102,664	667,365
Additions	-	-	27,342	27,342
	-----	-----	-----	-----
At 31 March 2021	501,020	63,681	130,006	694,707
	-----	-----	-----	-----
DEPRECIATION				
At 1 April 2020	150,306	38,209	59,965	248,480
Charge for year	25,051	6,368	18,901	50,320
	-----	-----	-----	-----
At 31 March 2021	175,357	44,577	78,866	298,800
	-----	-----	-----	-----
NET BOOK VALUE				
At 31 March 2021	325,663	19,104	51,140	395,907
	-----	-----	-----	-----
At 31 March 2020	350,714	25,472	42,699	418,885
	-----	-----	-----	-----

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. RECEIVABLES

	2021	2020
	£	£
Gross arrears of rent and service charges	273,149	255,570
Less: Provision for doubtful debts	(100,317)	(110,200)
<i>Net arrears of rent and service charges</i>	172,832	145,370
Social housing grant receivable	205,342	95,979
Other receivables	274,016	534,292
	<u>652,190</u>	<u>775,641</u>

13. CURRENT ASSET INVESTMENTS

	2021	2020
	£	£
Short term deposits	4,539,377	4,569,729
	<u>4,539,377</u>	<u>4,569,729</u>

14. CASH AND CASH EQUIVALENTS

	2021	2020
	£	£
Cash at bank and in hand	932,390	249,730
	<u>932,390</u>	<u>249,730</u>

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS (continued)

15. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Bank loans	641,150	626,187
Trade payables	250,380	501,903
Rent received in advance	181,618	143,781
Other taxation and social security	38,297	42,903
Other payables	94,385	114,982
Accruals and deferred income	625,621	184,809
	<u>1,831,451</u>	<u>1,614,565</u>

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

	2021	2020
	£	£
Bank loans	7,477,114	8,115,042
	<u>7,477,114</u>	<u>8,115,042</u>

17. DEBT ANALYSIS - BORROWINGS

	2021	2020
	£	£
Bank Loans		
Amounts due within one year	641,150	626,187
Amounts due in one year or more but less than two years	639,817	640,876
Amounts due in two years or more but less than five years	2,024,769	2,018,434
Amounts due in more than five years	4,812,529	5,455,732
	<u>8,118,265</u>	<u>8,741,229</u>

The Association has a number of bank loans the principal terms of which are as follows:

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable or Fixed
Nationwide	Standard security over 1,049 properties	5.2%	2032	Fixed
Nationwide	Standard security over 1,049 properties	LIBOR + 0.5%	2032	Variable

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

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

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

The last valuation of the Scheme was performed as at 30 September 2018 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £877m. The valuation revealed a shortfall of assets compared with the value of liabilities of £121m (equivalent to a past service funding level of 89%). A recovery plan is in place to eliminate the past service deficit which runs to 28 February 2022.

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 reapportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

In 2019 the Pensions Trust, the administrator of the Scheme developed a method of determining the share of assets and liabilities for individual employers. This method was adopted by the Association in 2019 and resulted in an adjustment to the opening pension liability recognised in the statement of financial position of £-816,000.

Present values of defined benefit obligation, fair value of assets and defined benefit asset / (liability)

	2021	2020
	£	£
Fair value of plan assets	10,793,000	9,433,000
Present value of defined benefit obligation	11,791,000	9,207,000
Surplus / (deficit) in plan	(998,000)	226,000
Unrecognised surplus	-	(226,000)
Defined benefit asset / (liability) to be recognised	(998,000)	-

Reconciliation of the impact of the asset ceiling

	2021	2020
	£	£
Impact of asset ceiling at start of period	226,000	-
Effect of the asset ceiling included in net interest cost	8,000	-
Actuarial losses / (gains) on asset ceiling	(234,000)	226,000
Impact of asset ceiling at end of period	-	226,000

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Reconciliation of opening and closing balances of the defined benefit obligation

	2021	2020
	£	£
Defined benefit obligation at the start of period	9,207,000	9,748,000
Current service cost	211,000	233,000
Expenses	9,000	7,000
Interest expense	218,000	233,000
Contributions by plan participants	131,000	174,000
Actuarial losses (gains) due to scheme experience	(35,000)	249,000
Actuarial losses (gains) due to changes in demographic assumptions	-	(56,000)
Actuarial losses (gains) due to changes in financial assumptions	2,228,000	(1,285,000)
Benefits paid and expenses	(178,000)	(96,000)
Defined benefit obligation at the end of period	<u>11,791,000</u>	<u>9,207,000</u>

Reconciliation of opening and closing balances of the fair value of plan assets

	2021	2020
	£	£
Fair value of plan assets at start of period	9,433,000	7,872,000
Interest income	226,000	191,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	710,000	906,000
Contributions by the employer	471,000	386,000
Contributions by plan participants	131,000	174,000
Benefits paid and expenses	(178,000)	(96,000)
Fair value of plan assets at the end of period	<u>10,793,000</u>	<u>9,433,000</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £936,000

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
 NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Defined benefit costs recognised in the statement of comprehensive income

	2021	2020
	£	£
Current service cost	211,000	233,000
Expenses	9,000	7,000
Net interest expense	-	42,000
	<u>220,000</u>	<u>282,000</u>

Defined benefit costs recognised in the other comprehensive income

	2021	2020
	£	£
Experience on plan assets (excluding amounts included in interest income) - gain / (loss)	710,000	906,000
Experience gains and losses arising on plan liabilities - gain / (loss)	35,000	(249,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain / (loss)	-	56,000
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	(2,228,000)	1,285,000
	<u>(1,483,000)</u>	<u>1,998,000</u>
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	(1,483,000)	1,998,000
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) - gain / (loss)	234,000	(226,000)
	<u>234,000</u>	<u>(226,000)</u>
Total amount recognised in other comprehensive income - gain / (loss)	<u>(1,249,000)</u>	<u>1,772,000</u>

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Assets	2021	2020	2019
	£	£	£
Absolute Return	532,000	579,000	667,000
Alternative Risk Premia	433,000	756,000	440,000
Corporate Bond Fund	814,000	689,000	552,000
Credit Relative Value	311,000	227,000	137,000
Distressed Opportunities	369,000	172,000	134,000
Emerging Markets Debt	435,000	335,000	252,000
Fund of Hedge Funds	-	-	22,000
Global Equity	1,670,000	1,297,000	1,266,000
Infrastructure	603,000	556,000	330,000
Insurance-Linked Securities	225,000	253,000	204,000
Liability Driven Investment	2,595,000	2,484,000	2,801,000
Long Lease Property	250,000	231,000	96,000
Net Current Assets	80,000	71,000	8,000
Over 15 Year Gilts	5,000	120,000	202,000
Private Debt	254,000	187,000	102,000
Property	194,000	176,000	156,000
Risk Sharing	386,000	299,000	228,000
Secured Income	593,000	524,000	275,000
Opportunistic Illiquid Credit	276,000	230,000	-
Liquid Credit	186,000	247,000	-
High Yield	283,000	-	-
Opportunistic Credit	295,000	-	-
Cash	4,000	-	-
Total assets	10,793,000	9,433,000	7,872,000

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

Key Assumptions

	2021	2020	2019
Discount Rate	2.2%	2.4%	2.4%
Inflation (RPI)	3.3%	2.6%	3.3%
Inflation (CPI)	2.9%	1.6%	2.3%
Salary Growth	3.9%	1.8%	3.3%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65 years (years)
Male retiring in 2021	21.5
Female retiring in 2021	23.4
Male retiring in 2041	22.8
Female retiring in 2041	25

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

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.

The following figures are prepared by the Actuaries in accordance with their understanding of FRS 102 and Guidance Note 36: Accounting for Retirement Benefits under FRS 102 issued by the Institute and Faculty of Actuaries.

Principal Actuarial Assumptions

Assumptions as at 31 March	2021	2020	2019
	%p.a.	%p.a.	%p.a.
Pension Increase Rate (CPI)	2.85	1.90	2.50
Salary Increase Rate	3.55	3.00	3.70
Discount Rate	1.95	2.30	2.40

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

	2021	2020	2019
	£000	£000	£000
Employee members	321	614	816
Deferred pensioners	887	742	768
Pensioners	918	326	383
	<u>2,126</u>	<u>1,682</u>	<u>1,767</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	2021	2020	2019
	% p.a.	% p.a.	% p.a.
Equities	66%	59%	64%
Bonds	23%	26%	24%
Property	9%	13%	10%
Cash	2%	2%	2%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

Mortality Rates

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2018 model with an allowance for smoothing of recent mortality experience and long term rates 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	19.8	22.6
Future Pensioners	21.2	24.7

Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Strathclyde Pension Fund Defined Benefit Scheme (continued)

Fair value of scheme assets by category

	2021	2020
	%	%
Equities	66	59
Gifts	23	26
Bonds	9	13
Property	2	2
	<hr/>	<hr/>
	100	100
	<hr/>	<hr/>

Net Pension Liability	2021	2020	2019
	£	£	£
Fair value of employer's assets	2,126,000	1,682,000	1,870,000
Present value of scheme liabilities	(2,126,000)	(1,682,000)	(1,906,000)
	<hr/>	<hr/>	<hr/>
	-	-	(36,000)
	<hr/>	<hr/>	<hr/>

Reconciliation of fair value of employer assets

	2021	2020	2019
	£	£	£
Opening fair value of employer assets	1,770,000	1,870,000	1,788,000
Expected return on assets	40,000	45,000	48,000
Contributions by members	2,000	2,000	2,000
Contributions by the employer	29,000	27,000	28,000
Actuarial gains / (losses)	380,000	(124,000)	57,000
Estimated benefits paid	(60,000)	(50,000)	(53,000)
Surplus on assets not recognised	(35,000)	(88,000)	-
	<hr/>	<hr/>	<hr/>
	2,126,000	1,682,000	1,870,000
	<hr/>	<hr/>	<hr/>

Reconciliation of defined benefit obligations

	2021	2020	2019
	£	£	£
Opening defined benefit obligation	1,682,000	1,906,000	1,767,000
Current service cost	13,000	23,000	12,000
Interest cost	38,000	45,000	47,000
Contributions by members	2,000	2,000	2,000
Actuarial gains / (losses)	451,000	(244,000)	131,000
Estimated benefits paid	(60,000)	(50,000)	(53,000)
	<hr/>	<hr/>	<hr/>
	2,126,000	1,682,000	1,906,000
	<hr/>	<hr/>	<hr/>

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Strathclyde Pension Fund Defined Benefit Scheme (continued)

Analysis of amount charged to the statement of comprehensive income

	2021 £	2020 £	2019 £
Charged to operating costs:			
Service cost	13,000	13,000	12,000
Past service cost	-	10,000	-
	<u>13,000</u>	<u>23,000</u>	<u>12,000</u>
	13,000	23,000	12,000
	<u>13,000</u>	<u>23,000</u>	<u>12,000</u>
Charged to other finance costs / (income)			
Expected return on employer assets	(40,000)	(45,000)	(48,000)
Interest on pension scheme liabilities	38,000	45,000	47,000
	<u>(2,000)</u>	<u>-</u>	<u>(1,000)</u>
	40,000	45,000	48,000
Net charge to the statement of comprehensive income	11,000	23,000	11,000

Actuarial gain / (loss) recognised in other comprehensive income

	2021 £	2020 £	2019 £
Actuarial gain/(loss) recognised in year	(71,000)	120,000	(74,000)
Effects of changes in the amount of surplus that is not recoverable	53,000	(88,000)	-
Cumulative actuarial gains	<u>(18,000)</u>	<u>32,000</u>	<u>(74,000)</u>

Analysis of projected amount to be charged to the statement of comprehensive income for the year ended 31 March 2022

Projected current service cost	£ 14,000	% of pay (40.9%)
Interest on obligation	41,000	(120.6%)
Expected return on plan assets	(42,000)	123.5%
	<u>13,000</u>	<u>(38.0%)</u>

Contributions made by the Association for the year ended 31 March 2022 are estimated to be approximately £93,000.

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS (continued)

19. DEFERRED INCOME

	Social Housing Grants £	Total £
Capital grants received		
At 1 April 2020	5,808,497	5,808,497
Additions in the year	498,043	498,043
At 31 March 2021	6,306,540	6,306,540
Amortisation		
At 1 April 2020	1,838,630	1,838,630
Amortisation in year	132,571	132,571
At 31 March 2021	1,971,201	1,971,201
Net book value		
At 31 March 2021	4,335,339	4,335,339
At 31 March 2020	3,969,867	3,969,867
Total at 31 March 2021	4,335,339	4,335,339
Total at 31 March 2020	3,969,867	3,969,867

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

	2021 £	2020 £
Amounts due within one year	132,571	135,305
Amounts due in more than one year	4,202,768	3,834,562
	4,335,339	3,969,867

20. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2021 £	2020 £
At 1 April	113	99
Issued in year	-	22
Cancelled in year	(2)	(8)
At 31 March	111	113

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.

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

21. CASH FLOWS

<i>Reconciliation of net cash flow to</i>		2021		2020
	£	£	£	£
Increase / (decrease) in cash	682,660		(316,591)	
Change in liquid resources	(30,352)		(1,154,964)	
Cashflow from change in net debt	622,965		593,072	
Movement in net debt during the year		1,275,273		(878,483)
Net debt at 1 April		(3,921,770)		(3,043,287)
Net debt at 31 March		(2,646,497)		(3,921,770)

<i>Analysis of changes in net debt</i>	At 01 April 2019	Cashflows	Other Changes	At 31 March 2020
	£	£	£	£
Cash and cash equivalents	249,730	682,660	-	932,390
	249,730	682,660	-	932,390
Liquid resources	4,569,729	(30,352)	-	4,539,377
Debt: Due within one year	(626,187)	622,965	(637,928)	(641,150)
Due after more than one year	(8,115,042)	-	637,928	(7,477,114)
Net debt	(3,921,770)	1,275,273	-	(2,646,497)

22. CAPITAL COMMITMENTS

	2021	2020
	£	£
Capital Expenditure that has been contracted for but has not been	406,710	354,293

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

23. COMMITMENTS UNDER OPERATING LEASES

	2021	2020
	£	£
At the year end, the total minimum lease payments under non-cancellable operating leases were as follows:		
Expiring in the next year	9,444	10,176
Expiring later than one year and not later than five years	7,014	16,457

24. 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, PA3 3DB.

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

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

25. BOARD MEMBER EMOLUMENTS

Board members received Nil (2020 - Nil) in the year by way of reimbursement of expenses. No remuneration is paid to Board members in respect of their duties to the Association.

26. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2021 No.	2020 No.
General needs	1,495	1,516
Supported housing	75	75
	<u>1,570</u>	<u>1,591</u>

27. RELATED PARTY TRANSACTIONS

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

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

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

	2021 £	2020 £
Rent received from tenants on the Board and their close family members	<u>9,104</u>	<u>7,060</u>
Factoring charges received from factored owners on the Board and their close family members	<u>-</u>	<u>265</u>

At the year end total rent arrears owed by the tenant members on the Board (and their close family) were Nil (2020 - Nil).

At the year end total factoring arrears owed by owner occupiers on the Board (and their close family) were Nil (2020 - Nil).

Members of the Board who are tenants	2	2
Members of the Board who are owner occupiers	1	1
Members of the Board who are local councillors	1	1
Members of the Board who are local authority employees	2	2