



Alexander Sloan
Accountants and Business Advisers

Linstone Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2024

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 2024

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LINSTONE HOUSING ASSOCIATION LIMITED

BOARD, EXECUTIVE AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2024

BOARD

Jamie Irvine
Isaac Nwokeabia
Nan McBride
Kirsty Sweeney
Ilene Campbell
Councillor Andy Steel
Connor Cunningham
Elizabeth Roscoe
David Kelly
Christine Boyland
Janine Ballantyne
George MacDonald
Sandy Hewitt

Chairperson
Vice-Chairperson – Elected Sep 2023
Secretary

Appointed February, 2024
Appointed February, 2024
Resigned September, 2023
Resigned September, 2023
Resigned January, 2024
Deceased January, 2024

EXECUTIVE OFFICERS

Angela Taylor
Jan Brennan
Frank Boyle
Julie Barbour
Kennedy Chilambe

Chief Executive Officer
Director of Housing Services
Director of Assets & Property Services
Director Fin & Corporate Services – Resigned Aug,23
Director Fin & Corporate Services – Appointed Feb,24

REGISTERED OFFICE

17 Bridge Street
Linwood
Renfrewshire
PA3 3DB

EXTERNAL AUDITORS

Alexander Sloan LLP
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

Addleshaw Goddard
3 Sovereign Square
Sovereign Street
Leeds
LS1 4ER

LINSTONE HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2024

The Board presents its report and the financial statements for the year ended 31 March 2024.

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

Linstone Housing Association continued to provide valuable services to our tenants and customers in the 2023/24 financial year. Our long-term 30-year business plan is to remain "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." This is well captured in our 4 key values of being Inclusive, Customer Focussed, Respectful and Sustainable. The strategic and operational outputs of the Association are guided by our objectives and key values.

At the end of the financial year 2023/24, the Association had a net comprehensive Income of £77,895 (2023 - £37,328). This was after adjusting for bank interest payments and a gain in the pensions revaluation. The reserves stood at £14.6m, whereas cash and cash investment balances were £3.7m.

Business operations continue to be affected by the tough economic landscape. This has been observed across the sector with increased repairs and maintenance costs for properties compared to last year. Supply challenges in the construction industry for Labour and materials have affected some of our suppliers resulting in higher costs of repairs for void and general reactive works. At Linstone Housing, we continue to mitigate this using tender exercises and project management for new and existing contracts. We strive to achieve a good balance of effectiveness, efficiency of works needed and value for money for our tenants.

Though our costs of repairs and maintenance are higher compared to last year, our performance against SHQS and ARC indicators remain good. There have been significant improvements on the hard to let properties from 27 at the start of the year to 11 at the end of the financial year. This will help to bring more properties back in circulation in the local area. The amount of money lost through properties being empty improved from 3.87% to 2.67% equivalent to £80,000. Similarly, the time taken to complete emergency repairs, percentage of repairs right first time, and the gas safety checks completed on time all improved on the year before.

Linstone Housing management committee approved the rental increase for 2023/24 at 3% which was lower than inflation. This was in recognition of the cost of living crisis faced by many of our tenants. In order to remain a financially viable association and continue to invest in properties, the management committee also acknowledges the need for higher rental increases in subsequent years. In this financial year, £2.16m was spent on various component replacements and a further £6.74m is projected to be spent in the next 5 years on component replacements.

LINSTONE HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2024

Review of Business and Future Developments (Cont.)

2023-24 financial year also saw some changes in the Leadership Team. Julie Barbour Director of Finance and Corporate Services resigned in August 2023 and in February 2024 we were pleased to welcome Kennedy Chilambe to the role. He brings many years of RSL experience to the team and he will lead on Linstone's financial and corporate governance. We were also delighted to welcome a further 10 new members of staff. This represents a staff turnover of 20.8% and remained comparable to last year. Among the new additions was the creation of an 'Assets Team' to lead on investment projects and tenant safety compliance. Some of the new roles within this team are an Asset Manager and a full time dedicated Tenant Safety and Compliance officer.

To ensure a good work life balance for our staff, we maintain a hybrid approach to working. Most of our staff can work flexibly between the office and home depending on the needs of our customers. The office is open to the public 4 days a week. Office based staff can work 3 days from the office and 2 days from home inclusive of Fridays when the office is closed to the public. We also continue to invest in staff development supporting them with their training requirements, thus enabling staff to have the skills, knowledge and confidence needed to ensure continued customer excellence.

Looking to the future, we continue to pursue the construction of new units at 3 sites owned by the Association. We have submitted the planning permission to the council and look forward to its approval in due course. We see these as opportunities that may go forward in the future depending on funding levels such as inclusion in the SHIP and availability of Government grants. Long-term, these units will be a welcome addition and will go some way to helping reduce the housing need in the local area. We currently have over 900 people on our waiting list and demand for our properties continues to be strong.

We also look forward to continuing our work towards our governance improvement plan. Great progress has been made on this with only a few areas left to be completed. As such, we continue to positively engage with the Scottish Housing Regulator on the remaining areas of compliance. We plan on having an internal audit on our Annual Assurance Statement in 2024/25 to seek further external validation of our assurance process. The Management Committee and Staff will also work together to refresh our business plan in light of the ever-changing environment in which we operate. The stock conditioning survey is ongoing with 30% of the properties physically surveyed as at the end of the year with a further 40% survey anticipated in the 2024/25 financial year and 100% in the year after. The results of this have been incorporated in our medium to long-term plans.

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.

LINSTONE HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2024

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 2024. 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.

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;

LINSTONE HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2024

Statement on Internal Financial Control (Cont.)

- 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 2024. 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 £200 (2023 – £50).

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 LLP, Accountants and Business Advisers, will be proposed at the Annual General Meeting.

By order of the Board



Nan McBride
Secretary

20 August 2024

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 pages 4 to 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 pages 4 to 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 LLP
Accountants and Business Advisers
Statutory Auditors
Glasgow

20 August 2024



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 2024

Opinion

We have audited the financial statements of Linstone Housing Association Limited (the 'Association') for the year ended 31 March 2024 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 2024 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 2024.

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 2024 (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 2024 (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 us 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 2024 (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 Cooperative 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 LLP
Accountants and Business Advisers
Statutory Auditors
Glasgow



Alexander Sloan
Accountants and Business Advisers

20 August 2024

LINSTONE HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024	2023
		£	£
Revenue	2	8,211,137	7,820,768
Operating costs	2	8,134,239	7,017,928
OPERATING SURPLUS		76,898	802,840
Exceptional item	26	900,000	-
Interest receivable and other income		120,968	46,134
Interest payable and similar charges	7	(382,971)	(282,646)
Other Finance income/(charges)	10	(16,000)	10,000
		<u>621,997</u>	<u>(226,512)</u>
Surplus on ordinary activities before taxation	8	698,895	576,328
SURPLUS FOR THE YEAR		698,895	576,328
Other comprehensive income			
Actuarial gains/(losses) on defined benefit pension plan	18	(621,000)	(539,000)
TOTAL COMPREHENSIVE INCOME		77,895	37,328

The results relate wholly to continuing activities.

The notes on pages 15 to 36 form an integral part of these financial statements.

LINSTONE HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Notes	2024	2023
		£	£
NON-CURRENT ASSETS			
Housing properties - depreciated cost	11	22,558,186	21,410,137
Other tangible assets	11	314,322	332,046
		<u>22,872,508</u>	<u>21,742,183</u>
CURRENT ASSETS			
Receivables	12	1,598,415	966,937
Investments	13	2,621,322	3,582,642
Cash and cash equivalents	14	1,106,978	2,239,862
		<u>5,326,715</u>	<u>6,789,441</u>
CREDITORS: Amounts falling due within one year	15	<u>(2,258,299)</u>	<u>(2,541,813)</u>
NET CURRENT ASSETS		<u>3,068,416</u>	<u>4,247,628</u>
TOTAL ASSETS LESS CURRENT CREDITORS: Amounts falling due after more than one year	16	<u>25,940,924</u>	<u>25,989,811</u>
		<u>(5,620,413)</u>	<u>(6,252,627)</u>
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES			
Scottish housing association pension scheme	18	(953,000)	(316,000)
DEFERRED INCOME	19	(4,805,730)	(316,000)
Social housing grants		<u>(4,805,730)</u>	<u>(4,937,298)</u>
		<u>(4,805,730)</u>	<u>(4,937,298)</u>
NET ASSETS		<u>14,561,781</u>	<u>14,483,886</u>
EQUITY			
Share capital	20	95	95
Revenue reserves		15,514,686	14,799,791
Pension reserves		<u>(953,000)</u>	<u>(316,000)</u>
		<u>14,561,781</u>	<u>14,483,886</u>

The financial statements including the Income and Expenditure Account and Balance Sheet were approved by the Board and authorised for issue and signed on their behalf on 20 August 2024.

Jamie Irvine
Committee Member

Andy Steel
Committee Member

Nan McBride
Secretary

The notes on pages 15 to 36 form an integral part of these financial statements.

LINSTONE HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024	2023
		£	£
Surplus for the Year		698,895	576,328
<i>Adjustments for non-cash items:</i>			
Depreciation of tangible fixed assets	11	1,072,082	1,077,991
Amortisation of capital grants	19	(131,568)	(123,892)
Non-cash adjustments to pension provisions		16,000	(223,000)
Share capital written off	20	(6)	(15)
Interest receivable		956,508	731,084
Interest payable	7	(120,968)	(46,134)
		382,971	282,646
Operating cash flows before movements in working capital		1,917,406	1,543,924
Change in debtors		(986,964)	(132,232)
Change in creditors		(316,722)	289,596
Net cash inflow from operating activities		(1,303,686)	157,364
Investing Activities		613,720	1,701,288
Acquisition and construction of properties		(2,159,792)	(1,224,457)
Purchase of other fixed assets		(42,615)	(34,581)
Social housing grant received		355,486	577,726
Changes on short term deposits with banks		961,320	(35,985)
Net cash outflow from investing activities		(885,601)	(717,297)
Financing Activities			
Interest received on cash and cash equivalents		120,968	46,134
Interest paid on loans		(382,971)	(282,646)
Loan principal repayments		(599,006)	(618,403)
Share capital issued	20	6	4
Net cash outflow from financing activities		(861,003)	(854,911)
(decrease)/increase in cash	21	(1,132,884)	129,080
Opening cash & cash equivalents		2,239,862	2,110,782
Closing cash & cash equivalents		1,106,978	2,239,862
Cash and cash equivalents as at 31 March		1,106,978	2,239,862
Cash	21	1,106,978	2,239,862

LINSTONE HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2024

	Share Capital	Strathclyde Pension Reserve	Scottish Housing Association Pension reserve	Revenue Reserve	Total
	£	£	£	£	£
Balance as at 1 April 2022	106	-	-	14,446,463	14,446,569
Issue of Shares	4	-	-	-	4
Cancellation of Shares	(15)	-	-	-	(15)
Other comprehensive income	-	(37,000)	(502,000)	-	(539,000)
Revaluation in year	-	-	-	-	-
Other movements	-	37,000	186,000	(223,000)	-
Surplus for the year	-	-	-	576,328	576,328
Balance as at 31 March 2023	95	-	(316,000)	14,799,791	14,483,886
Balance as at 1 April 2023	95	-	(316,000)	14,799,791	14,483,886
Issue of Shares	6	-	-	-	6
Cancellation of Shares	(6)	-	-	-	(6)
Other comprehensive income	-	-	(621,000)	-	(621,000)
Revaluation in year	-	-	-	-	-
Other movements	-	-	(16,000)	16,000	-
Surplus for the year	-	-	-	698,895	698,895
Balance as at 31 March 2024	95	-	(953,000)	15,514,686	14,561,781

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 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 2024. A summary of the principal accounting policies is set out below.

Going concern

On the basis that the Board of Management has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, the Association has adopted the going concern basis of accounting in preparing these financial statements.

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 participated in the Strathclyde Pension Fund a multi-employer defined benefit scheme, until 28 March 2024. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments were 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 exited the Scheme in March 2024. Further details are provided in Note 18.

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 2024
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 & Doors	Over 35 years
Door Entry System	Over 16 years
Lifts	Over 40 years
Boilers	Over 20 years
Exterior Rendering and Wall Insulation	Over 30 years
Electrical Wiring	Over 30 years
Roofs	Over 50 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 2024 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.

Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a non-current asset. Surpluses made on the disposal of first tranche sales are taken to the Statement of Comprehensive Income.

Property developments that are intended for resale are included in current assets until disposal.

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.

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.

Cash and Liquid Resources

Cash comprises cash at bank and in hand, deposits repayable on demand less overdrafts. Liquid resources are current asset investments that can't be disposed of without penalty and are readily convertible into amounts of cash at their carrying value.

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 amount 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 2024
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. Judgements relating to the benefits issue are included in Note 18.

The Association also participated in the Strathclyde Pension Fund, a multi-employer defined benefit scheme, until exiting the Scheme in March 2024 following the retirement of the Association's one remaining active employee. The basis of these estimates are based on the actuarial assumptions of a qualified actuary, which have been reviewed and are considered reasonable and appropriate.

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.

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) Costs of shared ownership

The Association allocates costs to shared ownership properties on an percentage basis split across the number of properties the Association owns.

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 2024 NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Notes	2024		2023			
	Turnover £	Operating costs £	Operating surplus / (deficit) £	Turnover £	Operating costs £	Operating surplus / (deficit) £
Affordable letting activities	3 7,575,134	7,401,959	173,175	7,281,312	6,456,348	824,964
Other Activities	4 636,003	732,280	(96,277)	539,456	561,580	(22,124)
Total	8,211,137	8,134,239	76,898	7,820,768	7,017,928	802,840

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

	General Needs Housing £	Supported Housing £	2024 Total £	2023 Total £
Revenue from Lettings				
Rent receivable net of service charges	6,929,361	344,982	7,274,343	7,077,965
Service charges receivable	33,188	234,956	268,144	230,896
Gross income from rent and service charges	6,962,549	579,938	7,542,487	7,308,861
Less: Rent losses from voids	220,381	22,035	242,416	317,890
Income from rents and service charges	6,742,168	557,903	7,300,071	6,990,971
Grants released from deferred income	78,957	52,611	131,568	134,717
Revenue grants from Scottish Ministers	75,045	-	75,045	93,654
Other revenue grants	40,700	27,750	68,450	61,970
Total turnover from affordable letting activities	6,936,870	638,264	7,575,134	7,281,312
Expenditure on affordable letting activities				
Management and maintenance administration costs	3,234,866	64,380	3,299,246	2,953,409
Service costs	69,055	224,024	293,079	360,441
Planned and cyclical maintenance, including major repairs	1,254,298	75,268	1,329,566	1,020,004
Reactive maintenance costs	1,377,567	80,259	1,457,826	1,069,245
Bad Debts - rents and service charges	10,500	-	10,500	27,417
Depreciation of affordable let properties	935,568	76,174	1,011,742	1,025,832
Operating costs of affordable letting activities	6,881,854	520,105	7,401,959	6,456,348
Operating surplus / (deficit) on affordable letting activities	55,016	118,159	173,175	824,964
2023	762,277	62,687		

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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) 2024	Operating surplus / (deficit) 2023
	£	£	£	£	£	£	£	£
Wider role activities	-	64,298	550	64,848	-	161,864	(97,016)	(26,586)
Factoring	-	-	569,779	569,779	10,674	559,742	(637)	2,146
Other activities	-	-	1,376	1,376	-	-	1,376	4,183
Rechargeable Repairs	-	-	-	-	-	-	-	(1,867)
Total From Other Activities	-	64,298	571,705	636,003	10,674	721,606	(96,277)	(22,124)
2023	-	202,162	337,294	539,456	2,919	558,661	(22,124)	

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 NOTES TO THE FINANCIAL STATEMENTS (continued)

5. OFFICERS' EMOLUMENTS

	2024 £	2023 £
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>222,861</u>	<u>188,459</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>16,697</u>	<u>22,796</u>
Emoluments payable to Chief Executive Officer (excluding pension contributions)*	87,802	66,044
Pension contributions paid on behalf of the Chief Executive Officer*	8,780	7,972
Total emoluments payable to the Chief Executive Officer*	<u>96,582</u>	<u>74,016</u>
Total emoluments paid to key management personnel	<u>289,924</u>	<u>277,299</u>
Consideration paid for services of key management personnel paid to third parties	<u>-</u>	<u>8,000</u>
The number of Officers, including the highest paid Officer, who received emoluments, including pension contributions, over £60,000 was in the following ranges:-		
£60,001 to £70,000	Number 1	Number 2
£70,001 to £80,000	1	1
£90,001 to £100,000	1	-

*During the 2023 year, there were 2 serving officers, the disclosure in 2023 above is the combined emoluments for the role of the Chief Executive Officer.

6. EMPLOYEE INFORMATION

	2024 No.	2023 No.
Average monthly number of full time equivalent persons employed during the year	<u>55</u>	<u>51</u>
Average total number of employees employed during the year	<u>60</u>	<u>56</u>
Staff costs were:	£	£
Wages and salaries	1,958,413	1,770,513
National insurance costs	195,251	180,130
Pension costs	197,253	193,696
Temporary, agency and seconded staff	-	8,000
	<u>2,350,917</u>	<u>2,152,339</u>

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 NOTES TO THE FINANCIAL STATEMENTS (continued)

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2024	2023
	£	£
On bank loans and overdrafts	382,971	282,646
	<u>382,971</u>	<u>282,646</u>

The capitalisation rate of capitalised development period interest was 0% (2023 - 0%)

8. SURPLUS FOR THE YEAR

Surplus For The Year is stated after charging/(crediting):

	2024	2023
	£	£
Depreciation - non-current assets	1,072,082	1,077,991
Auditors' remuneration - audit services	13,800	17,196
Operating lease rentals - other	36,340	37,133

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)

	2024	2023
	£	£
Net interest on pension obligations	(16,000)	10,000

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 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 2023	1,207,755	37,112,822	38,320,577
Additions	25,422	2,134,370	2,159,792
Disposals	-	(205,820)	(205,820)
At 31 March 2024	1,233,177	39,041,372	40,274,549
DEPRECIATION			
At 1 April 2023	-	16,910,440	16,910,440
Charge for Year	-	998,233	998,233
Disposals	-	(192,310)	(192,310)
At 31 March 2024	-	17,716,363	17,716,363
NET BOOK VALUE			
At 31 March 2024	1,233,177	21,325,009	22,558,186
At 31 March 2023	1,207,755	20,202,382	21,410,137

Expenditure on Existing Properties	2024		2023	
	<i>Component replacement</i> £	<i>Improvement</i> £	<i>Component replacement</i> £	<i>Improvement</i> £
Amounts capitalised	2,134,370	-	875,197	-
Amounts charged to the statement of comprehensive income	2,631,865	-	2,089,249	-

All land and housing properties are heritable.

Additions to housing properties include capitalised development administration costs of £nil (2023 - £nil).

The Association's lenders have standard securities over housing property with a carry value of £13,974,825 (2023 - £13,326,737).

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 2024 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 2023	501,020	76,186	121,220	698,426
Additions	-	18,647	23,968	42,615
At 31 March 2024	501,020	94,833	145,188	741,041
DEPRECIATION				
At 1 April 2023	225,459	57,861	83,060	366,380
Charge for year	25,051	8,807	26,481	60,339
At 31 March 2024	250,510	66,668	109,541	426,719
NET BOOK VALUE				
At 31 March 2024	250,510	28,165	35,647	314,322
At 31 March 2023	275,561	18,325	38,160	332,046

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
NOTES TO THE FINANCIAL STATEMENTS (continued)

12. RECEIVABLES

	2024	2023
	£	£
Gross arrear of rent and service charges	231,741	262,744
Less: Provision for doubtful debts	(79,575)	(89,835)
	<u>152,166</u>	<u>172,909</u>
<i>Net arrear of rent and service charges</i>	-	355,486
Social housing grant receivable	1,446,249	438,542
Other receivables	<u>1,598,415</u>	<u>966,937</u>

13. CURRENT ASSET INVESTMENTS

	2024	2023
	£	£
Short term deposits	2,621,322	3,582,642
	<u>2,621,322</u>	<u>3,582,642</u>

14. CASH AND CASH EQUIVALENTS

	2024	2023
	£	£
Cash at bank and in hand	1,106,978	2,239,862
	<u>1,106,978</u>	<u>2,239,862</u>

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 NOTES TO THE FINANCIAL STATEMENTS (continued)

15. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£	£
Bank loans		611,024
Trade payables	644,232	729,151
Rent received in advance	374,153	220,999
Other payables	183,224	169,043
Accruals and deferred income	229,120	811,596
	827,570	<u>2,541,813</u>
	<u>2,258,299</u>	

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

	2024	2023
	£	£
Bank loans	5,620,413	6,252,627
	<u>5,620,413</u>	<u>6,252,627</u>

17. DEBT ANALYSIS - BORROWINGS

	2024	2023
	£	£
Bank Loans		
Amounts due within one year	644,232	611,024
Amounts due in one year or more but less than two years	680,503	665,523
Amounts due in two years or more but less than five years	2,280,134	2,168,261
Amounts due in more than five years	2,659,775	3,418,843
	<u>6,264,644</u>	<u>6,863,651</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 1,024 properties	5.2%	2032	Fixed
Nationwide	Standard security over 1,024 properties	LIBOR + 0.5%	2032	Variable

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 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 Association moved to a defined contribution scheme in 1 April 2022 but has a net liability for the past service deficit in the defined benefit scheme.

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 2021 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £1,173m. The valuation revealed a shortfall of assets compared with the value of liabilities of £27m (equivalent to a past service funding level of 98%).

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.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2022. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed a decrease in the assets of the Scheme to £7.476m and indicated an increase in the shortfall of assets compared to liabilities to approximately £0.316m, equivalent to a past service funding level of 96%.

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)

	2024	2023
	£	£
Fair value of plan assets	6,879,000	7,476,000
Present value of defined benefit obligation	7,832,000	7,792,000
Surplus / (deficit) in plan	(953,000)	(316,000)
Unrecognised surplus	-	-
Defined benefit asset / (liability) to be recognised	(953,000)	(316,000)

Reconciliation of the impact of the asset ceiling

	2024	2023
	£	£
Impact of asset ceiling at start of period	-	162,000
Effect of the asset ceiling included in net interest cost	-	7,000
Actuarial losses / (gains) on asset ceiling	-	(169,000)
Impact of asset ceiling at end of period	-	-

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
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

	2024	2023
	£	£
Defined benefit obligation at the start of period	7,792,000	11,664,000
Current service cost	-	(9,000)
Expenses	12,000	9,000
Interest expense	372,000	323,000
Contributions by plan participants	-	9,475
Actuarial losses (gains) due to scheme experience	94,000	(280,000)
Actuarial losses (gains) due to changes in demographic assumptions	(43,000)	(162,000)
Actuarial losses (gains) due to changes in financial assumptions	(83,000)	(3,602,000)
Benefits paid and expenses	(312,000)	(160,000)
Defined benefit obligation at the end of period	<u>7,832,000</u>	<u>7,792,475</u>

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

	2024	2023
	£	£
Fair value of plan assets at start of period	7,476,000	11,826,000
Interest income	356,000	330,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(653,000)	(4,715,000)
Contributions by the employer	12,000	186,000
Contributions by plan participants	-	9,475
Benefits paid and expenses	(312,000)	(160,000)
Fair value of plan assets at the end of period	<u>6,879,000</u>	<u>7,476,475</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2024 was £(297,000).

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
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

	2024	2023
	£	£
Current service cost	-	(9,000)
Expenses	12,000	9,000
Net interest expense	16,000	-
	<u>28,000</u>	<u>-</u>

Defined benefit costs recognised in statement of comprehensive income

Defined benefit costs recognised in the other comprehensive income

	2024	2023
	£	£
Experience on plan assets (excluding amounts included in interest income) - gain / (loss)	(653,000)	(4,715,000)
Experience gains and losses arising on plan liabilities - gain / (loss)	(94,000)	280,000
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain / (loss)	43,000	162,000
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	83,000	3,602,000
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	(621,000)	(671,000)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) - gain / (loss)	-	169,000
	<u>(621,000)</u>	<u>(502,000)</u>

Total amount recognised in other comprehensive income - gain / (loss)

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Assets	2024 £	2023 £	2022 £
Absolute Return	309,000	102,000	542,000
Alternative Risk Premia	248,000	43,000	489,000
Corporate Bond Fund	-	10,000	747,000
Credit Relative Value	242,000	285,000	379,000
Distressed Opportunities	253,000	230,000	424,000
Emerging Markets Debt	121,000	58,000	440,000
Global Equity	791,000	197,000	2,338,000
Infrastructure	659,000	806,000	738,000
Insurance-Linked Securities	43,000	208,000	248,000
Liability Driven Investment	2,488,000	3,166,000	2,861,000
Long Lease Property	51,000	251,000	341,000
Net Current Assets	8,000	17,000	38,000
Over 15 Year Gifts	-	-	5,000
Private Debt	277,000	334,000	298,000
Private Equity	5,000	-	-
Property	291,000	311,000	306,000
Risk Sharing	413,000	545,000	386,000
Secured Income	230,000	500,000	632,000
Opportunistic Illiquid Credit	274,000	330,000	392,000
Liquid Credit	-	-	76,000
High Yield	1,000	38,000	115,000
Opportunistic Credit	-	-	41,000
Cash	178,000	31,000	33,000
Currency Hedging	(3,000)	14,000	(43,000)
Total assets	6,879,000	7,476,000	11,826,000

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

	2024	2023	2022
Discount Rate	4.9%	4.9%	2.8%
Inflation (RPI)	3.1%	3.2%	3.5%
Inflation (CPI)	2.8%	2.8%	3.2%
Salary Growth	3.8%	3.8%	4.2%
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 2024 imply the following life expectancies:

	Life expectancy at age 65 years (years)
Male retiring in 2024	20.20
Female retiring in 2024	22.70
Male retiring in 2044	21.40
Female retiring in 2044	24.10

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
NOTES TO THE FINANCIAL STATEMENTS (continued)

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Strathclyde Pension Fund Defined Benefit Scheme

The Association participated in the Strathclyde Pension Fund, a multi-employer defined benefit scheme, until exiting the Scheme in March 2024 following the retirement of the Association's one remaining active employee. The Association was part of the defined benefit scheme as an admitted body under the Strathclyde Pension Fund, the assets of which were held in a separate trustee administered fund.

The administering authority had responsibility for the management of the Fund. As most of the Fund's investments were 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

Pension Increase Rate (CPI)	2023	2022
Salary Increase Rate	%p.a.	%p.a.
Discount Rate	3.00	3.30
	3.70	4.00
	4.75	2.70

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

Employee members	2023	2022
Deferred pensioners	£000	£000
Pensioners	234	319
	517	839
	692	852
	1,443	2,010

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	2023	2022
	% p.a.	% p.a.
Equities	60%	61%
Bonds	28%	26%
Property	10%	11%
Cash	2%	2%
Total	100%	100%

Mortality Rates

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	(Years)	(Years)
Future Pensioners	-	-

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 2024
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	2023	2022
	%	%
Equities	60%	61%
Gilts	28%	26%
Bonds	10%	11%
Property	2%	2%
	<u>100%</u>	<u>100%</u>

Net Pension Liability

	2023	2022
Fair value of employer's assets	£ 1,443,000	£ 2,010,000
Present value of scheme liabilities	<u>(1,443,000)</u>	<u>(2,010,000)</u>
	-	-

Reconciliation of fair value of employer assets

	2023	2022
Opening fair value of employer assets	£ 2,363,000	£ 2,161,000
Expected return on assets	64,000	42,000
Contributions by members	2,000	2,000
Contributions by the employer	94,000	93,000
Actuarial gains / (losses)	(101,000)	127,000
Estimated benefits paid	(61,000)	(62,000)
Surplus on assets not recognised	(918,000)	(353,000)
	<u>1,443,000</u>	<u>2,010,000</u>

Reconciliation of defined benefit obligations

	2023	2022
Opening defined benefit obligation	£ 2,010,000	£ 2,126,000
Current service cost	14,000	15,000
Interest cost	54,000	41,000
Contributions by members	2,000	2,000
Actuarial gains / (losses)	(576,000)	(112,000)
Estimated benefits paid	(61,000)	(62,000)
	<u>1,443,000</u>	<u>2,010,000</u>

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
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

	2023	2022
	£	£
Charged to operating costs:		
Service cost	14,000	15,000
Past service cost	-	-
	<u>14,000</u>	<u>15,000</u>
	14,000	15,000
Charged to other finance costs / (income)		
Expected return on employer assets	(64,000)	(42,000)
Interest on pension scheme liabilities	54,000	41,000
	<u>(10,000)</u>	<u>(1,000)</u>
	64,000	42,000
	4,000	14,000
Net charge to the statement of comprehensive income		
Actuarial gain / (loss) recognised in other comprehensive income		
	2023	2022
	£	£
Actuarial gain/(loss) recognised in year	475,000	239,000
Effects of changes in the amount of surplus that is not recoverable	(512,000)	(406,000)
Cumulative actuarial gains	<u>(37,000)</u>	<u>(167,000)</u>

Exit from Strathclyde Pension Scheme March 2024

The Association withdrew from the Strathclyde Pension Scheme, with the effective 'Exit Date' being 28th March 2024.

An Exit Credit Agreement details the amount of the exit credit (details below) payable to the Association by the administering authority to meet the excess of assets in the fund relating to Linstone Housing Association over the respective liabilities.

In accordance with the termination of admission agreement, no further payments are due to or from the Association in respect of any liabilities in the fund relating to the benefits payable in respect of any current or former employees of the Association.

The exit credit was calculated by reference to the funding position at 28 March 2024 on a 'cessation basis'. This differing from the continuing basis which had been applied in previous years, and which details for the previous years 2023 and 2022 are included above.

Monetary amounts in £M	28-Mar-24
Assets	2.68
Liabilities	
- Active Members	0.34
- Deferred pensioners	0.68
- Pensioners	0.76
Total liabilities	1.78
Surplus / (deficit)	0.9
Funding level	151%

The Exit Credit of £900,000 was included within accrued income at 31st March 2024 and received by the Association in June 2024.

Due to the size/nature of the transaction this has been reported as 'Exceptional' income in the 2023/24 financial statements.

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
NOTES TO THE FINANCIAL STATEMENTS (continued)

19. DEFERRED INCOME

	Social Housing Grants £	Total £
Capital grants received		
At 1 April 2023	7,166,532	7,166,532
Additions in the year	-	-
Eliminated on disposal	-	-
At 31 March 2024	<u>7,166,532</u>	<u>7,166,532</u>
Amortisation		
At 1 April 2023	2,229,234	2,229,234
Amortisation in year	131,568	131,568
Eliminated on disposal	-	-
At 31 March 2024	<u>2,360,802</u>	<u>2,360,802</u>
Net book value		
At 31 March 2024	<u>4,805,730</u>	<u>4,805,730</u>
At 31 March 2023	<u>4,937,298</u>	<u>4,937,298</u>

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

	2024 £	2023 £
Amounts due within one year	131,568	134,717
Amounts due in more than one year	4,674,162	4,802,581
	<u>4,805,730</u>	<u>4,937,298</u>

20. SHARE CAPITAL

Shares of £1 each, issued and fully paid

	2024 £	2023 £
At 1 April	95	106
Issued in year	6	4
Cancelled in year	(6)	(15)
At 31 March	<u>95</u>	<u>95</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.

LINSTONE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 NOTES TO THE FINANCIAL STATEMENTS (continued)

21. CASH FLOWS

Reconciliation of net cash flow to movement in net debt

	2024	2023
	£	£
(Decrease) / increase in cash	(1,132,884)	129,080
Change in liquid resources	(961,320)	35,985
Cashflow from change in net debt	599,006	618,403
Movement in net debt during the year	(1,495,198)	783,468
Net debt at 1 April	(1,041,147)	(1,824,615)
Net debt at 31 March	<u>(2,536,345)</u>	<u>(1,041,147)</u>

Analysis of changes in net debt

	At 01 April 2023	Cashflows	Other Changes	At 31 March 2024
	£	£	£	£
Cash and cash equivalents	2,239,862	(1,132,884)	-	1,106,978
Liquid resources	<u>2,239,862</u>	<u>(1,132,884)</u>	-	<u>1,106,978</u>
Debt: Due within one year	3,582,642	(961,320)	-	2,621,322
Due after more than one year	<u>(611,024)</u>	<u>599,006</u>	<u>(632,214)</u>	<u>(644,232)</u>
Net debt	<u>(6,252,627)</u>	<u>-</u>	<u>632,214</u>	<u>(5,620,413)</u>
	<u>(1,041,147)</u>	<u>(1,495,198)</u>	<u>-</u>	<u>(2,536,345)</u>

22. CAPITAL COMMITMENTS

Capital Expenditure that has been contracted for but has not been provided for in the financial statements

2024	2023
£	£
123,639	21,539

The above commitments will be financed by the Association's own resources.

23. COMMITMENTS UNDER OPERATING LEASES

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

Expiring in the next year	14,555	14,427
Expiring later than one year and not later than five years	<u>6,648</u>	<u>13,981</u>

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 2024 NOTES TO THE FINANCIAL STATEMENTS (continued)

25. BOARD MEMBER EMOLUMENTS

Board members received £nil (2023 - £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. EXCEPTIONAL ITEM	2024	2023
	£	£
Credit upon exit from Strathclyde Pension Scheme	900,000	-

The Association participated in the Strathclyde Pension Fund, a multi-employer defined benefit scheme, until exiting the Scheme in March 2024 following the retirement of the Association's one remaining active employee. As detailed in Note 18 (a) the Association was due £900,000 upon exit.

27. HOUSING STOCK

The number of units of accommodation in management at the year end was:-

	2024	2023
	No.	No.
General needs	1,497	1,497
Supported housing	75	75
	<u>1,572</u>	<u>1,572</u>

28. 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:

	2024	2023
	£	£
Rent received from tenants on the Board and their close family members	11,737	10,321

At the year end total rent arrears owed by the tenant members on the Board (and their close family) were £902 (2023 - £nil).

At the year end total factoring arrears owed by owner occupiers on the Board (and their close family) were £nil (2023 - £nil).

Members of the Board who are tenants	3	2
Members of the Board who are local councillors	1	1
Members of the Board who are local authority employees	1	1

29. CONTINGENT LIABILITIES

Scottish Housing Association Pension Scheme

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2025 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

RAAC

Routine work to address a roof leak at Alford Place, Linwood, identified that a flat roof originally assessed as timber was in fact concrete and had suspected reinforced autoclaved aerated concrete (RAAC). Due to the risk of RAAC being susceptible to structural failure an independent structural engineer provided an initial investigative assessment to determine if RAAC was present.

The initial report advised that a more invasive survey be carried out. We are awaiting this report which will detail the extent of the RAAC and the number of properties affected. No adjustments have been made in the financial statements to provide for potential future costs regarding this matter.