

**Langstane Housing Association Limited**

**Report and Financial Statements**

**Year Ended 31 March 2024**

**Registered Housing Association No. HEP 145 AL**

**FCA Reference No. 1916RS**

**Scottish Charity No. SC011754**

# Langstane Housing Association Limited

## Report and Financial Statements For the year ended 31 March 2024

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**Langstane Housing Association Limited**  
**Company Information**

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**Board of Management**

D Bain	
T Dinozzi	Appointed September 21, 2023
J Drummond	
J Fraser	
S Gray	Appointed September 21, 2023
A Habib	
I Jamieson	
J Knowles	Vice Chairperson
M Martin	Chairperson
D Macleod	Appointed September 21, 2023, resigned January 25, 2024
A Stevenson	
G Urquhart	

**Key Management Personnel**

Helen Gauld	Chief Executive
Marcie Ballance	Director of Property
Mandy Macarthur	Director of Finance and Corporate Services
Judith Sutherland	Director of Housing

**Registered Office**

680 King Street  
Aberdeen  
AB24 1SL

**External Auditor**

RSM UK Audit LLP  
3rd Floor  
2 Semple Street  
Edinburgh  
EH3 8BL

**Internal Auditor**

TIAA Limited  
Artillery House  
Fort Fareham  
Newgate Lane  
Fareham  
PO14 1AH

**Bankers**

Royal Bank of Scotland  
40 Albyn Place  
AB10 1YN

**Lenders**

Bank of Scotland  
The Mound  
Edinburgh  
EH1 1YZ

Lloyds Banking Group  
25 Gresham Street  
London  
EC2V 7HN

Santander Business Banking Group  
Santander House  
100 Ludgate House  
London  
EC4M 7RE

**Solicitors**

BTO Solicitors LLP  
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Glasgow  
G2 5H

TC Young LLP  
7 West George Street  
Glasgow  
G2 1BA

Harper MacLeod LLP  
45 Gordon Street  
Glasgow  
G1 3PE

## **Langstane Housing Association Limited**

### **Report of the Board of Management For the year ended 31 March 2024**

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The Board of Management present their report and audited financial statements for the year ended 31 March 2024.

#### **Legal status**

Langstane Housing Association Limited is a non-profit making organisation registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No: 1916R(S)). Registered with the Scottish Housing Regulator (No: HAL 145), Langstane is governed by its Rules which were updated in 2020. In recognition of the wide range of services provided Langstane is also a registered Scottish Charity (No: SC011754), a registered Property Factor (No: PF 000666), and a registered Scottish Letting Agent (No: LARN2001005).

#### **Principal activities**

The principal activity of Langstane Housing Association is the provision and management of affordable homes and services to primarily single working age people in housing need. Langstane has a portfolio of 2,879 self-contained homes, 4 hostels, 7 commercial units, 55 shared ownership homes, and manages 14 lead tenancies. 41 properties are leased as mid-market rental through Langstane Property Limited which is a wholly owned subsidiary of Langstane Housing Association.

Operating in the Northeast of Scotland for over 40 years, Langstane is embedded in the Seaton community and heavily involved with support agencies across all three local authority areas (Aberdeen, Aberdeenshire and Moray). Alongside regularly housing a higher percentage of people who have been homeless, a number of homes are provided to local authorities and support agencies to alleviate homelessness and support vulnerable members of the community.

#### **Subsidiaries**

Langstane has three wholly owned subsidiary companies one of which is active. All are non-charitable companies limited by shares. These are:

- Langstane Property Limited
- Langstane Developments Limited – currently dormant
- Langstane Maintenance Limited – currently dormant

Langstane Housing Association and its subsidiary companies are known informally as the Langstane Group.

#### **Vision, mission and values**

The Group's new Business Plan (2024-2029) reaffirms our commitment to helping our tenants thrive in their communities and achieving value for money by operating as efficiently and effectively as possible.

### **Vision, mission and values (continued)**

Our vision was strengthened to ‘empower our people, customers and communities to be the best they can be’, to achieve our mission of ‘providing homes and services that make a positive difference to people’s lives’.

Langstane Housing Association has an elected Board of Management whose responsibility is to provide strategic direction to the Association. In addition to the Board of Management there are three permanent sub-Committees; Audit and Governance, People and Performance also ad-hoc committees are established as required to deal with any specific matters. Training and support is provided to all members of the governing body to ensure overall governance standards and compliance with regulatory requirements.

Risk management is embedded within the Association and a five-year business plan sets out how the Association and its subsidiaries will prioritise activities year on year ensuring risks are mitigated as far as is practical.

Responsibility for delivery of business plan rests with the leadership team supported by an internal management plan and a performance framework that sets down actions and targets for individual departments, teams and employees. Key performance indicators are reported to the Board on a regular basis and are published on the Association’s website.

## **I Review of business and future developments**

### **Current year operating performance**

#### **Housing**

307 homes were let during the year and while re-let times have improved some areas of North Aberdeenshire and Aberdeen City Centre continue to experience low demand. With a review of the Association’s allocation policy and processes in progress, a new voids contractor in situ and lettable standard review complete the reduction in re-let times is set to continue.

Arrears rose slightly over the year with tenants continuing to feel the effects of the high cost of living. The Association’s rent management team, welfare adviser and housing support team continue to provide assistance to tenants through practical help and advice, ensuring benefit entitlement is maximised and tenants are supported.

During 2023-2024 several new partnerships were established to provide assistance to tenants at the start of their tenancy. This included working with Instant Neighbour and CFine to provide welcome packs with the aim of increasing tenancy sustainment. With assistance from the Scottish Government’s fuel support fund the Association continued to work in partnership with SCARF to alleviate fuel poverty for tenants struggling in the cost of living crisis. The Association is also proud to be working with the Royal Foundation to alleviate homelessness in the region.

A new integrated management system was implemented during the year, streamlining many processes and improving the customer experience. Work on testing a customer self-service portal is in progress. This portal will be implemented in 2024 allowing tenants to access rent accounts and payment details.

## **Customer Engagement**

The Association's neighbourhood walkabouts continue to be popular with tenants across the three local authority areas with action points raised being addressed and monitored. The new Scrutiny panel has been taking part in training with the Tenant Participation Advisory Service (TPAS) and the development of a scrutiny framework to take forward activities complete.

A second financial newsletter for tenants has been issued which provides further help and advice for tenants struggling in the current environment.

## **Annual Assurance Statement**

From April 2019 all social landlords are required to make an Annual Assurance Statement to the Scottish Housing Regulator. This is in relation to their compliance with regulatory governance and financial management standards. This annual statement is a way for Boards to assure themselves, and their tenants and other customers, they comply with regulatory requirements or disclose areas where improvements are required.

Following Audit and Governance Committees' review of significant evidence, and reporting to the full Board of Management, Langstane Housing Association continues to report a compliant status.

## **Responsive repairs**

Maintaining Langstane's homes to a high standard is a priority for the Association. In 2023-24 the Association completed approximately 9,200 repairs, which was an increase of 1,436 from the previous year. Around 25% of responsive repairs were carried out by the in-house repairs team and the remainder carried out by external contractors.

During the year the Association implemented its new integrated housing and financial management system, which included a contractors' portal. The full benefit of the portal will be seen in 2024-25 but will include improved oversight of the status of repairs, allowing overdue repairs to be more robustly managed. The portal will also give contractors more detailed safety information, including access to a full asbestos register. Further improvements to the repairs service are planned for 2024-25 including more communication on repairs progress for customers and the collation of more useful customer feedback to aid continuous improvement of the service.

## **Planned and cyclical maintenance**

In 2023-24 Langstane completed the following;

- 104 kitchen replacements
- 116 bathroom replacements
- 71 window replacements
- 194 heating upgrades or replacements

A number of major works were undertaken including a programme of render repairs or replacements, replacement balconies, fire door upgrades and communal flooring and lighting replacements.

In addition a range of tenant safety works were completed including gas safety inspections, 5 yearly electrical inspections, lift servicing & inspections, asbestos visual inspections, fire safety servicing and inspections and play park inspections.

In 2024-25 we aim to continue to invest in tenants' homes, and have applied for funding to incorporate Net Zero work into the annual programme.

## **Current year financial performance**

### **Turnover**

The Association's turnover for the year is £17.3m compared to £16.5m in 2022/23. The increase relates to an overall rent increase of 5.5% from April 1, 2023, offset by rent lost due to voids/empty properties of 2.68% down from 3.19% in the prior year. This represented a cost of £365,000 to the Association and remains a key area of focus. Improved tenancy sustainment is a focus in conjunction with a reduction in relet times and ensuring costs incurred during this period are minimised.

There was a slight increase in gross arrears from 8.95% in 2022-23 to 9.19% in 2023-24. Given the on-going cost of living crisis this was to be expected and this has been a priority focus area for teams who have supported tenants experiencing financial difficulties.

### **Operating Costs**

Increased operating costs in 2023-24 to £14.1m compared to £13.4m in the prior year. The main reasons for this increase year on year are;

- Increased number of repairs; 1,425 more repairs carried out, 909 non-emergency and 516 emergency
- Rising costs generally due to inflationary pressures, particularly in relation to materials
- Employees received a 5% salary increase
- Increased bad debts from rents not being received and recharges not being paid due to continuing struggle of our tenants

## **Langstane Housing Association Limited**

### **Report of the Board of Management For the year ended 31 March 2024**

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#### **Net Finance Costs**

An increase of £162,966 to net finance costs due to an increasing interest charge on the variable rate RCF facility. With a fall in the base rate of interest these costs will fall so it is anticipated costs will continue to fall over the next year.

#### **Pension**

Please refer to note 26 for detail. No pension deficit payments were required to be made by the Association during the current financial year. The payments in 2022/23 were £278,431 and ended in September 2022.

After adjusting for the actuarial losses on the Defined Benefit Pension Scheme of £889,000 (2023: £775,000) the overall result is a Total Comprehensive Surplus of £340,773 (2023 £1.5m).

#### **Assets/Liabilities**

The overall balance sheet position remains strong with relatively low levels of debt. Although within this there is a Net Current Liability position of £3.1m (2022: £17.1m) due to the nature of the Group with relatively high levels of fixed assets this is not a concern.

The actual Cash position was £3.0m as at 31 March 2023 (2023: £4.1m). This is lower than prior years due to a lower net surplus as discussed above.

As in previous years, there were no breaches of financial covenants or treasury management policy in the year.

#### **Langstane Property Limited**

The subsidiary company, Langstane Property Limited, made a loss in the year of £22,780 (2023: Profit £4,902). The loss is attributed to the small number of properties held and rising costs which means there is an overall failure to achieve any economies of scale and therefore the cost base per property is relatively high.

The Board of Management of the Association and that of Langstane Property Limited have approved a review of the future of Langstane Property Limited. At the Board of Management meeting held on June 13, 2024 the Board approved the recommendation to further explore the transfer of the mid-market homes to social housing.

#### **Risks and Uncertainties**

The overall risk appetite is determined by the Board of Management and is influenced by the capacity of the Association to manage the risk if it were to materialise, the longer-term consequences of the risk and the return achieved by taking such risks.

In general, Langstane Housing Association has a relatively low level of appetite for risk which



**Risks and Uncertainties (continued)**

would impact its record on regulatory compliance, health and safety and possibly cause reputational damage.

Langstane Housing Association has a strong risk management framework in place. A strategic planning methodology called a STEEPLE analysis is used to discover, evaluate, organise, and track external risk to highlight events that may impact on our organisation or our customers. These are then analysed further and if required, added to our strategic risk register. Our strategic risk register is closely linked to this business plan. It is updated and reported upon quarterly. Currently the greatest risks faced, relate to the following:

- The impact on business activities due to high rent arrears, bad debts, increased costs (including insurance costs), and void losses / costs;
- The unknown financial commitments required to meet ever changing government directives within a short timeframe e.g. Social Housing Net Zero Standard;
- Changing demand for homes in existing areas and / or property type and size. Lack of demand / low demand; and
- The challenges brought about by the vulnerability of our client group in terms of arrear levels, antisocial behaviour, health and safety, tenancy sustainment, and costs.

These risks are mitigated by constant review by the Board of Management of budgets/projections and other management information. Various sub-committees meet regularly and any areas of concern would be communicated to the Board. At Langstane senior management are responsible for the day-to-day handling of issues and so are well placed to be aware and deal with potential problem areas.

Whilst mitigation actions are in place to reduce our potential losses, our ethos is to provide homes and services to support some of the most vulnerable members of our communities. Therefore, some of the risks detailed, will remain. Indeed, when economic hardship is being experienced globally, the challenges faced by our customers, rise.

### Key performance Indicators

The key indicators below are published in the Annual Return on the Charter annually to the Scottish Housing Regulator.

	2022/23	2023/24	Scottish Average 2023/24	LHA Target 2024/25*
Emergency repair time (hours)	3.7	3.2	4.2	4.0
Rent lost through voids (%)	3.2%	2.7%	1.4%	2.5%
Average time to complete approved adaptation (working days)	62.7	38.4	46.8	60.0
Gross tenant arrears(%)	8.8%	9.2%	6.9%	8.0%
Days to re-let a property	87.5	64.2	55.6	40.0

\* Some targets based on prior year actuals.

Despite the challenges faced by the Association overall performance has been good. In light of the cost of living crisis and the complex issues facing a number our tenants it is a challenge for the Association to achieve the Scottish average.

Re-let times have been reduced considerably and with a new voids contractor now in place and renewed focus in this area it is anticipated that re-let times shall be reduced further. Arrears continue to be a primary focus for the Association and a relatively low target of 8.0% has been put in place for 2024/25 to ensure this is a collective aim of all employees in the Association.

## II Future Plans

Rental income is the primary revenue stream and the Group must maintain and grow this income by maintaining high occupancy rates while decreasing the number and length of time our homes remain empty alongside reducing rent arrear levels. It is also vital that we maximise the utilisation and income from our non domestic properties and ensure these are being used to maximum advantage.

It is also important to ensure costs are minimised and the Group achieves value for money with constant review of spending plans and tight budgeting. We aim to generate further efficiencies in 2024-25 from the implementation of our new fully integrated cloud based housing and finance system.

Everything which we wish to achieve will be done with our tenants as our focus and remains a priority that we have sufficient budget in place to ensure that spending on components and repairs remains relatively high.

## **Future Plans (continued)**

The follow commitments have been identified in the Group's Business Plan and Asset Management Strategies;

### **By 2029:**

- We will be actively future-proofing our property portfolio to ensure it is resilient
- We will be visibly demonstrating our commitment to achieving net zero / decarbonisation by 2045
- We will be continuing to ensure the safety of our homes and communities
- We will be delivering a repairs and maintenance service that is modern, proactive and professional and offers an excellent customer experience

Our ability to perform this work is dependent on securing additional external funding. Given we have 1,584 unsecured properties, going to market to secure debt should be a relatively straightforward process. Work is substantially complete to ensure these properties are "loan ready".

## **Going Concern**

The financial position of the Group continues to be monitored closely and the budget and 30 year projections are reviewed and stress tested for potential negative impacts. There is nothing that gives rise to any issues regarding going concern. The Board of Management has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis the preparation of these financial statements.

## **Board of Management**

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

Each member of the Board of Management 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 of Management.

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

### **Statement of Board of Management's Responsibilities**

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation requires the Board of Management to ensure that financial statements are prepared for each financial year, which give a true and fair view of the Association's state of affairs and of the surplus or deficit of the Association for that period. In preparing those financial statements, the Board of Management 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 being disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is not appropriate to presume that the Association will continue in business.

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

- safeguarding assets;
- taking reasonable steps for the prevention and detection of fraud and other irregularities; and
- the maintenance and integrity of the corporate and financial information included on the Langstane Housing website

The Board of Management is responsible for the keeping of proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Association. The Board of Management must ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Housing Associations Determination of Accounting Requirements (February 2019) contained within the act. The Scottish Housing Regulator's standards of governance and financial management for Registered Social Landlords must be followed. The Board of Management is responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Board of Management's Statement of Internal Financial Control**

The Board of Management 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; and
- the safeguarding of assets against unauthorised use or disposition.

The Board of Management acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in

**Board of Management's Statement of Internal Financial Control (Continued)**

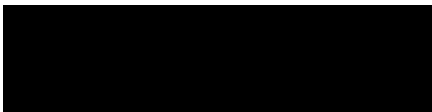
which it operates. Such systems can only provide reasonable, and not absolute, assurance against material financial misstatement or loss or failure to meet objectives.

Key elements of the Association's systems include ensuring:

- 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 the Association's assets;
- experienced and suitably qualified staff take responsibility for the important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the Leadership Team and Board of Management to monitor key business risks, financial objectives and progress being made towards achieving the financial plans set for the year and for the medium term;
- monthly / quarterly management accounts 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 of Management;
- the Audit and Governance Committee / Board of Management 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 a general review of the major risks facing the Association is undertaken; and
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal and external audit reports.

The effectiveness of the Association's system of internal financial control has been reviewed by the Board of Management for the year ended 31 March 2024. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in these financial statements or in the auditor's report on the financial statements.

**By Order of the Board of Management**



Secretary

Date: 05/09/24

**Langstane Housing Association**

**Report by the Auditors to the Members of Langstane Housing Association Limited on Corporate Governance Matters**

**For the year ended 31 March 2024**

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In addition to our audit of the Financial Statements, we have reviewed your statement on pages 9 and 10 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

**Basis of Opinion**

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council through enquiry of certain members of the Board of Management and Officers of the Association and examination of relevant documents. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

**Opinion**

In our opinion the Statement on Internal Financial Control on pages 9 to 11 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.



**RSM UK Audit LLP**

Statutory Auditor  
Third Floor,  
2 Semple Street  
Edinburgh  
EH3 8BL

Date: 10/09/24

## Langstane Housing Association

### Independent Auditor's Report to the Members of Langstane Housing Association Limited

For the year ended 31 March 2024

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#### Opinion

We have audited the financial statements of Langstane Housing Association (the 'Association') for the year ended 31 March 2024 which comprise the statement of comprehensive income, statement of financial position, statement of cashflows, statement of changes in reserves and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2024 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt about 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 of Management with respect of going concern are described in the relevant sections of this report.

#### Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinion on other matters under the Co-operative and Community Benefit Societies Act 2014**

In our opinion, the following continued to apply throughout the year of account:

- the reason given by the Board of Management in respect of a previous year of account for subsidiaries to not be dealt with in the financial statements (having been approved by the FCA under section 99, subsection (3)); and
- the grounds given by the Board of Management for that reason.

**Matters on which we are required to report by exception**

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

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of the Board of Management**

As explained more fully in the Board of Management's responsibilities statement set out on page 10 the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management 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 of Management either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

**The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.



## Langstane Housing Association

### Independent Auditor's Report to the Members of Langstane Housing Association Limited

For the year ended 31 March 2024

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

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Association operates in and how the Association is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Housing SORP 2018, the Scottish Housing Regulator's Determination of Accounting Requirements – February 2019 and the Housing (Scotland) Act 2010. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are the Co-operative and Community Benefit Societies Act 2014, the Data Protection Act 2018, the Housing (Scotland) Acts 2006 and 2014 and the Scottish Housing Regulator's Regulatory Framework (published 2019). We performed audit procedures to inquire of management and those charged with governance whether the Association is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls, cut-off in relation to grant and other income and existence of rental income as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates. In respect of grant and rental income, audit procedures performed included assessing a sample of grants pre and post year end to confirm recorded in the correct period; and evaluating a sample of rent on properties to confirm that this was calculated correctly and any voids were appropriately treated.

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

#### Use of our report

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

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

10/09/24

**Langstane Housing Association Limited**

**Statement of Comprehensive Income**

**For the year ended 31 March 2024**

	Notes	2024		2023	
		£	£	£	£
<b>TURNOVER</b>	2.		17,255,181		16,457,015
Operating Costs	2.		(14,095,712)		(13,258,355)
Gain on Sale of Housing Property	7.		75,734		865,107
Gain on Sale of Other Fixed Assets	8.		-		41,160
<b>OPERATING SURPLUS</b>	10.		3,235,203		4,104,927
Interest Receivable and Other Income		73,799		32,033	
Interest Payable and Similar Charges	9.	(2,055,229)		(1,880,497)	
Other Finance (Charges)/Credits	12.	(24,000)		6,000	
			(2,005,430)		(1,842,464)
<b>Surplus for the year</b>			<u>1,229,773</u>		<u>2,262,463</u>
<b>Other Comprehensive Income</b>					
Actuarial Losses on defined benefit pension plan	26.		(889,000)		(775,000)
<b>TOTAL COMPREHENSIVE SURPLUS</b>			<u><b>340,773</b></u>		<u><b>1,487,463</b></u>

The notes on pages 20 to 36 form part of these financial statements.

**Langstane Housing Association Limited**

**Statement of Financial Position**

**For the year ended 31 March 2024**

	Notes	2024		2023	
		£	£	£	£
<b>FIXED ASSETS</b>					
Housing Properties	13.(a)		135,776,400		137,455,771
Other Fixed Assets	13.(b)		<u>3,028,315</u>		<u>3,183,347</u>
			138,804,715		140,639,118
<b>INVESTMENTS</b>					
Investments in subsidiaries	15.		3		3
<b>CURRENT ASSETS</b>					
Stock		60,376		37,727	
Trade and other debtors	16.	1,505,391		1,652,160	
Cash and cash equivalents		<u>3,026,215</u>		<u>4,086,045</u>	
		4,591,982		5,775,932	
<b>CREDITORS: Amounts falling due within one year</b>					
	17.	<u>(7,668,302)</u>		<u>(22,876,735)</u>	
<b>NET CURRENT LIABILITIES</b>					
			<u>(3,076,320)</u>		<u>(17,100,803)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			135,728,398		123,538,318
<b>CREDITORS: Amounts falling due after more than one year</b>					
	18.		(33,194,028)		(20,267,485)
<b>PENSION LIABILITY</b>					
Scottish Housing Association Pension Scheme	26.		(1,403,000)		(490,000)
<b>DEFERRED GRANTS</b>					
Social Housing Grants	19.	(71,899,344)		(73,835,970)	
Other Grants	19.	<u>(2,997,725)</u>		<u>(3,051,338)</u>	
			(74,897,069)		(76,887,308)
<b>NET ASSETS</b>					
			<u><b>26,234,301</b></u>		<u><b>25,893,525</b></u>
<b>RESERVES</b>					
Share Capital	22.		107		104
Revenue Reserves			27,613,194		26,383,421
Pension Reserve			(1,379,000)		(490,000)
			<u><b>26,234,301</b></u>		<u><b>25,893,525</b></u>

The Financial Statements were approved by the Board of Management and authorised for issue and signed on their behalf on 05/09/24

**Chairperson**

**Vice Chairperson**

**Secretary**

The notes on pages 20 to 36 form part of these financial statements.

**Langstane Housing Association Limited**

**Statement of Cashflows**

**For the year ended 31 March 2024**

	Notes	2024		2023	
		£	£	£	£
<b>Net Cash Inflow from Operating Activities</b>	20.		4,547,394		5,476,446
<b>Investing Activities</b>					
Acquisition and Construction of Properties		(1,887,611)		(1,805,744)	
Purchase of Other Fixed Assets		(10,095)		(83,431)	
Proceeds on Disposal of Properties		178,889		633,073	
Proceeds on disposal of Other Fixed Assets		-		61,992	
Interest Received on Cash and Cash Equivalents		73,799		32,033	
<b>Net Cash Outflow from Investing Activities</b>			(1,645,018)		(1,162,077)
<b>Financing Activities</b>					
Interest Paid on Loans		(2,055,229)		(1,880,490)	
Loan Principal Repayments		(1,882,981)		(2,382,982)	
Other Finance Repayments		(24,000)		(800)	
Share Capital Issued		4		1	
<b>Net Cash Outflow from Financing Activities</b>			(3,962,206)		(4,264,271)
<b>(Decrease)/Increase in Cash</b>			(1,059,830)		50,098
<b>Opening Cash &amp; Cash Equivalents</b>			4,086,045		4,035,947
<b>Closing Cash &amp; Cash Equivalents</b>	21.		<u>3,026,215</u>		<u>4,086,045</u>
<b>Cash and Cash equivalents as at 31 March</b>					
Cash			<u>3,026,215</u>		<u>4,086,045</u>

The notes on pages 20 to 36 form part of these financial statements.

**Langstane Housing Association Limited**

**Statement of Changes in Reserves  
For the year ended 31 March 2024**

	<b>Share Capital</b>	<b>Pension Reserve</b>	<b>Revenue Reserves</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Balance as at 1st April 2022</b>	106	-	24,405,958	24,406,065
Issue of Shares	1	-	-	1
Cancellation of Shares	(4)	-	-	(4)
Other comprehensive income – pension scheme	-	(775,000)	-	(775,000)
Statement of comprehensive income – pension scheme, transfer between reserves	-	285,000	(285,000)	-
Surplus for Year	-	-	2,262,463	2,262,463
<b>Balance as at 31st March 2023</b>	<u>104</u>	<u>(490,000)</u>	<u>26,383,421</u>	<u>25,893,525</u>
<b>Balance as at 1st April 2023</b>	104	(490,000)	26,383,421	25,893,525
Issue of Shares	4	-	-	4
Cancellation of Shares	(1)	-	-	(1)
Other comprehensive income – pension scheme	-	(889,000)	-	(889,000)
Surplus for Year	-	-	1,229,773	1,229,773
<b>Balance as at 31st March 2024</b>	<u>107</u>	<u>(1,379,000)</u>	<u>27,613,194</u>	<u>26,234,301</u>

The notes on pages 20 to 36 form part of these financial statements.

## 1. PRINCIPAL ACCOUNTING POLICIES

### Legal Status

Langstane Housing Association Limited is a Registered Social Landlord incorporated under the Co-operative and Community Benefit Societies Act 2014. It is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010 and is a Scottish Charity. Langstane Housing Association Limited meets the definition of a Public Benefit Entity. Details of the registered office are provided on page 1.

The principal activity of the Association is the provision of social housing and associated housing management and property maintenance services.

### Basis of Preparation

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Determination of Accounting Requirements 2019, and under the historical cost convention. There are no instruments at fair value.

These statements are presented in £'s Sterling, unless otherwise stated.

### Going Concern

The Board of Management consider that it is appropriate to prepare the financial statements on the going concern basis. The Board of Management has reviewed the budget and cashflow projections as part of the annual budget discussion for 2024-25, the submission to the Scottish Housing Regulator of the five-year financial projections and the integrity of a 30-year financial plan. The Board recognises that the Association faces a number of challenges in the future, not all of which are within its control – increasing inflation, higher interest rates, legislative requirements – and reviews sensitivity analysis undertaken by management which includes updated forecasts and cashflow projections. Various scenarios are tested to establish what would breach loan covenants and cash levels set by the treasury management policy. Rent arrears and voids are closely managed as well as the planned maintenance activity. The Board are satisfied that there is no significant long-term impact on the Association's financial position and no material uncertainties have been identified at this time.

During April 2023 the revolving credit facility with the Bank of Scotland was replaced with a new 5 year facility. The total amount of the facility was reduced from £25,000,000 to £20,000,000. The Board of Management are comfortable with the reduction in facility and resulting lower charges and have reviewed various stress tests to ensure that the facility is sufficient.

On the basis of the above, the Board of Management has a reasonable expectation that the Association has adequate resources to continue for the foreseeable future and that it continues to be appropriate to adopt the going concern basis of accounting in preparing the financial statements.

### Key Judgements and Estimates

Preparation of the financial statements requires management to make significant judgements and estimates concerning the future. Judgements and estimates are based on experience, advice from experts and other factors. The resulting accounting may not equal the eventual results. The items in the financial statements where such judgements and estimates have been made are disclosed below.

#### **a) The Categorisation of Housing and Commercial Properties**

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

#### **b) Identification of cash generating units**

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

## 1. PRINCIPAL ACCOUNTING POLICIES (continued)

### **c) Financial Instruments**

The Association's loans from its funders are judged by management to be basic financial instruments under the definition in FRS 102 and are accounted for under the amortised cost method as detailed below. This includes loans with break clauses.

### **d) 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.

### **e) 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. The useful lives are revisited at each reporting date.

### **f) Defined benefit pension liability**

Management's estimate of the defined benefit pension obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the obligation and the annual defined benefit expenses.

### **g) Classification on gain on disposal of housing properties**

Gains or losses on disposal of housing properties are deemed to be part of the operating activities of the Association.

### **h) Dilapidation provision**

Where the Association has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease.

### **Turnover**

Turnover represents rental and service charge income receivable (net of voids), grants receivable from Government and non-government sources, Government grants released from deferred income and sales of housing, comprising first tranche sales of shared ownership properties. Rental and service charge income is recognised from the date that the property is let. Income from first tranche sales of shared ownership properties is recognised on legal completion of the sales transaction. Grants are covered below.

### **Operating Surplus / (Deficit)**

The operating surplus / (deficit) represents the difference between revenue and expenditure from normal business activity before taking account of any interest or similar charges payable on financial borrowings. Annual operating surpluses can be the result of events or circumstances which occur in a particular fiscal year which may not be anticipated to happen in future years. Generally, the Association forecasts an annual operating surplus which is used for investment in its housing stock.

### **Housing Association Grant and Other Grants**

Housing Association Grant (HAG) is paid directly to the Association as required to meet its liabilities during the development process. Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset and, where applicable, the individual components of the structure (excluding land) under the accruals model. These are held as deferred capital grants.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, then any unamortised grant remaining is derecognised as a liability and recognised as income. Where there is a requirement to repay a grant, a liability is included in the Statement of Financial Position to recognise this obligation.

Other grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

## 1. PRINCIPAL ACCOUNTING POLICIES (continued)

### Retirement Benefits

The Association participates in the Scottish Housing Association Defined Benefits Pension Scheme where retirement benefits to employees of the Association are funded by 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 as a whole. The Association accounts for this Scheme as a defined benefit pension scheme in accordance with FRS102.

### Tangible Fixed Assets – Housing Properties

Housing properties are properties for the provision of social housing or to otherwise provide social benefit. Housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, development expenditure and interest charged on the funds used to finance housing projects in the development period up to practical completion. Assets under Construction are not depreciated.

Works to existing properties will generally be capitalised under the following circumstances: where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed asset in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property. Works to existing properties which fail to meet the above criteria are charged to operating costs within the Statement of Comprehensive Income.

The major components of housing properties are summarised below. Each component has a substantially different economic life and is depreciated over this individual life. Depreciation rates are shown below.

<b>Component</b>	<b>Useful Economic Life</b>
Land	Not depreciated
Structure	80 years
Roof	60 years
Kitchens	15 years
Electrics	30 years
Bathrooms	25 years
Heating Systems	20 years
Boilers	10 years
Radiators	20 years
Entry Systems	20 years
Windows	25 years
Lifts	30 years

### Impairment

Reviews for impairment indicators of housing properties are carried out on an annual basis and any resultant impairment in an income generating unit is recognised by a charge to the Statement of Comprehensive Income. Indicators of impairment can be: contamination of land; a change in government policy that has a material impact on the net income; a change in demand with a material increase in the level of voids; impact of material change in market valuation or obsolescence of a property. If there is an indication of impairment, an impairment review is undertaken whereby the carrying amount of the asset is compared to the recoverable amount. If the recoverable amount is lower than the carrying value, the Association will record impairment. The recoverable amount is the higher of value in use of the asset, based on its service potential, and fair value less costs to sell.



## Langstane Housing Association Limited

### Notes to the Financial Statements (continued)

For the year ended 31 March 2024

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#### 1. PRINCIPAL ACCOUNTING POLICIES (continued)

##### Depreciation and Impairment - Other Non-Current Assets

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

Commercial properties	50 years
Association office buildings	50 years
Office equipment	5 years

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

##### Sales of Housing Properties

Langstane has developed properties for sale on a shared ownership basis, which allows prospective homeowners to purchase initial tranches at market value. After one year the sharing owner may increase his/her share of ownership. The apportioned cost of the initial tranche is recorded as a current asset with the remaining balance held as a tangible fixed asset. The sale of initial tranches is accounted for through income, where sales proceeds are shown in turnover and the appropriate proportion of the cost of the property sold charged to cost of sale. Sales of subsequent tranches are accounted as disposals of tangible fixed assets.

Any grants received that cannot be repaid from the proceeds of sale are abated and credited to income.

Disposals of housing property within operating surplus are treated as a non-current asset disposal and any gain or loss on disposal accounted for within operating surplus.

##### Leases/Leased Assets

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

##### Investment in Subsidiaries

The Association's investment in its subsidiary companies is accounted for at cost less any impairment.

##### Taxation

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

##### 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.

##### Stock

Stock of maintenance materials have been valued at lower of cost and net realisable value. Cost is defined as supplier invoice price.

## 1. PRINCIPAL ACCOUNTING POLICIES (continued)

### Financial Instruments

The Association has elected to apply the provisions of Section 11 “Basic Financial Instruments” and section 12 “Other Financial Instruments Issues” of FRS102, in full, to all of its financial instruments. Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument and are offset only when the Association currently has a legal enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### *Financial Assets – Trade and Other Debtors*

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade and Other debtors are subsequently measured at amortised cost being the transaction price less any amounts settled and any impairment losses. Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments, discounted at a market rate of interest for a similar debt instrument. A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract.

#### *Financial Liabilities – Trade and Other Creditors*

Trade and Other creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

#### *Borrowings*

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Commitments to receive a loan are measured at cost less impairment.

#### *Cash and Cash Equivalents*

Cash and cash equivalents include cash at bank and in hand and short-term deposits maturing within one year.

### Reserves

Reserves consist of the revenue reserve; which records all income and expenditure earned over time, and the pension reserve, which sets off against this revenue reserve equal to the pension liability value as at the year end date.

Langstane Housing Association Limited

Notes to the Financial Statements (continued)

For the year ended 31 March 2024

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Notes	Turnover £	Operating costs £	Gain on sale of housing stock £	Gain on sale of other fixed assets £	2024 Operating Surplus £	2023 Operating Surplus £
Affordable letting activities	3.	16,866,433	(13,869,886)	75,734	-	3,072,281	3,992,810
Other activities	4.	388,748	(225,826)	-	-	162,922	112,117
<b>Total current year</b>		<b>17,255,181</b>	<b>(14,095,712)</b>	<b>75,734</b>	<b>-</b>	<b>3,235,203</b>	<b>4,104,927</b>
<b>Total from prior year</b>		<b>16,457,015</b>	<b>(13,258,355)</b>	<b>865,107</b>	<b>41,160</b>	<b>4,104,927</b>	<b>-</b>

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

	General Needs Housing £	Supported Hostels £	Shared ownership £	2024 Total £	2023 Total £
<b>Revenue from Lettings</b>					
Rent Receivable Net of Service Charges	14,070,164	236,327	147,512	14,454,003	13,811,648
Service Charges	652,337	1,365	15,982	669,684	649,285
<b>Gross income from rent and service charges</b>	<b>14,722,501</b>	<b>237,692</b>	<b>163,494</b>	<b>15,123,687</b>	<b>14,460,933</b>
Less: Rent losses from voids	(365,733)	1,892	(1,548)	(365,389)	(496,299)
<b>Net Rents Receivable</b>	<b>14,356,768</b>	<b>239,584</b>	<b>161,946</b>	<b>14,758,298</b>	<b>13,964,634</b>
Grants released from deferred income	1,931,882	-	-	1,931,882	1,944,024
Rechargeable Repairs	176,253	-	-	176,253	168,479
<b>Total turnover from affordable letting activities</b>	<b>16,464,903</b>	<b>239,584</b>	<b>161,946</b>	<b>16,866,433</b>	<b>16,077,137</b>
<b>Expenditure on affordable letting activities</b>					
Management and maintenance administration costs	4,473,486	6,439	3,858	4,483,783	4,118,065
Service Costs	715,327	4,831	-	720,158	666,345
Planned and cyclical maintenance, including major repairs	1,192,849	63,233	-	1,256,083	1,251,327
Reactive maintenance costs	3,538,673	20,891	-	3,559,564	2,982,601
Bad Debts - rents and service charges	378,775	-	-	378,775	231,071
Impairment of development sites	-	-	-	-	576,534
Depreciation of affordable let properties	3,471,523	-	-	3,471,523	3,164,651
<b>Operating costs of affordable letting activities</b>	<b>13,770,633</b>	<b>95,395</b>	<b>3,858</b>	<b>13,869,886</b>	<b>12,990,594</b>
Gain on sale of housing property	-	-	75,734	75,734	865,107
Gain on sale of other fixed assets	-	-	-	-	41,160
<b>Operating surplus on affordable letting activities</b>	<b>2,694,270</b>	<b>144,189</b>	<b>233,822</b>	<b>3,072,281</b>	<b>3,992,810</b>
<b>Total from prior year</b>	<b>3,733,992</b>	<b>113,828</b>	<b>144,990</b>	<b>3,992,810</b>	

Langstane Housing Association Limited

Notes to the Financial Statements (continued)  
For the year ended 31 March 2024

4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS/(DEFICIT) FROM OTHER ACTIVITIES

	Grants from Scottish Minister s	Supporting People Income	Operating Other Income	Total Turnover	Operating costs – bad debts	Operating Costs Other	Surplus / (Deficit) 2024	Surplus / (Deficit) 2023
	£	£	£	£	£	£	£	£
Wider Role Activities	-	36,464	-	36,464	-	37,733	(1,269)	(11)
Commercial leases	-	-	91,170	91,170	-	55,426	35,744	3,827
Managed Associations	-	-	-	-	-	-	-	(5,536)
Other activities	-	-	38,241	38,241	-	-	38,241	60,635
Charitable donations	-	-	1,855	1,855	-	-	1,855	-
Rechargeable Repair - Bad Debts	-	-	-	-	98,975	-	(98,975)	(119,197)
Mid-Market Rental income	-	-	207,037	207,037	-	33,692	173,345	159,775
Management Charge from subsidiary	-	-	13,981	13,981	-	-	13,981	-
<b>Total from Other Activities</b>	<b>-</b>	<b>36,464</b>	<b>352,284</b>	<b>388,748</b>	<b>98,975</b>	<b>126,851</b>	<b>162,922</b>	<b>112,117</b>
<b>Total Other Activities from Prior Year</b>	<b>-</b>	<b>28,348</b>	<b>351,530</b>	<b>379,878</b>	<b>119,197</b>	<b>148,564</b>	<b>112,117</b>	<b>-</b>

**Langstane Housing Association Limited****Notes to the Financial Statements (continued)****For the year ended 31 March 2024****5. KEY MANAGEMENT PERSONNEL**

Key management personnel are defined as members of the Board, the Chief Executive and the Directors as noted on page 1.

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Aggregate Emoluments payable to Key Management Personnel (excluding Pension Contributions)	322,822	311,844
Pension contributions made on behalf of Key Management Personnel	<u>33,282</u>	<u>34,758</u>
Emoluments paid to Key Management Personnel	<u>356,104</u>	<u>346,602</u>
Emoluments payable to Chief Executive (excluding pension contributions)	103,179	95,844
Pension contributions made on behalf of Chief Executive	<u>10,318</u>	<u>9,963</u>
Total Emoluments paid to Chief Executive	<u>113,497</u>	<u>105,250</u>

Board of Management members received £nil (2023 : £nil) in the year by way of reimbursement of expenses. No remuneration is paid to Board of Management members in respect of their duties in the Association.

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

	<b>2024</b>	<b>2023</b>
£60,001 to £70,000	-	-
£70,001 to £80,000	2	3
£80,001 to £90,000	-	-
£90,001 to £100,000	-	1
£100,001 to £110,000	<u>1</u>	<u>-</u>

**6. EMPLOYEE INFORMATION**

	<b>2024</b>	<b>2023</b>
The average monthly number of full-time equivalent persons employed during the year was:	<u>74</u>	<u>74</u>
The average total number of Employees employed during the year was	<u>80</u>	<u>84</u>
Staff Costs were:	<b>£</b>	<b>£</b>
Wages and Salaries	2,851,781	2,639,358
Social Security Costs	272,301	259,350
Other Pension Costs	261,128	248,193
Temporary, Agency and Seconded Staff	42,635	7,584
	<u>3,427,845</u>	<u>3,154,485</u>

**Langstane Housing Association Limited**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2024**

**7. GAIN ON SALE OF HOUSING PROPERTY**

	<b>2024</b>	<b>2023</b>
	£	£
Sales Proceeds	180,000	646,250
Carrying value of assets disposed	(126,545)	(1,109,906)
Less Advertising / Legal Fees	(1,111)	(13,177)
Disposals of deferred capital grant	23,390	1,341,940
Gain on Sale of Housing Property	<u>75,734</u>	<u>865,107</u>

**8. GAIN ON SALE OF OTHER FIXED ASSETS**

	<b>2024</b>	<b>2023</b>
	£	£
Sales Proceeds	-	61,992
Carrying value of assets disposed	-	(20,832)
Gain on Sale of Other Fixed Assets	<u>-</u>	<u>41,160</u>

**9. INTEREST PAYABLE & SIMILAR CHARGES**

	<b>2024</b>	<b>2023</b>
	£	£
On Bank Loans & Overdrafts	2,055,229	1,880,493
On Other Loans	-	4
	<u>2,055,229</u>	<u>1,880,497</u>

**10. OPERATING SURPLUS**

	<b>2024</b>	<b>2023</b>
	£	£
Operating Surplus is stated after charging/(crediting):-		
Depreciation – Housing Properties	3,471,523	3,164,651
Depreciation – Other Fixed Assets	165,127	153,914
Amounts charged under Operating Leases	47,755	46,291
Auditors' Remuneration - Audit Services	35,037	26,850
Impairment of Development Site Costs	-	576,534
Gain on sale of Other Fixed Assets	-	(41,160)
Gain on sale of Housing Properties	<u>(75,734)</u>	<u>(865,107)</u>

**11. TAX ON OPERATING ACTIVITIES**

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

**12. OTHER FINANCE INCOME / CHARGES**

	<b>2024</b>	<b>2023</b>
	£	£
Net Interest (charge)/credit on pension obligation	<u>(24,000)</u>	<u>6,000</u>

**Langstane Housing Association Limited**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2024**

**13 FIXED ASSETS**

<b>a) Housing Properties</b>	<b>Housing Properties Held for Letting £</b>	<b>Housing Properties In course of Construction £</b>	<b>Lead Tenancies Held for Letting £</b>	<b>Shared Ownership Held for Letting £</b>	<b>Total £</b>
<b>COST</b>					
As at 1st April 2023	194,172,097	1,588,114	343,439	1,903,745	198,007,395
Additions – Works to existing properties	1,887,611	-	-	-	1,887,611
Disposals	(803,968)	-	-	(78,734)	(882,702)
<b>As at 31st March 2024</b>	<b><u>195,255,740</u></b>	<b><u>1,588,114</u></b>	<b><u>343,439</u></b>	<b><u>1,825,011</u></b>	<b><u>199,012,304</u></b>
<b>DEPRECIATION</b>					
As at 1st April 2023	59,491,533	576,534	72,635	410,922	60,551,624
Charge for Year	3,471,523	-	-	-	3,471,523
Disposals	(769,466)	-	-	(17,777)	(787,243)
<b>As at 31st March 2024</b>	<b><u>62,193,590</u></b>	<b><u>576,534</u></b>	<b><u>72,635</u></b>	<b><u>393,145</u></b>	<b><u>63,235,904</u></b>
<b>NET BOOK VALUE</b>					
<b>As at 31st March 2024</b>	<b><u>133,062,150</u></b>	<b><u>1,011,580</u></b>	<b><u>270,804</u></b>	<b><u>1,431,866</u></b>	<b><u>135,776,400</u></b>
As at 31st March 2023	<u>134,680,564</u>	<u>1,011,580</u>	<u>270,804</u>	<u>1,492,823</u>	<u>137,455,771</u>

Additions to housing properties includes capitalised development administration costs of £nil (2023: £nil) and capitalised major repair costs to existing properties of £nil (2023: £nil). All land and housing properties are heritable. Total expenditure on existing properties in the year amounted to £6,703,278 (2023: £3,496,869). The amount capitalised is £1,887,611 (2023: £1,805,744) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £1,887,611 (2023: £1,805,744) and improvements of £nil (2023: £nil).

The Association's Lenders have standard securities over Housing Property with a carrying value of £48,379,197 (2023: £61,638,833).

The value of land included in the above at March 31, 2024 was £25,157,515 (2023: £25,885,278).

During November 2022 Shepherd Commercial Chartered Surveyors performed a valuation of the Landbank sites held by the Association for future development. This valuation resulted in a write down of £576,534 to the net book value in the prior year financial statements.

**Langstane Housing Association Limited**

**Notes to the Financial Statements (continued)**

**For the year ended 31 March 2024**

b) Other Tangible Assets	Furniture, Fittings & Equipment £	Office Premises £	Commercial Property £	Total £
<b>COST</b>				
As at 1st April 2023	758,373	3,480,434	1,279,705	5,518,512
Additions	10,095	-	-	10,095
Disposals	-	-	-	-
<b>As at 31st March 2024</b>	<b><u>768,468</u></b>	<b><u>3,480,434</u></b>	<b><u>1,279,705</u></b>	<b><u>5,528,607</u></b>
<b>AGGREGATE DEPRECIATION</b>				
As at 1st April 2023	572,107	1,014,934	748,124	2,335,165
Charge for year	79,115	63,773	22,239	165,127
Disposals	-	-	-	-
<b>As at 31st March 2024</b>	<b><u>651,222</u></b>	<b><u>1,078,707</u></b>	<b><u>770,363</u></b>	<b><u>2,500,292</u></b>
<b>NET BOOK VALUE</b>				
As at 31st March 2024	<b><u>117,246</u></b>	<b><u>2,401,727</u></b>	<b><u>509,342</u></b>	<b><u>3,028,315</u></b>
As at 31st March 2023	<u>186,266</u>	<u>2,465,500</u>	<u>531,581</u>	<u>3,183,347</u>

**14. COMMITMENTS UNDER OPERATING LEASES**

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

	2024 £	2023 £
<b>Land and Buildings</b>		
Not later than one year	32,273	38,179
Later than one year and not later than five years	<u>-</u>	<u>32,273</u>
<b>Other</b>		
Not later than one year	2,768	8,113
Later than one year and not later than five years	<u>-</u>	<u>2,768</u>

**15. INVESTMENTS**

	2024 £	2023 £
Investments	<u>3</u>	<u>3</u>

Details of the Association's subsidiaries at 31 March 2024 are as follows:

Name of undertaking	Registered Office	Nature of business	Class of shares held	Direct % Held
Langstane Developments Limited	680 King Street, Aberdeen, AB24 1SL	Dormant	Ordinary	100
Langstane Maintenance Limited	As above	Dormant	Ordinary	100
Langstane Property Limited	As above	Provision of rented accommodation	Ordinary	100



16. RECEIVABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024 £	2023 £
Rent & Service Charges	2,538,666	2,523,145
Less: Provision for Doubtful Debts	<u>(1,962,226)</u>	<u>(1,843,615)</u>
	576,440	679,530
Prepayments and accrued income	695,917	785,445
Other debtors	194,374	140,407
HAG receivable	28,199	28,199
Amounts owed from group undertakings	<u>10,461</u>	<u>18,579</u>
	<u>1,505,391</u>	<u>1,652,160</u>

17. PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024 £	2023 £
Housing Loans (note 18)	2,073,458	16,882,982
Trade Payables	630,054	540,689
Rent in Advance	348,651	306,580
Social Housing and Other Grants (note 19)	1,944,410	1,909,442
Other Taxation and Social Security	119,220	69,522
Other Payables	33,829	32,254
Accruals and deferred income	2,518,680	3,135,266
	<u>7,668,302</u>	<u>22,876,735</u>

At the balance sheet date there are £31,560 pension contributions outstanding (2023: £38,512).

18. PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2024 £	2023 £
Housing Loans	<u>33,194,028</u>	<u>20,267,485</u>
	<u>33,194,028</u>	<u>20,267,485</u>
<b>Housing Loans</b>		
Amounts due within one year	2,073,458	16,882,982
Amounts due in one year or more but less than two years	2,121,076	2,073,457
Amounts due in two years or more but less than five years	21,363,232	6,363,232
Amounts due in more than five years	<u>9,709,720</u>	<u>11,830,796</u>
	35,267,486	37,150,467
Less: Amount shown in Current Liabilities (note 17)	<u>(2,073,458)</u>	<u>(16,882,982)</u>
	<u>33,194,028</u>	<u>20,267,485</u>

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

Lender	Security	Effective interest rate	Maturity	Variable/fixed
Lloyds Bank PLC	Standard Security over 549 properties	5.4%	2028 & 2031	Fixed
Santander	Standard security over 251 properties	5.6%	2035	Fixed
Bank of Scotland PLC	Standard Security over 495 properties	5.87%	2028	Variable

The Bank of Scotland finance constitutes a 5 year revolving credit facility which is repayable in April 2028. The remaining borrowings are repayable on a quarterly, six monthly or annual basis with the principal being amortised over the terms of the loan.

**Langstane Housing Association Limited**

**Notes to the Financial Statements (continued)**

**For the year ended 31 March 2024**

<b>19. DEFERRED GRANTS</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Social Housing Grants		
Balance as at 1st April 2023	75,691,799	78,924,150
Released/repaid as the result of property disposal	(23,390)	(1,341,940)
Amortisation in year	(1,878,269)	(1,890,411)
Balance as at 31st March 2024	<u>73,790,141</u>	<u>75,691,799</u>
Other Grants		
Balance as at 1st April 2023	3,104,951	3,158,564
Amortisation in year	(53,613)	(53,613)
Balance as at 31st March 2024	<u>3,051,338</u>	<u>3,104,951</u>

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

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Amounts due within one year	1,944,410	1,909,442
Amounts due in one year or more	74,897,069	76,887,308
	<u>76,841,479</u>	<u>78,796,750</u>

<b>20. STATEMENT OF CASH FLOWS</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Reconciliation of operating surplus</b>		
Operating Surplus	3,235,203	4,104,927
Depreciation	3,636,650	3,318,565
Gain on sale of housing stock	(75,734)	(865,107)
Gain on sale of other fixed assets	--	(41,160)
Amortisation of Capital Grants	(1,931,882)	(1,944,024)
Change in stocks	22,649	17,345
Impairment to development site	-	576,534
Change in debtors	146,769	(651,921)
Change in creditors	(433,874)	1,240,291
Pension adjustments net of contribution paid	-	(279,000)
Share Capital Written Off	(1)	(4)
Write Down for replaced components	(52,386)	
Balance as at 31st March 2024	<u>4,547,394</u>	<u>5,476,446</u>

**Langstane Housing Association Limited**

**Notes to the Financial Statements (continued)**

**For the year ended 31 March 2024**

**21. CASH FLOW - NET DEBT ANALYSIS**

Analysis of changes in net funds	1 April 2023 £	Cash Flow £	Non Cash Flows £	31 March 2024 £
<b>Cash and cash equivalents</b>				
Cash at bank and in hand	4,086,045	(1,059,830)	-	3,026,215
<b>Borrowings</b>				
Debt due within one year	(1,882,982)	1,882,982	(2,073,458)	(2,073,458)
Debt due after one year	(35,267,485)	-	2,073,458	(33,194,027)
	(37,150,467)	1,882,982	-	(35,267,485)
<b>Total</b>	(33,064,422)	823,152	-	(32,241,270)

**22. SHARE CAPITAL**

	2024 £	2023 £
<b>Shares of £1 each Issued and Fully Paid</b>		
At 1st April	104	107
Issued in year	4	1
Cancelled in year	(1)	(4)
At 31st March	107	104

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.

**23. HOUSING STOCK**

	2024 No.	2023 No.
The number of units of accommodation in management at the year-end was:-		
General Needs	2,879	2,881
Hostels	4	4
Commercial units	7	7
Lead Tenancies	14	14
Shared Ownership	55	57
	2,959	2,963

Housing Units owned by the Association and leased to another body:

Name of Organisation	2024 No.	2023 No.
Langstane Property Limited	41	41

**24. RELATED PARTY TRANSACTIONS**

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

Those members that are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage. There are no tenants on the Board of Management in 2023/24. (2022/23: no tenants).

Any transactions between the Association and any entity with which a Governing Body Member has a connection with is made at arm's length and is under normal commercial terms. There have been no transactions in the current or prior year.

The Association has transactions with its wholly owned subsidiary, Langstane Property Limited. In the year Langstane Property Limited was charged £206,280 (2023: £198,075) in respect of mid-market rental leases. As at the year end a balance of £10,461 was owed from Langstane Property Limited (2023: £18,579).

**25. CONTINGENT LIABILITIES**

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2022. As of this date the estimated employer debt for the Association is £4,732,521.

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

**26. RETIREMENT BENEFIT OBLIGATIONS**

**Scottish Housing Association Pension Scheme**

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme. The Association is an admitted body under the Scottish Housing Association Pension Fund, the assets of which are held in a separate trustee administered fund.

The last triennial valuation of the Scheme for funding purposes was carried out as at September 30, 2021. This valuation showed a deficit of £27m. A recovery plan was put in place to eliminate the deficit which ran to September 30, 2022.

For the year ended 31 March 2024, sufficient information is available for the Association in respect of SHAPS to account for its obligation on a defined benefit basis. Under the defined benefit pension accounting approach, the SHAPS net deficit as at 31 March 2024 is £1,403,000 (2023: £490,000). At the balance sheet date the present value of this obligation was £11,950,000 (2023: £11,919,000). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of high-quality corporate bond with a similar term. The discount rate used was 4.90% (2023: 4.87%).

**Langstane Housing Association Limited**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2024**

**26. RETIREMENT BENEFIT OBLIGATIONS (continued)**

The Association made payments totaling £16,545 (2023: £294,732) to the Scheme during the year.

Assumptions as at:	<b>2024</b> <b>% p.a.</b>	<b>2023</b> <b>% p.a.</b>
Salary increases	3.78	3.75
Inflation (RPI)	3.15	3.19
Inflation (CPI)	2.78	2.75
Discount rate	4.90	4.87
Allowance for commutation for cash at retirement	75%	75%

	<b>2024</b> <b>Number</b>	<b>2023</b> <b>Number</b>
Employee members	23	25
Deferred pensioners	50	52
Pensioners	61	58
	<u>134</u>	<u>135</u>

**Mortality Rates**

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

	<b>Males</b> <b>(Years)</b>	<b>Females</b> <b>(Years)</b>
<b>Current Pensioners</b>	20.2	22.7
<b>Future Pensioners</b>	21.4	24.1

<b>Fair value of scheme assets by category</b>	<b>2024</b> <b>£000</b>	<b>2023</b> <b>£000</b>
Growth Assets	6,021	5,332
Matching Plus	703	1,210
Liability Driven Investment	3,810	4,861
Net Current Assets	13	26
	<u>10,547</u>	<u>11,429</u>

None of the above assets includes any direct investment in the Association's assets.

<b>Net Pension Liability</b>	<b>2024</b> <b>£000</b>	<b>2023</b> <b>£000</b>
Fair value of employer's assets	10,547	11,429
Present value of scheme liabilities	<u>(11,950)</u>	<u>(11,919)</u>
Deficit in plan	<u>(1,403)</u>	<u>(490)</u>

**Langstane Housing Association Limited**

**Notes to the Financial Statements (continued)**

**For the year ended 31 March 2024**

**26. RETIREMENT BENEFIT OBLIGATIONS (continued)**

<b>Reconciliation of fair value of employer assets</b>	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Opening fair value of employer assets	11,429	17,826
Interest income	547	493
Contributions by the Employer	17	295
Experience on plan assets (excluding amounts included in interest income)	(988)	(6,569)
Estimated Benefits Paid	<u>(458)</u>	<u>(616)</u>
<b>Closing fair value</b>	<b><u>10,547</u></b>	<b><u>11,429</u></b>

The actual return on plan assets (including any changes in share of assets) over the year to 31 March 2024 was £441,000 (2023: £586,000).

<b>Reconciliation of defined benefit obligations</b>	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Opening Defined Benefit Obligation	11,919	17,763
Expenses	17	16
Interest expense	571	487
Actuarial Losses / (Gains) due to scheme experience	22	(773)
Actuarial (Gains) due to changes in demographic assumptions	(82)	(306)
Actuarial (Gains) due to changes in financial assumptions	(39)	(4,652)
Benefits paid and expenses	<u>(458)</u>	<u>(616)</u>
<b>Closing defined benefit obligation</b>	<b><u>11,950</u></b>	<b><u>11,919</u></b>

<b>Analysis of amount charged to the Statement of Comprehensive Income</b>	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Charged to operating costs:		
Expenses	17	16
Net interest expense/(income)	<u>24</u>	<u>(6)</u>
<b>Net Charge to the Statement of Comprehensive Income</b>	<b><u>41</u></b>	<b><u>10</u></b>

<b>Actuarial Gain / (Loss) recognised in other comprehensive income</b>	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Experience on plan assets (excluding amounts included in net interest cost) – (loss)	(988)	(6,569)
Experience gains and losses arising on the plan liabilities –(loss)/gain	(22)	773
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	82	306
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	39	4,652
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) – gain	-	63
<b>Total amount recognized in Other Comprehensive Income – (loss)</b>	<b><u>(889)</u></b>	<b><u>(775)</u></b>