

LINK GROUP



ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

**Registered Society and Financial Conduct Authority
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LINK GROUP

CONTENTS

	Page
Report of the Board of Management	1 - 15
Board of management statement on internal financial controls	16 - 18
Statement of Board's Responsibilities under the Co-operative and Community Benefit Societies Act 2014 for a Registered Social Landlord	19
Independent Auditor's report to the members of Link Group Limited	20 - 22
Report by the Auditor to the Members of Link Group Limited on Corporate Governance Matters	23
Group statement of comprehensive income	24
Association statement of comprehensive income	25
Group statement of financial position	26 - 27
Group statement of changes in equity	28
Association statement of financial position	29 - 30
Association statement of changes in equity	31
Group statement of cash flows	32
Association statement of cash flows	33
Notes to the financial statements	34 - 81

LINK GROUP

ADMINISTRATIVE INFORMATION

Directors	C Cuthbertson P Kerr C Allan S Blackhall P Woodburn S Heatley J Bros Williamson M Leslie G Boyle P Matthews R McDougall E Robertson	(Appointed July 2023) (Appointed May 2023) (Appointed May 2023) (Appointed July 2023) (Appointed November 2023) (Appointed August 2024)
Secretary	C Archibald	
Registered office	Link House 2c New Mart Road Edinburgh EH14 1RL	
Auditor	RSM UK Audit LLP Third Floor 2 Semple Street Edinburgh EH3 8BL	
Internal auditor	TIAA Artillery House Fort Fareham Industrial Site Fareham PO14 1AH	
Bankers	Bank of Scotland 75 George Street Edinburgh EH2 3EW	
Solicitors	Burness Paull LLP 50 Lothian Road Festival Square Edinburgh EH3 9WJ	Harper Macleod LLP 45 Gordon Street Glasgow G1 3PE
Funders	Royal Bank of Scotland M&G Investments Allia Social Impact Investments Bank of Scotland	Canada Life Scottish Widows MetLife
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LINK GROUP

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2024

The board present their report and the consolidated Group financial statements for the year ended 31 March 2024.

Principal activities

The principal activities of the Link Group of companies (The Group) are to provide housing to those in need, property management and maintenance services to meet a range of housing needs. The Group provides support and care to those in need as well as training and development services. The Group also provides property management and maintenance services to a significant number of private owners and sharing owners under factored services.

Group structure

Link Group Limited (Link) is the parent RSL in the Group, which comprises of five Registered Social Landlords (RSLs) and three operating subsidiary companies.

Link Group Limited, Horizon Housing Association Limited, Larkfield Housing Association Limited (Larkfield), West Highland Housing Association Limited and Link Housing Association Limited (LHA) all have charitable status and are the five RSL entities within the Group. As RSLs, Larkfield Housing Association, Horizon Housing Association, and West Highland Housing Association have retained their assets, names, and identities. Link Housing Association Limited manages Link Group Limited's housing assets but has no assets of its own.

- Link Housing Association Limited (RSL)
- Horizon Housing Association Limited (RSL)
- Larkfield Housing Association Limited (RSL)
- West Highland Housing Association Limited (RSL) and its subsidiary West Highland Futures Limited
- Link Living Limited (charity)
- C~urb 6 Limited (commercial)

In addition, there were the following companies in the Group,

- Link Homes (2001) Limited (dissolved 6th June 2023)
- Weslo Initiatives Limited (dissolved 20th February 2024)

At a board meeting on 27 August 2024, the Link Group Limited board approved a proposal to transfer the activities, assets and liabilities within Link Housing Association over to Link Group Limited. The transfer date is expected to be 31 March 2025.

The results of all the RSLs and subsidiaries are included in these financial statements and reflected in the Group Statement of Comprehensive Income and the Group Statement of Financial Position.

Each RSL partner is wholly owned by Link and has entered into an Intra-Group Agreement with Link which sets out the respective roles and responsibilities of each party. The agreement confirms the processes and procedures each party will conform to and the basis upon which services will be provided is contained in service level agreements. Link has the power to appoint Board/Management Committee/Non-Executive members and the circumstances where Link would exercise that power are dealt with in the agreements.

All other members of the Group are wholly owned subsidiaries of Link, and it appoints the Board members of subsidiary companies on the recommendation of the subsidiary company's Board.

The consolidated financial statements of the Group reflect the results of all Link RSL and non RSL subsidiary companies as well as separately disclosing the results of Link itself.

LINK GROUP

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED) *FOR THE YEAR ENDED 31 MARCH 2024*

Group Strategy and Objectives

The Link Board sets strategic objectives, based upon three key themes from its mission statement. On an annual basis the themes and the objectives which flow from them are reviewed and updated:

Link has also committed itself to objectives which deliver sustainable outcomes for the future and to meet the Scottish and UK Government as well as the United Nations climate goals. The strategy focuses on 3 key themes, Supporting People and Communities, Building Success, and Ensuring Corporate Well Being. These themes are rooted in operational environmental sustainability targets and objectives to reach carbon net zero within a framework.

Link provides a diverse range of services to tenants and service users and is active in the majority of Scotland's local authority areas. The Link Board recognises, and values, the specialist expertise that the subsidiary partner organisations contribute. In developing the overarching strategic direction for the Group an important point of principle is to ensure that the framework is one which resonates across all the organisations and is dynamic enough to allow individual partners to adapt strategic plans reflecting local priorities.

Operating Performance

Link monitors Group performance through comparisons against budgets, financial plans and forecasts, along with comparisons against its peers and other RSLs which form part of the Scottish Housing Network Benchmarking Group using SHR data. The Link Board is satisfied that Link is performing strongly compared to other housing providers and is achieving high quality outcomes when compared across the sector. In addition, the Link Board monitors its financial and operating performance against key targets in Link's business plan and is confident that not only is Link performing well operationally but also is achieving lending covenants, reflecting high quality financial performance.

All five RSLs complete Five-Year Financial Plans, Loan Portfolio and Annual Accounts returns to the SHR. The RSLs also provide copies of their business plans and long-term financial forecasts where required by the SHR Annual Regulation Plans. The external borrowers in the Group, which are Link Group Limited and West Highland Housing Association Limited also provide quarterly financial performance information to lenders along with business plans to ensure compliance with all loan agreement terms and covenants.

Link's Group Leadership Team receive monthly financial performance reports and the Link Board receives quarterly financial performance reports along with quarterly Key Performance Indicators from all the partners and it scrutinises the performance of each area of the Group. All five RSLs complete Annual Returns on the Charter (ARC) to the SHR which are approved by their respective Boards and the information is published so that tenants can see how individual RSLs compare across a wide range of indicators.

The ARC contains a complete range of indicators which allow tenants to compare their landlord with others and compare against the Scottish average. Link, in the view of the Board, compares favourably over most indicators whilst recognising that there is always scope for improvement.

LINK GROUP

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

Performance Indicator	Link Group 2021/22	Link Group 2022/23	Link Group 2023/24
Percentage of tenants who feel landlord is good at keeping them informed about services and decisions	94.27%	91.87%	91.87%
Percentage of tenants satisfied with the opportunities to participate in the landlord's decision making	89.97%	92.87%	92.87%
Percentage of tenants satisfied with overall service provided by landlord	89.50%	84.79%	84.79%
Percentage of properties meeting SHQS* year end	60.62%	84.68%	91.84%
Percentage of tenants satisfied with quality of home	88.28%	87.68%	87.68%
Average hours to complete emergency repairs	4.13 hrs	3.15 hrs	3.02 hrs
Percentage of tenants satisfied with repairs service	90.34%	83.44%	84.62%
Percentage of tenants who feel rent for their property represents good value for money	76.43%	82.49%	82.49%
Percentage collected of rent due	99.24%	100.95%	100.07%
Percentage gross rent arrears of rent due	3.64%	3.87%	4.14%
Percentage of rent due lost through properties being empty	0.48%	0.59%	0.70%
Average calendar days to re-let properties	28.11 days	33.48 days	35.35 days

* SHQS – Scottish Housing Quality standards.

LINK GROUP

REPORT FOR THE BOARD OF MANAGEMENT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

Link's subsidiary, C~URB 6 Limited (C~URB), employs Link's in-house trades team to undertake and manage the majority of the planned maintenance work as well as reactive repairs for Link companies and also some work for partner RSL's. The service covers Link's three main customer bases throughout Central Scotland and services are also provided to two other partners in the Group, Larkfield Housing Association and Horizon Housing Association. The performance of C~URB is scrutinised by its Board but also the Link Board through the quarterly performance reporting cycle.

The Link Board reviews the performance of the other RSLs in the Group on a quarterly basis and annually it compares and contrasts the Group RSL member's performance with the other RSLs in Scotland, based on the publication of the ARC results. Although each of the five Group RSLs (including Link) operate in different geographical areas, all four score highly on key indicators such as the percentage of tenants satisfied with the services provided.

All the RSLs performed well in terms of rent collection performance and rent arrears management during what has been an extremely challenging period as a result of the cost-of-living crisis. The changes to legislation as a result of the cost-of-living crisis did not adversely affect the RSLs voids, arrears and bad debt out-turn for the period. This is primarily owing to the support services provided by the RSL subsidiaries to their tenants to sustain tenancies including increased engagement and in some cases financial support.

A high degree of efficiency in the collection of rental income and in the management of rent arrears was also achieved with the rent arrears being 4.14% (2023: 3.87%) of rental income due. In terms of value for money, void rent loss from vacant periods between tenancies was 0.70% (2023: 0.59%) of rent due which remains a strong out-turn performance.

The SHR produced a regulatory engagement plan for 2023-24 and Link continued to meet the established requirements. The SHR has now updated its regulatory plan for the 2024-25 period.

The Link Group Board is satisfied that the RSL performance is strong across all ARC indicators and the Board will continue to monitor the position to ensure the performance continues. The Link Group and the partner RSLs submitted their SHR Annual Assurance statements to the regulator on that basis.

LHA is the subsidiary company which carries out housing management functions for Link including the management of the social rented housing. This is expected to transfer back Link Group Limited from 1 April 2025.

The management of the Group's commercial activities is undertaken by C~Urb, including management of mid-market rented housing, shared ownership, and the shared equity sales functions. This also included the City of Edinburgh Council's Private Sector Leasing Scheme which involves the management of around 1,400 properties, let to applicants who were previously homeless. The contract is for a period of 10 years, has 7 years left to run and continues Link's strong relationship with the City of Edinburgh Council.

Link continues to participate in the Open Market Shared Equity initiative, which is designed to assist first-time buyers on low incomes in central Scotland through the provision of shared equity grants. The scheme is promoted by the Scottish Government and operated by Link. The outstanding grants are repayable by the property owner when the property is sold and are repaid in proportion to the original purchase price, by reference to the value of the property when ultimately sold. The grant repayment is returned to the Scottish Government. Link bears no risk or reward in respect of the shared equity arrangement and acts as an agent for Scottish Ministers in return for an administration fee. The Help to Buy and First Home Funds are no longer live as of March 2023, with only the administration of the schemes' aftersales currently ongoing.

Link manages grants received from the Scottish Government with all these initiatives as its agent and these grants are paid out to Shared Equity buyers. As Link has no financial interest, other than being the scheme administrator for the Scottish Government, the cumulative grants received and paid out are not included in the financial statements.

In addition to the various Scottish Government supported shared equity schemes, Link has developed and sold a number of shared equity properties under an initiative entitled "New Supply Shared Equity" (NSSE). The NSSE scheme is available across Scotland to first time buyers and priority access groups. The scheme allows the access groups to purchase a share of a newbuild home, with Link purchasing the remaining equity.

LINK GROUP

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

Financial Performance

Except where otherwise stated, the financial performance discussed is that of the parent RSL only i.e., of Link Group Limited ("Link") and not the consolidated group of companies. The financial statements reflect the requirements of the Statement of Recommended Practice for registered social housing providers, the Housing SORP 2018 and the SHR Determination of Accounting Requirements 2019.

In 2024, Link achieved a surplus for the year of £0.1m (2023: £3.4m as restated) and total comprehensive loss of £0.3m (2023: £3.2m surplus, as restated). Turnover increased by approximately 2.2% to £80.4m (2023: £78.7m as restated) and operating costs also increased by 0.6% to £64.6m (2023: £64.2m as restated). The income from affordable letting activities increased by 4.5% (2023: 30% as restated), increasing income by £1.8m (2023: £10.7m as restated) and this reflects rent increases applied in April 2023 of 7.5% and rents received from new build completions during the year. The operating surplus from affordable lettings activities increased by 7.3% (2023: decreased by 16.5% as restated).

Included in operating costs is the expenditure on wider role activities of £1.9m (2023: £2.0m). The operating costs also include expenditure on reactive maintenance, planned and cyclical maintenance and major repairs, the cost of which was £16.9m (2023: £17.8m). The total Investment on all maintenance activities was £24.0m (2023: £26.2m), of which, £7.1m (2023: £8.4m) was treated as capital expenditure.

Link's operating surplus for the period was £15.8m up from £14.5m (as restated) in 2023. Owing to the significant commitment to the development of new homes that Link made in the period and the rising cost of borrowing, Link's borrowing costs have risen by 16.9% (2023: 34.4%) reflecting the rapid change in variable interest rates. The year end drawn debt figure does not reflect the average debt position during the period as the Santander borrowing was redeemed at its natural expiry date of December 2023. The drawn debt figure has increased from £376m to £402.5m. After adjustments for interest costs and other adjustments for the year, the net surplus reduced by £3.3m, being £0.1m compared to £3.4m (as restated) in 2023.

Link was not immune to the impact and effect of the wider economy during 2023-24 with the war in Ukraine, the continuing energy cost pressures, the cost-of-living crisis, rapidly rising interest rates, above CPI material supply and services and consultancy cost and labour market pressures. Link experienced significant cost increases over and above its budgeted assumptions for materials supplies along with energy costs for its van fleet and insurance premiums. These were incurred by its repairs and maintenance company C~urb 6 Limited and these were recharged to Link and partner entities through the repairs contract arrangements. In addition, labour costs experienced a greater than budgeted increase owing to the cost-of-living crisis affecting wage settlements which impacted Link and all of its subsidiary partners and employees. There were also pension liability adjustments which charged £350k (2023: £216k charge).

The overall total comprehensive loss for the year of £0.3m (2023: £3.2m surplus, as restated) was achieved after meeting interest payable and related finance costs of £16.3m (2023: £13.9m) on loans borrowed to support new properties built and those in the course of construction. The results for 2024 were significantly less than the Board's forecast expectations and similarly Link's budget for 2023/24.

Annual expenditure on planned, cyclical maintenance, and major repairs is derived from a 30-year financial model designed to ensure all Link's properties are maintained to a specific standard, thereby continuing to extend the useful life of the properties. The model takes account of the life cycles of individual components and generates an annual spend profile across all of Link's stock. The investment programme is influenced by Link's asset management strategy, which assesses when it will be appropriate to carry out whole refurbishment of properties and/or consider other re-development opportunities, rather than a continual cycle of building component replacement.

Link's investment in planned maintenance and major repairs ensured that it met the SHQS with a limited number of abeyances and the Energy Efficiency Standard in Social Housing (EESH) which has introduced a higher energy efficiency standard to be achieved by 2032.

Link is confident that its planned maintenance programme will go a long way to achieving this as a matter of course.

LINK GROUP

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

Link is required by the Housing SORP 2018 to depreciate its housing properties and retained surpluses are calculated after providing for depreciation of £16.2m during the period (2023: £19.0m as restated). The depreciation is offset by amortising the grants received to build the properties which results in a credit to income of £6.2m in the period (2023: £7.7m as restated). It should be noted that during the 2023-24 period Link and its RSL subsidiary partners revisited the useful economic lives of the components of their housing properties to ensure both consistency between group entities and consistency with asset management component lives. In addition, the accounting policy in relation to depreciation on additions to housing properties and components was revised, whereby no depreciation will be charged in the first year of acquisition/addition going forward, a change from the previous policy of charging a full years' depreciation in the first year which we believe better reflects the flow of benefits to the RSL's. These results incorporate a prior prior period adjustment to depreciation and grant amortisation in respect of the accounting policy change. See note 37 for more detail on the changes.

At 31 March 2024, Link's total reserves amounted to £113.7m, a decrease of £0.3m from 2023 when they were £114.0m (as restated). The reduction in reserves is attributable to the deficit incurred for the period which although not forecast was acknowledged by the Board as being necessary in the financial and economic circumstances. In addition to providing funds for community re-development, these reserves are required to support Link's future development programme, the planned maintenance investment programme and provide a hedge against risk. The total reserves in 2024 are also after recognising Link's pension liability to the Scottish Housing Association Pension scheme of £0.35m (2023: £0.2m).

Group Financial Performance

The financial statements include the results of all Link subsidiaries, and the Link Group surplus is shown on page 24. In the year to 31 March 2024 the consolidated surplus for the year was £1.5m (2023: £5.0m, as restated), based on overall Group turnover of £108.3m (2023: £102.5m, as restated). The total comprehensive income for the year was £0.3m (2023: £4.4m, as restated). The total consolidated reserves amounted to £157.8m (2023: £157.6m, as restated).

The results for 2024 are consistent with the performance reported during the year and the Board is satisfied that notwithstanding the exceptionally challenging economic environment individually all the Group members have performed well financially, and the Group's consolidated financial position remains strong.

Investment and Financing

During the year, Link Group Limited invested £58.6m (2023: £90.7m) in new properties for rent and for sale on a shared equity basis across the central belt of Scotland and on replacement of building components. This expenditure was partly financed by Social Housing Grant of £23.8m (2023: £36.3m) with the balance funded by income from property sales, cash flow and loans drawn from Link's loan facilities.

Investment in new properties reflected expenditure on the significant number of projects receiving grant approval from the Scottish Government. During 2023/24, Link completed 335 properties, (2023: 400) for social rent.

During the year, a total of £48.5m was drawn down (2023: £16.0m). This was drawn down from a combination of the Bank of Scotland revolving credit facility and a new Allia loan during the period. The net effect of these transactions along with income and expenditure from operations and grants received saw the closing cash position reduce by £13.5m during the period to £6.2m (2023: £19.7m).

Interest costs during the period were £16.3m (2023: £13.9m) which were materially higher than originally forecast owing to the change in variable borrowing rates during the period.

Standard & Poors undertook their annual credit rating assessment, which was finalised in November 2023, and Link maintained its "A" rating with "a stable outlook" by the rating agency.

Link Group successfully negotiated a new Allia Master Facility Agreement for £30.0m under which £5.0m was immediately drawn.

Strong levels of liquidity are maintained as Link has £46.5m (2023 £83.0m) in undrawn and available revolving credit. Link also has capacity to draw upon an Allia loan availability of £25m and a £60m shelf facility available from MetLife. The requirements to draw on these facilities will be assessed as the development programme progresses.

LINK GROUP

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

Except where otherwise stated, the financing discussed is that of the parent company only i.e., of Link Group Limited ("Link") and not the consolidated group of companies. Link has cash requirements to fund its development programme over the next 12 to 18 months however the existing revolving credit facilities are sufficient to meet that need. Nevertheless, Link continues in its treasury management strategy to seek fixed long-term funding at the right terms and is confident that it can secure further long-term finance and if there is a shortage of long-term funding, Link will either agree further short to medium term facilities with its lenders or adjust the timing of the development programme accordingly.

Link's treasury management policy aims to maintain approximately 50% to 80% of Link's borrowings on fixed interest rates, maturing over a rolling period, as a hedge against adverse movements in variable interest rates. At 31 March 2024, Link's drawn fixed rate borrowings (at 63%) remain within this target range which reflects the natural timing of converting short to long-term borrowing in phases, and this will re-adjust over the coming years as funds drawn against variable facilities.

In addition to the housing properties required as security for all its current borrowings, Link has 2,900 units (2023 2,900) of unencumbered housing stock to be used as security for most of the required future borrowing. Link's current development programme will be financed from the new revolving credit loan facilities along with long term funding and when completed, these properties will also be available as security for future borrowings.

Link has a continuing, substantial pipeline programme of new developments. The business plan projection is to complete approximately 1,600 properties for rent over the five-year business plan period through to 2029/30. The business plan projection for rented properties is to develop approximately 70% for social rent with the remainder being mainly for mid-market rent. At current grant subsidy levels, Link is confident that it will be able to continue to build and let new homes at social rent levels, thus providing genuinely affordable housing to those in need.

In recognition however, that in certain areas of the country, there is a real need and demand for mid-market rented properties (with rents set at around 80% of the local housing allowance levels), Link will continue to provide that housing tenure, utilising lower grant funding levels from the Scottish Government. Mid-market rented properties are often at rents substantially less than full market rates and can be suitable for key incoming workers and those in employment but with limited incomes.

Business Risks and Opportunities

The main business risks facing the Group are assessed by each area of the business and reported to the Link Audit and Risk Committee at the time the business plan is being prepared. The risks are further reviewed and assessed mid-way during the year by that Committee and at that stage the risk mitigating controls are also reviewed.

The principal risks identified relate to changes in legislation which undermines the business' financial strength and its ability to raise revenues via rents, inflation, pension liabilities (mitigated by the move of Group staff to defined contribution schemes) and the impact of welfare reform. By far the greatest threat is the combination of high inflation when legislation prevents full cost recovery from tenants via rents and rising interest rates.

Link continues to deliver on a significant development programme and a specialist Development Sub-Committee of the Board ensures an additional level of governance oversight in this area. The development programme is designed to minimise delivery risk through a deliberate spread of geographical locations, contractors, and tenure types.

The availability of funding has not been an issue for Link to date and this has been further evidenced by the raising of Link's second Sustainability Linked Loan of £60 million as a five-year revolving credit facility with Bank of Scotland. Link commenced negotiations with all of its lenders through the 2023-24 period to amend its covenant package, in particular to amend the Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) – Major Repairs Included (MRI) (EBITDA-MRI) to EBITDA only. This change will be completed during 2024-25.

At a macro and micro level there remain key economic and financial risks for the Group. Global supply chain continues to be a challenge and the outstanding matters with Brexit do not help supply chains in that regard but they have been managed and contained during the year.

By far the bigger risk is the wider economic risk remains substantial global and domestic inflation linked with the significant changes in energy prices affecting the Group, but also more importantly its tenants.

LINK GROUP

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED) *FOR THE YEAR ENDED 31 MARCH 2024*

This presents very real challenges to balancing the annual rent increase necessary to ensure costs are met whilst being mindful of rent affordability for Link's tenants whether their rent is met by benefits or otherwise. This scenario is combined with a labour market which, following the pandemic and the "great resignation", is experiencing significant wage claims owing to the inflationary backdrop, a lack of suitably experienced and qualified labour and a reluctance to move employers at this time, is creating pressures where natural employee turnover is occurring. The third key risk at this time is the increasing central bank and bond market interest rate environment which affects the cost of borrowing.

Link secured long term fixed rate funding in previous years at competitive rates and Link has a treasury management strategy where the ratio of fixed rate debt compared to variable rate debt is currently 63%/37% on drawn facilities. The rapidity of the increase in UK Base Rate set by the Bank of England from 0.1% to its peak of 5.25% between December 2021 and August 2023 has impacted Link Group materially as it is the primary borrower in the Group and the borrowing costs on variable debt have not been recoverable in such a short timescale from increasing rents which have been protected under the Cost of Living (Tenant Protection) (Scotland) Act 2022.

The Link Board was pleased that the annual credit rating review by Standard & Poors in November 2023 re-affirmed a stand-alone credit rating at A with a stable outlook which provides an additional point of external validation of the robustness of the organisation.

LINK GROUP

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

Strategic Risk Register

Risk	Cause	Control Measures	Indicators
Rent freeze/Rent Caps/Ban on Evictions	Government Intervention	Scottish Government advice issued in January 2023 allowing RSLs to apply rent increase from 1/4/2023. Housing Bill due with new legislation and frameworks expected.	Effective lobbying by Link/SFHA of Ministers and civil servants
Failure to deliver good quality Reactive and Voids Repairs Service	Unprecedented rise in materials costs; inadequate resources; poor quality materials;	Appropriate controls in place in addition full review of service and pilot programme of centralising voids in place to be reviewed end of August	Formal reporting and KPIs for C~urb Property Maintenance and subcontractors to Director and Board(s)
Tenant perception of value for money remains low	Lack of tenant consultation and communication; lack of demonstrating value for money and social value	Consultations continue through annual rent consultation and scrutiny Group. Tenant satisfaction survey complete with results shared with LHA Board in December 2022	Maintain consultations with tenants.
Significant Business Interruption including Cyber Attack	Severe weather; major disaster/illness/Pandemic; skills shortage;	Risk managed through updated Disaster Recovery Plan and Business Continuity Plan in place	Disaster Recovery Plan and Business Continuity Plan in place; New systems and technology installed to improve our ability to work remotely. Heuristic endpoint and server protection software combined with firewalls on all endpoints on the network.
Deterioration of reputation (based on comments)	Defamatory comments by staff or former staff or members of the public	Craig Hanlon and team monitors social media regularly	Social media monitored,
Property management non-compliance	Failure of H&S systems/processes for eg gas, electric, legionella	Risk Reviewed no change	Reporting of performance and ensuring annual services are achieved by anniversary date

LINK GROUP

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

Risk	Cause	Control Measures	Indicators
Compliance - Failure to comply with provisions of Housing (Scotland) Act 2014	Failure of systems/processes	Schedule due for review by December 2023	Regulatory or legal actions
Service user, vulnerable tenant, member of staff or member of the public is harmed (includes financial exploitation)	Service/organisational negligence; failure of systems/processes	Regulatory compliance/inspections. The Care Inspectorate undertakes regular audits of services which includes the recruitment process	Complaints and insurance claims data
Lack of Strategic Planning and leadership	Poor management/lack of awareness/training/development	Business planning/strategy days	Non-compliant business plan
Risk of legal action/compensation costs and reputational risk of a significant performance failure.	Failure to comply with SPSO, SHR and Property Tribunal complaints requirements. General failure of systems/processes	Quarterly analysis to Board and GLT.	Notifiable events
Information Governance failure	Non-compliance with Freedom of Information Act. Non-compliance with GDPR legislation	Kept under review through the Information Governance Board Policies, guidance, toolkit and training available to all employees, volunteers and Board members.	FOI or GDPR complaints
Growth of Link Group's portfolio of activities without appropriate cost and resource assessment/ due diligence	Lack of planning, coordination and governance	Seek Board approval prior to commencement or expenditure. Delegated authorities. Business planning approval and risk appetite statement	Board papers and Budget Variance Reports
Procurement non-compliance	Failure of systems/processes	Any managers with procurement responsibility to receive support as required	Legal challenges
Failure to meet SHR regulatory requirements	Failure of systems/processes	Governance reviews undertaken; Robust, audited AAS evidence-based process	Regulatory engagements

LINK GROUP

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

Risk	Cause	Control Review	Indicators
Lower Property Occupancy/ Reduced benefit payments/benefit cap/benefit freeze	Welfare Reform impact	LHA Board report confirming up to date position in relation to Welfare Reform.	Continued assessment of impact of welfare reforms and monitoring of early intervention
Loan Covenant Breaches	Failure of systems/processes; longer-term rent freeze; high inflation poor financial control; Scottish Independence; high interest rates	Regular review of Budget Variance Reports and Finance Business Partner engagement with partner principals on monthly financial outturn.	Regular monitoring of financial performance to budget discipline is practised.
Long term bank or other debt funding is not available and/or affordable	Turbulence in financial markets; change in lender policy	S&P review undertaken in October 2022; rating maintained. Regular engagement with lenders	Link maintains a strong financial position to ensure that it has the best opportunity to borrow, on short, medium and long-term basis with banks and investors.
Increased organisational debt/ draw down on existing reserves to meet recurrent/ project/ capital expenditure	Poor financial control/planning	Budget variance reports produced <u>regularly</u> and review processes set.	Monthly Budget Variance Reports produced for GLT
Financial fraud/ theft	Failure of systems/processes	Budget monitoring and reporting performed monthly	Fraud register

LINK GROUP

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

Business Outlook

Link has a strong development programme and is committed both to growth in its services to customers and is committed to playing its part in the Scottish Government's delivery ambitions of 110,000 affordable homes. In addition to completing the current substantial development programme, Link actively seeks to source and fund the purchase of sites for housing development, to safeguard future housing supply. Link is confident that it can continue to develop and meet housing needs particularly in areas where there is a severe shortage of affordable housing options.

With support from the Scottish Government and Local Authorities in maintaining current grant levels on its contractually committed programme, Link expects to be able to continue to provide affordable housing covering a range of tenure types to people with a variety of housing needs. The impact of the Scottish Government's Cost of Living (Tenant Protection) (Scotland) Act 2022 directly on Mid-Market Rented (MMR) tenure development and its on-going transition proposals for 2024-25 combined with increased development costs as a result of persistent high inflation in construction materials have impacted the ability of Link to continue its development ambitions in relation to MMR at the levels previously seen. In addition, the reduction in the grant made available through the Affordable Housing Supply Programme by Scottish Government in 2023 for the 2024-25 period and the challenges faced by Local Authority financing are leading to reduced development forecasts for future years in Link's non contractually committed development programme.

Whilst Link seeks to provide more affordable homes, its Board is particularly aware that it has a duty of care to ensure that the position of existing tenants is not compromised and that these tenants continue to receive a high-quality service at affordable rents. As such Link's 30-year financial projections centre on ensuring that Link remains financially viable in the long term and can meet all its obligations in service delivery and maintenance upkeep of each tenant's home.

Beyond the next three years Link financial projections are based upon a return to consumer-based inflation measured under the Consumer Prices Index (CPI) to the Bank of England 2% objective. It is important to note however that Link Groups cost growth or the inflation it experiences is not the same as CPI. CPI is affected by factors such as the change in the costs of food stuffs, holidays, furniture purchases and white goods and energy costs. Link Group has limited exposure to those factors and has experienced increases in insurance costs employment pay claims, materials supplies costs which outstrip CPI and this remains an operating challenge.

The future plans anticipate that rent increases will need to run marginally ahead of these inflation estimates above CPI and cost increases will also be contained. It is estimated based on these forecasts that Link will take at least two more years to return to surplus generation and in the interim, it will continue to use its reserves to support the business. Link remains a viable going concern financially. The majority of Link's funding is long term and at fixed rates and borrowing forecast have been reduced in future years with a reduced development programme thereby reducing covenant pressure along with the EBITDA change.

The SHR expects RSLs to ensure that they can demonstrate value for money in terms of rents charged and services provided. Link is already working towards that aim and will ensure that it involves tenants in that assessment process.

Link also recognises that an important aspect of community wellbeing is wider care and support infrastructure. LinkLiving Limited is a key part of the Group providing a range of services. From employability services using our specialist Scottish Qualifications Authority (SQA) accredited academy in Falkirk, through to young person's mental health services in Edinburgh. The ongoing development of this area of the organisation will be a priority moving forward.

LINK GROUP

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED) *FOR THE YEAR ENDED 31 MARCH 2024*

Board and Directors

The Board consists of up to 15 members elected at the Annual General Meeting. Non-Executive Directors or Board members serve on various committees as described in the Statement on Internal Financial Controls. Current membership of the Board is set out in the RSL information. Board membership at March 2024 stood at 13 Members (as at the date of this report, 12 Members).

The Executive Directors of Link (who are staff members) have no beneficial interest in its share capital and they act within the authority delegated by the Board of management.

Basis of Preparation of Financial statements

Link is in a strong financial position and based on its business plan and financial projections indicate it will continue to be in such a position for the foreseeable future, and certainly for the next 12 months. Accordingly, the preparation of the financial statements on a going concern basis is appropriate.

LINK GROUP

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A Smith	(Resigned September 2023)
C Cuthbertson	
D Bittleston	(Resigned June 2023)
D Mackie	(Resigned September 2023)
P Kerr	
C Allan	
S Blackhall	
I Dickson	(Resigned September 2023)
P Woodburn	
S Heatley	(Appointed July 2023)
J Bros Williamson	(Appointed May 2023)
M Lightbody	(Appointed May 2023 and resigned 1 April 2024)
M Leslie	(Appointed May 2023)
G Boyle	(Appointed July 2023)
P Matthews	(Appointed November 2023)
P Pyke	(Resigned November 2023)
R McDougall	
E Robertson	(Appointed August 2024)

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

Link employed 922 staff (2023: 862) across the Group on average throughout the year. Of those 125 staff members (2023: 123) are employed in Link. Link's employee involvement covers a wide range of methods from the formal recognition of the UNITE union, to employee information and consultation groups, working parties and project groups. Regular team and one-to-one meetings with staff ensure that communication is of good quality, and that these meetings supplement the monthly core brief emanating from the Board meetings and the monthly staff newsletter. Link's employee involvement, learning and development activities and well-being initiatives have been acknowledged through achievement of Investors in People Gold award, Investors in Young People award and Healthy Working Lives Gold.

Auditor

A resolution to appoint an auditor will be proposed to the annual general meeting to be held on 24 September 2024. As far as each of the members of the Board at the time of the report is approved is aware:

- there is no relevant information of which Link's auditor is unaware; and
- the members of the Board have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information.

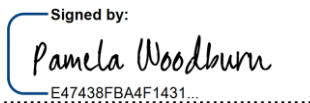
LINK GROUP

REPORT OF THE BOARD OF MANAGEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the RSL is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the RSL is aware of that information.

BY ORDER OF THE BOARD

Signed by:

E47438FBA4F1431.....
P Woodburn
Board Member

Date: 27 August 2024

LINK GROUP

BOARD OF MANAGEMENT STATEMENT ON INTERNAL FINANCIAL CONTROLS FOR THE YEAR ENDED 31 MARCH 2024

The Board is responsible for establishing and maintaining systems of internal financial controls for Link and its subsidiaries. Internal control systems are designed to meet the Group's particular needs and the risks to which it is exposed, and by their nature can provide reasonable, but not absolute, assurance against material misstatement or loss. The key procedures which the Board has established with a view to providing effective internal financial control are as follows;

Corporate governance

Link follows the Regulatory Code of Governance published by the Scottish Housing Regulator and the Board continues to be satisfied that Link complies with the Regulatory Code of Governance. Board Members are also required to adhere to the Code of Governance for Governing Body Members.

Management structure

The Board has established Standing Orders, which reserves specific powers to the Board and delegates functions and powers to its Sub-Committees, the Group Leadership Team and partner Companies.

The Board operates with four Sub-Committees, the Group Audit and Risk Committee (which meets three times a year), the Finance and Treasury Committee (which meets four times a year), the Remuneration Committee (which meets as required) and the Performance and Compliance Committee (which meets five times a year). Board meetings are held bi-monthly and are structured to focus on performance and financial monitoring and to allow sufficient time for the Board to focus on strategic direction. The remit of the four Sub-Committees is further described later in this statement.

Four of Link's subsidiaries are Registered Social Landlords (RSLs) and are governed by Boards of Management elected by their respective memberships. The Boards of management of these subsidiaries meet at least six times in each year. Horizon Housing Association has an Audit, Finance and Risk Committee and West Highland Housing Association has an Audit & Risk and Performance and Health & Safety Sub Committees. Link's active non-RSL partner Board members are appointed by the Link Group Board.

Policies

The Group has up-to-date policies in place for all areas of the business. The Strategy and Business Support team co-ordinates the policy review process across the Group and during the year the relevant Boards approved a number of revised/updated policies in accordance with the policy review timetable. Where appropriate, Group wide policies are adopted, but there are a number of locally focused policies which are approved by the relevant partner Boards. All Group policies are available to staff through the intranet. Link also publishes customer-related policies on its web page.

Procedure manuals

Responsibility levels are set out in detailed procedure manuals. These communicate the Groups' ethos, delegation of authority and authorisation levels, segregation of duties and other control procedures together with accounting policies and procedures. The manuals are updated regularly.

Quality and integrity of personnel

The integrity and competence of staff is ensured and maintained through high recruitment standards and subsequent training courses. In addition, the Group operates a performance management framework incorporating regular staff performance reviews and annual appraisals. Training and development plans for all staff are set annually.

A number of training programmes have also been delivered to all staff and the Groups' Leadership Development Programme has been completed for all line managers across the Group. Well trained and qualified staff are an essential part of the control environment and the ethical standards expected of staff are embodied within the Group's ethos and in the Staff Code of Conduct.

LINK GROUP

BOARD OF MANAGEMENT STATEMENT ON INTERNAL FINANCIAL CONTROLS FOR THE YEAR ENDED 31 MARCH 2024

Identification of Business Risks

The Boards are responsible for identifying the major business risks faced by the Group and for determining the appropriate course of action to manage those risks. Major business risks and the financial implications are assessed by reference to established criteria. These risks are incorporated into risk registers which are reviewed by the Group Leadership Team, the Group Audit and Risk Committee and the Board itself.

The financial implications of major business risks are controlled by means of delegated authorities which reserve significant matters to the Boards for decision, segregation of duties in appropriate areas and physical controls over assets and access to records.

Management Information Systems

Management information systems have been developed to provide accurate and timeous data of all aspects of the business. Management accounts comparing actual results against budget are presented to the Board monthly, together with a balance sheet and performance against key financial indicators. Reports accompanying the accounts also provide information on borrowing, investment and recoverability of debts due.

Internal Control Systems

The Boards monitor the operation of the internal financial control system by considering regular reports from management and the external auditor. This ensures appropriate corrective action is taken to address any reported weaknesses.

Internal Audit

Internal Audit services are provided by an experienced external company. The audit work plan is generated from a detailed Audit Needs Assessment which is based upon a systematic risk assessment of the Groups' operations and activities. The Internal Auditor reports to the Group Audit and Risk Committee.

Group Audit and Risk Committee

The Group Audit and Risk Committee has up to seven members and monitors the controls which are in force and any perceived gaps in the control environment. This is achieved through reports to the Committee from the internal and external auditors. The Committee considers and determines relevant action in respect of any control issues raised by the internal or external auditors. Partner Boards also receive reports from the external and internal auditors.

Finance and Treasury Committee

The Finance and Treasury Committee's remit is to review the long term, medium term and annual business planning, including financial plans and capital plans. They also oversee the Groups treasury management strategy and policy and make recommendations to Link Group board in relation to any fund raising or funding restructure proposals. The Committee has an advisory role and will make recommendations to the Board on the aforementioned matters.

Remuneration Committee

The Remuneration Committee's remit is to monitor the performance of the Chief Executive and Directors; to review the salaries of those individuals and to determine whether any performance awards are due. The Committee has an advisory role and will make recommendations to the Board on the aforementioned matters.

Performance and Compliance Committee

The Performance and Compliance Committee's remit is to review performance against targets and customer satisfaction metrics across all Link group entities. The Committee also has responsibility for review of benchmarking performance against comparators and peer groups. The Committee has responsibility for monitoring performance of statutory asset management objectives such as gas and electrical safety, damp and mould and water inspections. The Committee has responsibility for the review of the supporting evidence and recommendation to the Link Group Board of the Annual Assurance Statement and the Annual Return on the Charter

Health & Safety

The Group is committed to the provision of a healthy and safe working environment. The Group endeavors to eliminate hazards where recognisable, including the risk of fire; security losses; damage to plant, property, and the environment, thus significantly reducing the risk of personal injury or occupational ill health to all personnel. The Health & Safety Committee staff groups in each RSL oversee the risk assessment programme and regularly review the policies. Link's full-time Health and Safety Officer works closely with the Group Health and Safety Committee.

LINK GROUP

BOARD OF MANAGEMENT STATEMENT ON INTERNAL FINANCIAL CONTROLS
FOR THE YEAR ENDED 31 MARCH 2024

Statement

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

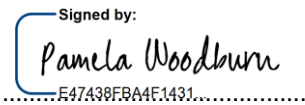
- the reliability of financial information used within the Group or for publication.
- the proper authorisation and recording of transactions.
- the maintenance of proper accounting records; and
- the safeguarding of assets (against unauthorised use or disposition).

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.

In ensuring it meets its responsibilities, the Board has delegated the scrutiny of control functions to the Group Audit and Risk Committee which receives regular reports from the internal auditor based on the internal audit strategic plan. The Committee follows up on progress made with regard to the implementation of audit recommendations and the internal auditor also checks that the previous year's recommendations are implemented. The internal audit strategic plan applies to the Link Group which enables the Group Audit and Risk Committee (on the Board's behalf) to be satisfied that the control systems in the Group are effective. Both internal and external auditors are invited to all Group Audit and Risk Committee meetings.

The Board has continued to review the system of internal financial control in Link during the year ended 31 March 2024 and internal financial control systems of the wider Group including all partner companies. No weaknesses were found in the internal financial controls, which could result in material losses, contingencies, or uncertainties which require disclosure in the financial statements, or in the auditor's report on the financial statements.

BY ORDER OF THE BOARD

Signed by:


.....E47438FBA4F1431.....
P Woodburn
Board Member

Date: 27 August 2024

LINK GROUP

STATEMENT OF BOARD'S RESPONSIBILITIES UNDER THE CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014 FOR A REGISTERED SOCIAL LANDLORD

FOR THE YEAR ENDED 31 MARCH 2024

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the Group and of the surplus or deficit for that period. In preparing these 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate 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.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website.

The Board is responsible for the keeping of proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Association and Group. 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 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.

LINK GROUP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINK GROUP

Opinion

We have audited the financial statements of Link Group Limited (the 'Association') and its subsidiaries (the 'Group') for the year ended 31 March 2024 which comprise the Group Statement of Comprehensive Income and Association Statement of Comprehensive Income, Group and Association Statement of Changes in Reserves, Group and Association Statement of Financial Position, Group and Association Statement of Cash Flows 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 Group's and Association's affairs as at 31 March 2024 and of the income and expenditure of the Group and the income and expenditure of the Association 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, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, 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 Group and the parent 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'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 on the groups or 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 other information comprises the information included in the Report of the Board of Management, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the Report of the Board of Management. 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.

LINK GROUP

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF LINK GROUP

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

As explained more fully in the Board's responsibilities statement set out on page 19, the Board 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 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 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 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.

LINK GROUP

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF LINK GROUP

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

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Group and the Association operates in and how the Group and the Association are 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 Housing (Scotland) Act 2010, Co-operative and Community Benefit Societies Act 2014 and the Scottish Housing Regulator's Determination of Accounting Requirements – February 2019. 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 Scottish Housing Regulator's Regulatory Framework (published 2019), the Housing (Scotland) Acts 2006 and 2014. We performed audit procedures to inquire of management whether the company is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. For management override of controls, the audit procedures 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 judgements and estimates. For revenue recognition, the audit procedures included but were not limited to performing substantive analytical review over rental income and detailed testing of other income streams, focusing on the existence and valuation of income recognised through agreement to relevant source documentation.

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

RSM UK Audit LLP

Statutory Auditor
Chartered Accountants
Third Floor
2 Semple Street
Edinburgh
EH3 8BL

Date: ...30/08/24.....

LINK GROUP

REPORT BY THE AUDITOR TO THE MEMBERS OF LINK GROUP LIMITED ON CORPORATE GOVERNANCE MATTERS TO THE MEMBERS OF LINK GROUP

In addition to our audit of the Financial Statements, we have reviewed your statement on page 16 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. 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 page 16 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

RSM UK Audit LLP

Statutory Auditor
Chartered Accountants
Third Floor
2 Semple Street
Edinburgh
EH3 8BL

Date: ...30/08/24.....

LINK GROUP

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

		2024	2023
	Notes	£'000	as restated £'000
Turnover	3	105,642	102,492
Operating expenditure	3	(87,665)	(85,538)
Operating surplus		17,977	16,954
Investment income	8	521	1,177
Other finance charges	10	(428)	(324)
Interest and financing costs	10	(17,082)	(15,072)
Other gains and losses		117	27
Fair value gains and losses on investment properties	15	429	796
Gain on revaluation of Lothian Pension Fund cessation liability		-	500
Loan breakage gain		-	930
Surplus before taxation		1,534	4,988
Tax on Surplus		-	-
Surplus for the financial year		1,534	4,988
Other comprehensive income			
Actuarial loss on defined benefit pension schemes		(1,256)	(567)
Total comprehensive income for the year		278	4,421

The results have been prepared on the basis that all operations are continuing operations.

The notes on pages 34 to 81 form part of these financial statements.

LINK GROUP

ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

		2024	2023
	Notes	£'000	as restated £'000
Turnover	4	80,370	78,658
Operating expenditure	4	(64,584)	(64,196)
Operating surplus		15,786	14,462
Investment income	8	473	947
Other financing charges	10	(428)	(323)
Interest and financing costs	10	(16,265)	(13,935)
Gain on disposal of non-housing assets		66	27
Fair value gains and losses on investment properties	15	429	796
Gain on revaluation of Lothian Pension Fund cessation liability		-	500
Loan breakage gain		-	930
Gift aid income from partner undertakings		-	(21)
Surplus on ordinary activities before taxation		61	3,383
Tax on surplus		-	-
Surplus for the financial year		61	3,383
Other comprehensive income			
Actuarial loss on defined benefit pension schemes		(350)	(216)
Total comprehensive (loss)/income for the year		(289)	3,167

The results have been prepared on the basis that all operations are continuing operations.

LINK GROUP

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

			2024	2023
	Notes	£'000	£'000	as restated £'000
Non-current assets				
Intangible assets	12		1,437	1,196
Housing properties	13		1,016,278	959,249
Other fixed assets	14		8,814	9,127
Investment property	15		11,800	11,371
Investments	16		-	-
			<hr/>	<hr/>
			1,038,329	980,943
Current assets				
Work in progress	18	10,304		8,064
Stock	19	832		5,398
Trade and other receivables	21	13,882		12,179
Current asset investments	20	1,990		3,155
Cash and cash equivalents		20,370		36,013
		<hr/>		<hr/>
		47,378		64,809
Current liabilities	22	(37,276)		(57,377)
		<hr/>		<hr/>
Net current assets			10,102	7,432
			<hr/>	<hr/>
Total assets less current liabilities			1,048,431	988,375
Non-current liabilities				
Borrowings	23	413,124		372,308
Other payables	24	2,880		3,213
Deferred income	26	472,292		453,659
		<hr/>	(888,296)	<hr/> (829,180)
Provisions for liabilities				
Provisions	25	548		1,100
		<hr/>	(548)	<hr/> (1,100)
Net assets excluding pension liability			159,587	158,095
Defined benefit pension liability	27		(1,778)	(507)
			<hr/>	<hr/>
Net assets			157,809	157,588
			<hr/> <hr/>	<hr/> <hr/>

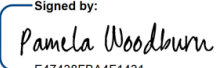
LINK GROUP

GROUP STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2024

		2024	2023
	Notes	£'000	as restated £'000
Capital and reserves			
Share capital	28	-	-
Restricted reserve		206	287
Revenue reserve		157,603	157,301
Total reserves		157,809	157,588

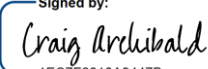
The notes on pages 34 to 81 form part of these financial statements.

The financial statements were approved by the board of management and authorised for issue on 27 August 2024 and are signed on its behalf by:

Signed by:

.....
P Woodburn
Board Member

Signed by:

.....
P Kerr
Board Member

Signed by:

.....
C Archibald
Secretary

LINK GROUP

GROUP STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2024

	Share capital £'000	Other reserves £'000	Retained earnings £'000	Total £'000
As restated for the period ended 31 March 2023:				
Balance at 1 April 2022	-	165	142,641	142,806
Prior period adjustment (note 37)	-	-	10,304	10,304
As restated	-	165	152,945	153,110
Year ended 31 March 2023:				
Surplus for the year as restated (note 37)	-	122	4,866	4,988
Other comprehensive income:				
Actuarial gains on defined benefit plans	-	-	(567)	(567)
Transfers to/(from) restricted reserves	-	-	57	57
Total comprehensive income	-	122	4,356	4,478
Balance as at 31 March 2023, as restated	-	287	157,301	157,588
Year ended 31 March 2024:				
Surplus for the year	-	(81)	1,615	1,534
Other comprehensive income:				
Actuarial gains on defined benefit plans	-	-	(1,256)	(1,256)
Currency translation differences	-	-	(57)	(57)
Total comprehensive income	-	(81)	302	221
Balance at 31 March 2024	-	206	157,603	157,809

The notes on pages 34 to 81 form part of these financial statements.

LINK GROUP

ASSOCIATION STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

		2024		2023 as restated	
	Notes	£'000	£'000	£'000	£'000
Non-current assets					
Intangible assets	12		1,415		1,152
Housing properties	13		917,957		863,836
Other non-current assets	14		6,874		7,073
Investment property	15		11,800		11,371
Investments	16		50		100
			<u>938,096</u>		<u>883,532</u>
Current assets					
Work in progress	18	7,661		7,524	
Stock	19	832		5,033	
Trade and other receivables	21	31,339		28,407	
Cash and cash equivalents		6,209		19,703	
		<u>46,041</u>		<u>60,667</u>	
Current liabilities	22	(34,357)		(52,559)	
Net current assets			<u>11,684</u>		<u>8,108</u>
Total assets less current liabilities			<u>949,780</u>		<u>891,640</u>
Non-current liabilities					
Borrowings	23	402,585		361,169	
Other payables	24	2,880		3,213	
Government grants	26	429,604		412,059	
		<u></u>	(835,069)	<u></u>	(776,441)
Provisions for liabilities					
Provisions	25	448		1,000	
		<u></u>	(448)	<u></u>	(1,000)
Net assets excluding pension liability			<u>114,263</u>		<u>114,199</u>
Defined benefit pension liability	27		(594)		(241)
Net assets			<u><u>113,669</u></u>		<u><u>113,958</u></u>

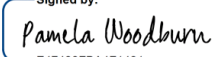
LINK GROUP

ASSOCIATION STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2024

		2024	2023
	Notes	£'000	as restated £'000
Capital and reserves			
Share capital	28	-	-
Restricted reserve		17	17
Revenue reserve		113,652	113,941
Total reserves		113,669	113,958

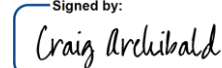
The notes on pages 34 to 81 form part of these financial statements.

The financial statements were approved by the board of management and authorised for issue on 27 August 2024 and are signed on its behalf by:

Signed by:

E47456FBA4F1431.....
P Woodburn
Board Member

Signed by:

6040956B74564F2.....
P Kerr
Board Member

Signed by:

15C7F6848A9447B.....
C Archibald
Secretary

LINK GROUP

ASSOCIATION STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2024

	Share capital £'000	Other reserves £'000	Retained earnings £'000	Total £'000
As restated for the period ended 31 March 2023:				
Balance at 1 April 2022	-	10	101,988	101,998
Prior period adjustment (note 37)	-	-	8,839	8,839
As restated	-	10	110,827	110,837
Year ended 31 March 2023:				
Surplus for the year, as restated (note 37)	-	7	3,376	3,383
Other comprehensive income:				
Actuarial gains on defined benefit plans	-	-	(216)	(216)
Transfer to/(from) restricted reserve	-	-	(46)	(46)
Total comprehensive income	-	7	3,114	3,121
Balance as at 31 March 2023, as restated	-	17	113,941	113,958
Year ended 31 March 2024:				
Surplus for the year	-	-	61	61
Other comprehensive income:				
Actuarial gains on defined benefit plans	-	-	(350)	(350)
Total comprehensive income	-	-	(289)	(289)
Balance at 31 March 2024	-	17	113,652	113,669

The notes on pages 34 to 81 form part of these financial statements.

LINK GROUP**GROUP STATEMENT OF CASH FLOWS**
FOR THE YEAR ENDED 31 MARCH 2024

		2024		2023 as restated	
	Notes	£'000	£'000	£'000	£'000
Net cash inflow from operating activities	36		21,417		55,825
Investing activities					
Purchase of intangible assets		(461)		(104)	
Acquisition and construction of properties		(77,184)		(97,503)	
Purchase of other fixed assets		(182)		(909)	
Proceeds from disposal of property, plant and equipment		3,788		(5,924)	
Interest received	8	521		(1,177)	
Grants received		28,214		39,084	
Grants repaid		(105)		(281)	
Net cash used in investing activities			(45,409)		(66,814)
Financing activities					
Interest paid on loans		(17,510)		(15,072)	
Proceeds from new bank loans		48,500		16,000	
Repayment of bank loans		(22,641)		(35,286)	
Net cash generated from/(used in) financing activities			8,349		(34,358)
Net decrease in cash and cash equivalents			(15,643)		(45,347)
Cash and cash equivalents at beginning of year			36,013		81,360
Cash and cash equivalents at end of year			20,370		36,013

The notes on pages 34 to 81 form part of these financial statements.

LINK GROUP**ASSOCIATION STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024**

		2024		2023 as restated	
	Notes	£'000	£'000	£'000	£'000
Net cash inflow from operating activities	38		19,864		49,862
Investing activities					
Purchase of intangible assets		(461)		(104)	
Acquisition and construction of properties		(70,806)		(90,977)	
Purchase of other fixed assets		(159)		(415)	
Proceeds from disposal of property, plant and equipment		3,721		5,924	
Grants received		23,805		36,539	
Grants repaid		(82)		(281)	
Interest received	8	473		947	
Net cash used in investing activities			(43,509)		(48,367)
Financing activities					
Interest paid on loans		(16,265)		(13,935)	
Proceeds from new bank loans		48,500		16,000	
Repayment of bank loans		(22,084)		(33,108)	
Net cash generated from/(used in) financing activities			10,151		(31,043)
Net decrease in cash and cash equivalents			(13,494)		(29,548)
Cash and cash equivalents at beginning of year			19,703		49,251
Cash and cash equivalents at end of year			6,209		19,703

The notes on pages 34 to 81 form part of these financial statements.

LINK GROUP

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

Association information

Link Group Limited is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is a housing association registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010. It is a Public Benefit Entity in accordance with the definition within FRS 102.

The group consists of Link Group Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Statement of Recommended Practice 2018 and comply with the Co-operative and Community Benefit Societies Act 2014.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investment properties. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent RSL Link Group Limited together with all entities controlled by the parent RSL (its partners).

All financial statements are made up to 31 March 2024.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Investments in subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases. Investments are included at cost less provision for any permanent diminution in value. The Board is of the opinion that this does not differ materially from the market value.

LINK GROUP

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

1 Accounting policies

(Continued)

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in May 2024 by the Board. As well as considering the impact of a number of scenarios on the business plan, the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure. The group continues to undertake a series of further scenario tests including severe but plausible downsides in the worst-case scenario.

The Board, after reviewing the Group and partner budgets for 2024/25 and the Group's medium term financial position as detailed in the five year financial plan and the 30-year business plan, including, is of the opinion that, taking account of severe but plausible downsides, the Group and partners have adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements.

During the year, Links Loan portfolio increased by a total of £42.5m, through drawdowns to support the development programme. Link Group also repaid the loans to Nationwide BS. The closing cash position at the end of the period was £6.2m. Standard & Poors undertook their annual credit rating assessment, which was finalised in November 2023, and Link maintained its "A" rating with a stable outlook consistent with the prior year.

Link is confident that it can secure further long-term finance and if there is a shortage of long-term funding Link will either agree further short to medium term facilities with its lenders or adjust the timing of the development programme accordingly.

Link remains highly liquid with substantial committed funding facilities available to it through its revolving credit facilities with RBS and its "shelf facility" with MetLife. Link is also operating within the interest cover covenant and gearing ratios at current and forecast levels and has significant unencumbered assets with which to raise further private finance, although Link is not forecasting the need to raise additional finance. Link is also subject to asset cover ratio covenants. Link can add additional unencumbered properties as part of this calculation which significantly reduces the risk of breaching this covenant.

The board believe the Group and partners have sufficient funding in place and expect the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Directors are confident that the Group and partners will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.4 Revenue

Revenue, which is stated net of value added tax, represents income receivable from lettings and property management, revenue grants, fees from managed associations and other income. In respect of the Group Statement of Comprehensive Income, revenue also includes income from providing support and personal care services, housing for sale projects and property management and factoring income. Also included is any income from first tranche shared ownership disposals and the sale of properties on a shared equity basis. Revenue is recognised when it falls due and is accounted for on an accrual basis.

LINK GROUP

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

1 Accounting policies (Continued)

1.5 Intangible fixed assets - Computer software

Intangible assets that are acquired by the association are stated at cost less accumulated amortisation and less accumulated impairment losses. Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. A full year amortisation charge will be applied in the first year of use. The estimated useful lives are as follows: software - 3 years.

1.6 Tangible fixed assets and depreciation

Housing land and buildings

Housing properties are properties for the provision of social housing or otherwise to provide social benefit and are principally properties available for rent. Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

During the year, the accounting policy for depreciation on housing assets was changed from a full year of depreciation charged in the year of capitalisation/acquisition, to no depreciation charged in the first year and, a full year's depreciation in the year of disposal of an asset. Further to this, to gain consistency across the group, West Highland Housing Association also amended their policy on the capitalisation of smoke detectors, these were previously expensed and are now being capitalised, consistent with the rest of the group. For more information and the impact of the change, see note 37.

Properties are stated at historical cost less accumulated depreciation. Each property has been split between its major component parts which are depreciated on a straight-line basis over their expected economic useful life. The estimated economic useful lives of housing assets were reviewed during the year to ensure they remain reflective of when each component is expected to be replaced within the asset management plan. The following major components and useful lives have been identified by the Group and amended as follows:

	Original Estimate	Revised Estimate
Land	Not depreciated	Not depreciated
Structure	over 50 - 60 years	over 65 years
Rewiring	over 40 years	over 40 years
Windows	over 30 years	over 30 years
Doors	over 30 years	over 30 years
Bathrooms	over 25 years	over 30 years
Pipework	over 24 years	over 40 years
Kitchens	over 15 years	over 15 years
Boilers	over 12 years	over 15 years
Smoke Detectors	over 10 years	over 10 years

Assets in the course of 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 material reduction in future maintenance costs, or
- where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets 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.

Where works carried out do not meet the above criteria, they are expensed in the Statement of Comprehensive Income.

LINK GROUP

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

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

Other fixed assets

- Office Property - Over 50 years
- Improvements to Leased Office Property - Over Lease term
- Office Furniture and Equipment - 10%, 12.5%, or 15% of cost
- Motor Vehicles - 25% of NBV
- Plant and Equipment - 10%, 15%, 20%, 25%, or 33.3% of cost
- Computer Equipment - 10%, 20%, or 33.3% of cost
- Computer Systems - 10%, 20%, or 33.3% of cost

Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Association estimates the recoverable amount of the asset. Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the Statement of Comprehensive Income.

1.7 Investment property

Investment properties are properties which are not held for social or affordable housing. They are held at current market valuation and are not subject to depreciation. Rental income from investment properties is accounted for as income from Other Activities and not as income from Affordable Letting Activities.

1.8 Stock and work in progress

Stock are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stock to its present location and condition.

Stock of materials and consumables are stated at the lower of cost and net realisable value in the ordinary course of operations.

Costs incurred on construction of property for sale are included at cost within work in progress. Interest on related loans is also included in work in progress, where applicable.

1.9 Cash and cash equivalents

Cash comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying values.

LINK GROUP

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

1 Accounting policies

(Continued)

1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and financial liabilities are recognised when Link becomes a party to the contractual provisions of the instrument and are offset only when Link currently has a legally 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.

Basic financial assets

Trade and other receivables

Receivables which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade receivables are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade receivable constitutes a financing transaction, the receivable 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 receivables is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade receivable over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the Income and Expenditure Account.

Derecognition of financial assets

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled, or expires.

Financial liabilities

Trade payables

Trade payables 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 payable constitutes a financing transaction, the payable 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.

LINK GROUP

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

1 Accounting policies

(Continued)

Derecognition of financial liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled, or expires.

1.11 Taxation

Link is considered to pass the tests set out in paragraph 1 schedule 6 of the Finance Act 2010 and meets the definition of a charitable RSL for UK corporation tax purposes. Accordingly, it is potentially exempt from taxation in respect of income or capital gains received within categories set out in chapter 3 part II of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent such income or gains are applied exclusively to charitable purposes.

Partner companies are not exempt from taxation except where they meet similar tests as above and taxation is based on the taxable profit or loss for the year after adjusting for the effect of any Gift Aid payment to Link Group.

Value Added Tax

Link has group registration for VAT purposes. A large proportion of Link's income, rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. For 2023/24, only a small proportion of VAT paid is recoverable, expenditure is therefore shown inclusive of VAT and any input VAT recovered is included in other income.

1.12 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Bad and doubtful debts

Historic data is used to estimate collection rates. A provision is then made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they are considered potentially irrecoverable. Debts are classed as uncollectable after an assessment of the legislative options available to recover and consideration of specific circumstances.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the RSL is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

LINK GROUP

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

1 Accounting policies

(Continued)

1.14 Retirement benefits

Defined contribution scheme

Link, Larkfield, Horizon, and West Highland participates in the Scottish Housing Association Pension Scheme (SHAPS) Defined Contribution pension scheme. Contributions are charged to the Statement of Comprehensive Income so as to spread the cost of pensions over the employees' working lives with the Association.

Defined benefit scheme

Link, Larkfield, Horizon, and West Highland participates in the Scottish Housing Association Pension Scheme (SHAPS) defined benefit scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating associations taken as a whole. In accordance with FRS 102, the Group's share of the scheme assets and liabilities has been separately identified and included in the Group's Statement of Financial Position and measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. The Group's share of the deficit is recognised in full, and the movement is split between operating costs, finance items and in the Statement of Comprehensive Income as "actuarial gain/(loss) in respect of defined benefit pension scheme".

The SHAPS liability is valued by an independent actuary, which provides the values to be include in these financial statements. The assumptions used are reviewed by the Board of Management and considered appropriate. Assumptions include estimates of mortality, salary inflation, inflation, and discount rate. There are also judgements in respect of the allocation of assets and liabilities in SHAPS as a multi-employer pension scheme.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rental income from assets leased under operating leases is recognised on a straight-line basis over the term of the lease. Rent-free periods or other incentives given to the lessee are accounted for as a reduction to the rental income and recognised on a straight-line basis over the lease term.

1.16 Grants

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of FRS 102. Grants are treated as deferred income and recognised as income on a systematic basis over the expected useful life of the property and assets to which it relates. During the year, the policy for amortisation was changed from a full year of amortisation in the year of purchase/build of the related housing asset, and none in the year of disposal, to no amortisation in year of purchases/build and a full year in the year of disposal.

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

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

Non-government grants are accounted for using the performance method, as outlined in Section 24 of Financial Reporting Standard 102 and the SORP 2018. Non-government grants are recognised as income when the performance conditions have been met.

LINK GROUP

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

1 Accounting policies

(Continued)

1.17 Shared ownership transactions

First tranche sales of shared ownership properties are treated as sales of current assets, with proceeds being credited to turnover and costs to cost of sales in the Statement of Comprehensive Income. Sales taking place after the initial purchase are accounted for as a disposal of fixed assets.

1.18 Apportionment of management expenses

Direct employee, administration and operating costs have been apportioned to the relevant operational functions undertaken by the Group, primarily on the basis of costs of the staff engaged in the operations dealt with in these accounts and additionally by reference to the costs of the overhead expenditure consumed.

1.19 Gift aid

Partner companies generating profits for trading activities elect to transfer these to the parent RSL under the Gift Aid scheme. These are accounted for at parent RSL level in recognition that they are a distribution of profits rather than an income source.

Gift aid receipts are only recognised as an asset at the year end to the extent that it has been received prior to the year end, there is a deed of covenant prior to the year end or a Companies Act s288 written resolution has been approved by the partner shareholders in the year to pay the taxable profit for the year to its parent by a certain payment date.

2 Judgements and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates. The members of the Board are satisfied that the accounting policies are appropriate and applied consistently.

LINK GROUP

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

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Valuation of investment property

Link believes that the most significant judgement applied is the valuation of investment properties. As described in note 1, investment properties are held at fair value. The investment property portfolio is valued by an independent valuer and any valuation movement will be reflected in the Statement of Comprehensive Income. This results in inherent volatility in the expected results for the year.

Debtors

Debtor recoverability is considered throughout the year and appropriate provisions set aside in the financial statements where required.

Pension

The SHAPS provision is valued by an independent actuary, which provides the values to be include in these financial statements. The assumptions used are reviewed by the Board of Management and considered appropriate. Assumptions include estimates of mortality, salary inflation, inflation and discount rate. There are also judgements in respect of the allocation of assets and liabilities in SHAPS as a multi-employer pension scheme.

Housing components and useful lives

Key sources of estimation have been applied in apportioning the cost of housing properties between constituent components and in determining the depreciation rates which have been deemed to be appropriate for the class of asset or asset component. The depreciation rates were reviewed and amended during the year to ensure they remain reflective of when each component is expected to be replaced within the asset management plan.

Provisions

Provisions relating to Corbiehall have been valued using independent contractors, which provides the estimated values of works required, at the current market rates, as described in note 24. Link continues to review these costs and changes are accounted for in the statement of comprehensive income.

Other provisions relating to legal proceedings have been valued after advice taken from legal representatives. This considers the potential costs that may be likely to be incurred, as outlined in note 24, by the group in the process of legal proceedings analysing an array of outcomes.

LINK GROUP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

3 Turnover, operating costs and operating surplus/(deficit) - CONSOLIDATED

3(a) Particulars of turnover, operating costs and operating surplus/(deficit) - CONSOLIDATED

	2024 Turnover	2024 Operating costs	2024 Operating surplus/(deficit)	2023 Operating surplus/(deficit)
	£'000	£'000	£'000	as restated £'000
Affordable letting activities (note 3b)	85,830	(67,642)	18,188	19,226
Other activities (note 3c)	19,812	(20,023)	(211)	(2,272)
Total 2024	105,642	(87,665)	17,977	16,954
Total 2023 - as restated	102,492	(85,538)	16,954	

LINK GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

3 Turnover, operating costs and operating surplus/(deficit) - CONSOLIDATED

(Continued)

3(b) Particulars of turnover, operating costs and operating surplus/(deficit) from affordable letting activities - CONSOLIDATED

	General Needs housing	Supported housing	Shared ownership	2024 Total	2023 Total as restated
	£'000	£'000	£'000	£'000	£'000
Revenue from rent and service charges					
Rent receivable net of service charges	74,053	91	1,328	75,472	69,359
Service Charges receivable	1,943	-	23	1,966	1,579
Gross income from rent and service charges	75,996	91	1,351	77,438	70,938
Less voids	(636)	-	-	(636)	(525)
Net income from rents and service charges	75,360	91	1,351	76,802	70,413
Revenue grants					
Grants released from deferred income	7,634	53	172	7,859	9,725
Revenue grants from Scottish Ministers	800	-	-	800	784
Other revenue grants	258	-	-	258	299
Other operating income	98	-	13	111	67
Total turnover from affordable letting activities	84,150	144	1,536	85,830	81,288

LINK GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

3 Turnover, operating costs and operating surplus/(deficit) - CONSOLIDATED

(Continued)

3(b) Particulars of turnover, operating costs and operating surplus/(deficit) from affordable letting activities - CONSOLIDATED

	General Needs housing	Supported housing	Shared ownership	2024 Total	2023 Total as restated
	£'000	£'000	£'000	£'000	£'000
Expenditure					
Management and maintenance administration costs	(22,501)	(134)	(162)	(22,797)	(15,823)
Service costs	(2,976)	(9)	(3)	(2,988)	(2,523)
Planned and cyclical maintenance including major repair costs	(9,608)	(26)	-	(9,634)	(9,222)
Reactive maintenance costs	(11,958)	(9)	(1)	(11,968)	(12,383)
Bad debts – rents and service charges	(391)	-	-	(391)	(7)
Depreciation of affordable let properties	(19,210)	(61)	(237)	(19,508)	(22,842)
Loss on disposal of components	(356)	-	-	(356)	(344)
Reversal of Impairment	-	-	-	-	1,082
Operating costs for affordable letting activities	(67,000)	(239)	(403)	(67,642)	(62,062)
Operating surplus / (deficit) for affordable letting activities 2024	17,150	(95)	1,133	18,188	19,226
Operating surplus / (deficit) for affordable letting activities 2023 - as restated	18,290	(31)	967	19,226	

The cost of property components capitalised in the year was £10.3m (2023: £9.8m).

LINK GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

3 Turnover, operating costs and operating surplus/(deficit) - CONSOLIDATED

(Continued)

3(c) Particulars of turnover, operating costs and operating surplus/(deficit) from other activities - CONSOLIDATED

	Grants From Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover 2024	Other operating Costs 2024 £'000	Operating Surplus/ (Deficit) 2024 £'000	Operating Surplus/ (Deficit) 2023 £'000
Wider role activities	-	58	-	8	66	(2,055)	(1,989)	(1,730)
Factoring	-	-	-	945	945	(791)	154	(387)
Development and construction of property activities	-	-	-	-	-	(1,372)	(1,372)	(1,552)
Contracted out services undertaken for other RSLs	-	-	-	272	272	(254)	18	(84)
Contracted out services undertaken for other organisations	-	(5)	-	5,042	5,037	(4,427)	610	(139)
Development and improvements for sale to non-RSLs	-	-	-	3,228	3,228	(3,004)	224	382
Business and other development activities	-	-	-	-	-	-	-	(194)
Publicity and promotion	-	-	-	-	-	-	-	(94)
Shared equity sales administration	-	-	-	1,373	1,373	(578)	795	342
Investment property activities	-	39	-	976	1,015	(27)	988	1,132
Gain on sale of properties	-	-	-	607	607	(379)	228	(200)
Other activities	137	66	-	501	704	(643)	61	174
Support activities	-	1,379	87	5,099	6,565	(6,493)	72	78
Total from other activities in the year	137	1,537	87	18,051	19,812	(20,023)	(211)	(2,272)
Total from other activities in the prior year	176	1,655	84	19,287	21,202	(23,476)	(2,272)	

LINK GROUP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

4 Turnover, operating costs and operating surplus/(deficit) - ASSOCIATION

4(a) Particulars of turnover, operating costs and operating surplus/(deficit) - ASSOCIATION

	2024 Turnover	2024 Operating costs	2024 Operating surplus/(deficit)	2023 Operating surplus/(deficit)
	£'000	£'000	£'000	as restated £'000
Affordable letting activities (note 4b)	74,745	(57,024)	17,721	16,517
Other activities (note 4c)	5,625	(7,560)	(1,935)	(2,055)
Total 2024	80,370	(64,584)	15,786	14,462
Total 2023 - as restated	78,658	(64,196)	14,462	

LINK GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

4 Turnover, operating costs and operating surplus/(deficit) - ASSOCIATION

(Continued)

4(b) Particulars of turnover, operating costs and operating surplus/(deficit) from affordable letting activities - ASSOCIATION

	General Needs housing	Supported housing	Shared ownership	2024 Total	2023 Total as restated
	£'000	£'000	£'000	£'000	£'000
Revenue from rent and service charges					
Rent receivable net of service charges	63,056	-	1,213	64,269	58,761
Gross income from rent and service charges	63,056	-	1,213	64,269	58,761
Less voids	(553)	-	-	(553)	(467)
Net income from rents and service charges	62,503	-	1,213	63,716	58,294
Revenue grants					
Grants released from deferred income	5,996	32	162	6,190	7,753
Revenue grants from Scottish Ministers	582	-	-	582	597
Other revenue grants	193	-	-	193	208
Other operating income	4,033	16	15	4,064	4,678
Total turnover from affordable letting activities	73,307	48	1,390	74,745	71,530

LINK GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

4 Turnover, operating costs and operating surplus/(deficit) - ASSOCIATION

(Continued)

4(b) Particulars of turnover, operating costs and operating surplus/(deficit) from affordable letting activities - ASSOCIATION

	General Needs housing	Supported housing	Shared ownership	2024 Total	2023 Total as restated
Expenditure	£'000	£'000	£'000	£'000	£'000
Management and maintenance administration costs	(23,624)	(40)	(67)	(23,731)	(18,963)
Planned and cyclical maintenance including major repair costs	(6,618)	-	-	(6,618)	(7,878)
Reactive maintenance costs	(9,902)	-	-	(9,902)	(9,969)
Bad debts – rents and service charges	(356)	-	-	(356)	(14)
Depreciation of affordable let properties	(15,929)	(27)	(218)	(16,174)	(19,027)
Loss on disposal of components	(243)	-	-	(243)	(244)
Reversal of Impairment	-	-	-	-	1,082
Operating costs for affordable letting activities	(56,672)	(67)	(285)	(57,024)	55,013
Operating surplus / (deficit) for affordable letting activities 2024	16,635	(19)	1,105	17,721	16,517
Operating surplus / (deficit) for affordable letting activities 2023 - as restated	16,152	(5)	370	16,517	

The cost of property components capitalised in the year was £7.1m (2023: £8.4m).

LINK GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

4 Turnover, operating costs and operating surplus/(deficit) - ASSOCIATION

(Continued)

4(c) Particulars of turnover, operating costs and operating surplus/(deficit) from other activities - ASSOCIATION

	Grants From Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover 2024	Other operating Costs 2024	Operating Surplus/ (Deficit) 2024	Operating Surplus/ (Deficit) 2023
Wider role activities	-	-	-	187	187	(1,866)	(1,679)	(2,028)
Factoring	-	-	-	91	91	(558)	(467)	(351)
Development and construction of property activities	-	-	-	-	-	(58)	(58)	(339)
Contracted out services undertaken for other RSLs	-	-	-	10	10	(9)	1	(136)
Contracted out services undertaken for other organisations	-	-	-	355	355	(368)	(13)	(232)
Development and improvements for sale to non-RSLs	-	-	-	3,056	3,056	(3,005)	51	496
Business and other development activities	-	-	-	-	-	-	-	(196)
Publicity and promotion	-	-	-	-	-	-	-	(94)
Shared equity sales administration	-	-	-	120	120	(778)	(658)	(135)
Investment property activities	-	-	-	976	976	(33)	943	1,008
Gain on sale of properties	-	-	-	606	606	(377)	229	(136)
Other activities	-	-	-	51	51	-	51	93
Support activities	-	13	-	160	173	(508)	(335)	(5)
Total from other activities in the year	-	13	-	5,612	5,625	(7,560)	(1,935)	(2,055)
Total from other activities in the prior year	19	-	-	7,109	7,128	(9,183)	(2,055)	

The costs included in Contracted out services undertaken for other organisations refers to the management fee paid to Link Housing Association Limited for the management of properties owned by Link Group Limited. The other income included relates to management fees received from partner undertakings.

LINK GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

5 Auditor's remuneration

	2024 £'000	2023 £'000
Fees payable to the group's auditor and associates:		
For audit services		
Audit of the financial statements of the group and RSL	75	63
Audit of the financial statements of the RSL's subsidiaries	83	83
	<u>158</u>	<u>146</u>
For other services		
Taxation compliance services	<u>20</u>	<u>21</u>

6 Gain on disposal of non-current assets - Housing properties

In the year to 31 March 2024 the consolidated Statement of Comprehensive Income included a gain on disposal of housing properties of £228k (2023: £884k) this was all in relation to Link Group Limited.

Link Group Limited continued to sell properties under the onward sale of shared ownership tranches.

7 Employees

The average monthly number of persons (including directors) employed by the group and association during the year was:

	Group 2024 Number	2023 Number	Link Group Ltd 2024 Number	2023 Number
Average number of employees during the year	922	862	125	123
Average full-time equivalent of employees during the year	<u>860</u>	<u>806</u>	<u>120</u>	<u>118</u>

Their aggregate remuneration comprised:

	Group 2024 £'000	2023 £'000	Link Group Ltd 2024 £'000	2023 £'000
Wages and salaries	32,476	27,701	6,105	5,448
Social security costs	3,355	2,914	664	609
Pension costs	<u>2,241</u>	<u>1,924</u>	<u>488</u>	<u>444</u>
	<u>38,072</u>	<u>32,539</u>	<u>7,257</u>	<u>6,501</u>
Agency staff costs	<u>20</u>	<u>243</u>	<u>9</u>	<u>96</u>

LINK GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

8 Investment income

	2024 £'000	2023 £'000
Interest income		
Interest on bank deposits	521	891
Other interest income	-	286
	<hr/>	<hr/>
Total income	521	1,177
	<hr/>	<hr/>

	2024 £'000	2023 £'000
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	521	891
	<hr/>	<hr/>

9 Key management personnel and board members' emoluments

Under FRS 102 Link Group Limited has defined "key management personnel" as the members of the Senior Management Group whose posts are set out on page 1 of the Report and Financial Statements.

The total emoluments of the key management personnel over £60,000, and the Directors of the Board of Link Group less than £60,000, including the Chief Executive were as follows;

	Group		Link Group Ltd	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Remuneration for qualifying services	1,677	1,587	886	1,052
Pension contributions to defined contribution schemes	144	123	83	84
	<hr/>	<hr/>	<hr/>	<hr/>
	1,821	1,710	969	1,136
	<hr/>	<hr/>	<hr/>	<hr/>

LINK GROUP

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

9 Key management personnel and board members' emoluments

(Continued)

Emoluments (including pension contributions)	2024	Group 2023	Link Group Ltd 2024	Link Group Ltd 2023
£60,000 - £69,000	1	4	-	-
£70,000 - £79,999	2	2	-	-
£80,000 - £89,999	7	1	1	-
£90,000 - £99,999	-	2	-	1
£100,000 - £109,999	2	-	1	-
£110,000 - £119,999	-	2	-	2
£120,000 - £129,999	1	-	1	-
£130,000 - £139,999	1	1	1	1
£140,000 - £149,999	1	-	1	-
£160,000 - £169,999	1	1	1	1
£180,000 - £189,999	1	1	1	1
£190,000 - £199,999	-	1	-	1
	<u>17</u>	<u>15</u>	<u>7</u>	<u>7</u>

The emoluments, excluding pension contributions, of the highest paid Director, who is the Group Chief Executive are £170,160 (2023: £180,774). The Group Chief Executive is an ordinary member of the pension scheme, no enhanced or special terms apply and has no other pension arrangements with Link. The pension contribution by Link in respect of the Chief Executive amounted to £14,774 (2023: £15,323).

The total emoluments of the Chief Executive for the year were £184,934 (2023: £196,097 of which £27,354 was backdated emoluments in relation to 2022).

Five Directors (2023: 4) received travel expenses of £3,835 (2023: £3,316) for Link Group Limited and ten Directors (2023: 6) received travel expenses of £9,933 (2023: £6,400) for consolidation at group level.

LINK GROUP

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

9 Key management personnel and board members' emoluments

(Continued)

Emoluments were paid to the following board members:

	2024	Group	Link Group Ltd	
	2023	2024	2023	
	£'000	£'000	£'000	£'000
Chair Link Group	17	17	17	17
Chair Audit and Risk Committee	3	6	3	6
Vice Chair (Commercial)	6	6	6	6
Vice Chair (Communities)	-	2	-	2
Vice Chair (Corporatel)	3	6	3	6
	<u>29</u>	<u>37</u>	<u>29</u>	<u>37</u>

Total expenses reimbursed insofar as not chargeable to UK income tax:

	2024	Group	Link Group Ltd	
	2023	2024	2023	
	£'000	£'000	£'000	£'000
Board of Management	10	6	4	3

10 Finance costs

	2024	Group	Link Group Ltd	
	2023	2024	2023	
	£'000	£'000	£'000	£'000
Interest on financial liabilities measured at amortised cost:				
Bank charges	238	220	35	54
Other finance charges	428	324	428	323
Loan interest	16,819	14,849	16,218	13,879
	<u>17,485</u>	<u>15,393</u>	<u>16,681</u>	<u>14,256</u>
Finance costs for financial instruments measured at fair value through profit or loss				
Other finance costs:				
Net interest on the net defined benefit liability	25	3	12	2
	<u>17,510</u>	<u>15,396</u>	<u>16,693</u>	<u>14,258</u>
Total finance costs				
	<u>17,510</u>	<u>15,396</u>	<u>16,693</u>	<u>14,258</u>
Disclosed on the Statement of Comprehensive Income as follows:				
Other finance charges	428	324	428	323
Interest and financing costs	17,082	15,072	16,265	13,935

LINK GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

11 Housing stock

Link Group Limited units in:	2024 Management	2023 Management	2024 Development	2023 Development
Housing accommodation for letting	12,221	11,749	361	961
Shared bedspaces	522	513	-	-
Shared ownership accommodation	414	410	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Units	13,157	12,672	361	961
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Included in the above are 43 units currently out of management (2023: 41 units) and 13,151 units (2023: 12,672 units) managed by subsidiaries Link Housing Association and C~urb 6 Ltd. Excluded are 52 non-housing units (2023: 55).

The following units are managed or owned and managed by other members of the Group:

	2024 Number	2023 Number
Larkfield Housing Association Ltd	394	390
Horizon Housing Association Ltd	885	882
West Highland Housing Association Ltd	1,186	1,113
	<u> </u>	<u> </u>
	2,465	2,385
	<u> </u>	<u> </u>

12 Intangible fixed assets

Group	Software in use £'000	Software in development £'000	Total £'000
Cost			
At 1 April 2023	3,185	89	3,274
Additions - internally developed	-	28	28
Additions - separately acquired	433	-	433
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2024	3,618	117	3,735
	<u> </u>	<u> </u>	<u> </u>
Amortisation and impairment			
At 1 April 2023	2,078	-	2,078
Amortisation charged for the year	220	-	220
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2024	2,298	-	2,298
	<u> </u>	<u> </u>	<u> </u>
Carrying amount			
At 31 March 2024	1,320	117	1,437
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2023	1,107	89	1,196
	<u> </u>	<u> </u>	<u> </u>

LINK GROUP

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

12 Intangible fixed assets		(Continued)		
Association	Software in use	Software in development	Total	
	£'000	£'000	£'000	
Cost				
At 1 April 2023	2,899	89	2,988	
Additions - internally developed	-	28	28	
Additions - separately acquired	433	-	433	
At 31 March 2024	3,332	117	3,449	
Amortisation and impairment				
At 1 April 2023	1,836	-	1,836	
Amortisation charged for the year	198	-	198	
At 31 March 2024	2,034	-	2,034	
Carrying amount				
At 31 March 2024	1,298	117	1,415	
At 31 March 2023	1,063	89	1,152	

LINK GROUP

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

13 Non-current assets - housing properties

(Continued)

Group	Housing properties held for lettings £'000	Shared ownership housing properties £'000	Housing properties in the course of construction £'000	Total £'000
Cost				
At 1 April 2023 - as previously stated	1,052,275	20,800	106,635	1,179,710
Prior period adjustment (note 37)	248	-	-	248
At 1 April 2023 as restated	1,052,523	20,800	106,635	1,179,958
Additions	15,157	217	61,810	77,184
Disposals	(1,587)	(170)	-	(1,757)
Transfers	88,249	-	(88,249)	-
At 31 March 2024	1,154,342	20,847	80,196	1,255,385
Depreciation and impairment				
At 1 April 2023 - as previously stated	232,115	7,989	-	240,104
Prior period adjustment (note 37)	(18,836)	(558)	-	(19,394)
At 1 April 2023 - as restated	213,279	7,431	-	220,710
Depreciation charged in the year	19,236	243	-	19,479
Eliminated in respect of disposals	(1,033)	(49)	-	(1,082)
At 31 March 2024	231,482	7,625	-	239,107
Carrying amount				
At 31 March 2024	922,860	13,222	80,196	1,016,278
At 31 March 2023 - as restated	839,244	13,370	106,635	959,249

Additions to housing properties in the course of construction include no interest payable on loans advanced for those properties (2023: nil). Total works expenditure on housing properties amounted to £24.7m (2023: £16m) of which £10.3m (2023: £9.8m) was capitalised and £18.1m (2023: £6.2m) was expensed. Of the £10.3m (2023: £9.8m) works capitalised, £8.1m (2023: £4.5m) were component replacements and £2.2m (2023: £5.3m) were improvements.

All housing properties are owned, and none are held on a lease. Many of the properties are secured to lenders providing loans required to finance their construction. The historical value of land included in the net book value at 31 March 2024 £97.6m (2023: £80.5m).

LINK GROUP

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

13 Non-current assets - housing properties

(Continued)

Association	Housing properties held for lettings £'000	Shared ownership housing properties £'000	Housing properties in the course of construction £'000	Total £'000
Cost				
At 1 April 2023	927,182	18,865	105,125	1,051,172
Additions	12,071	217	58,518	70,806
Disposals	(1,185)	(120)	-	(1,305)
Transfers	88,249	-	(88,249)	-
At 31 March 2024	1,026,317	18,962	75,394	1,120,673
Depreciation and impairment				
At 1 April 2023 - as previously stated	196,358	7,582	-	203,940
Prior period adjustment (note 37)	(16,065)	(539)	-	(16,604)
At 1 April 2023 - as restated	180,293	7,043	-	187,336
Depreciation charged in the year	15,957	218	-	16,175
Eliminated in respect of disposals	(772)	(23)	-	(795)
At 31 March 2024	195,478	7,238	-	202,716
Carrying amount				
At 31 March 2024	830,839	11,724	75,394	917,957
At 31 March 2023 - as restated	746,889	11,822	105,125	863,836

Development administration costs capitalised amounted to £1.3m (2023: £1.2m). Total works expenditure on housing properties amounted to £24.7m (2023: £13.8m) of which £7.0m was capitalised (2023: £8.4m) and £17.8m (2023: £5.4m) was expensed. Of the works capitalised, £6.1m (2023: £5.3m) were component replacements and £0.9m (2023: £3.1m) were improvements. Additions to housing properties in the course of construction include no interest payable on loans advanced for those properties (2023: £nil).

All housing properties are owned and none are held on a lease. Many of the properties are secured to lenders providing loans required to finance their construction. The historical value of land included in the net book value at 31 March 2024 was £82.9m (2023: £77.3m).

LINK GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

14 Non current assets - other

Group	Heritable office property £'000	Plant & equipment £'000	Vehicles £'000	Total £'000
Cost				
At 1 April 2023	12,031	3,245	556	15,832
Additions	9	163	10	182
Disposals	-	(9)	(224)	(233)
Transfers	-	-	(1)	(1)
At 31 March 2024	12,040	3,399	341	15,780
Depreciation and impairment				
At 1 April 2023	4,171	2,062	472	6,705
Depreciation charged in the year	254	216	23	493
Eliminated in respect of disposals	-	(9)	(224)	(233)
Transfers	-	-	1	1
At 31 March 2024	4,425	2,269	272	6,966
Carrying amount				
At 31 March 2024	7,615	1,130	69	8,814
At 31 March 2023	7,860	1,183	84	9,127
Association				
	Heritable office property £'000	Plant & equipment £'000	Vehicles £'000	Total £'000
Cost				
At 1 April 2023	10,366	1,438	350	12,154
Additions	9	140	10	159
Disposals	-	-	(224)	(224)
Transfers	-	-	(10)	(10)
At 31 March 2024	10,375	1,578	126	12,079
Depreciation and impairment				
At 1 April 2023	3,483	1,262	336	5,081
Depreciation charged in the year	211	132	5	348
Eliminated in respect of disposals	-	-	(224)	(224)
At 31 March 2024	3,694	1,394	117	5,205
Carrying amount				
At 31 March 2024	6,681	184	9	6,874
At 31 March 2023	6,883	176	14	7,073

LINK GROUP

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

15 Investment property

	Group	Link Group Ltd
	2024	2024
	£'000	£'000
Fair value		
At 1 April 2023	11,371	11,371
Net gains or losses through fair value adjustments	429	429
	<u> </u>	<u> </u>
At 31 March 2024	11,800	11,800
	<u> </u>	<u> </u>

Link Group Limited is responsible for repairs and maintenance of the 84 properties which are leased to a university for student accommodation. The valuation was carried out by an independent valuer, Jones Lang LaSalle, a financial and professional services firm specialising in real estate services and investment management.

The valuations were completed as at 31 March 2024 and were prepared on the basis of market value. The investment method of valuation to derive the market value of the properties was used. No allowance was made for any expenses of realisation, or for taxation (including VAT) which might arise in the event of a disposal and the properties were considered free and clear of all mortgages or other charges which may be secured thereon.

Any gain or loss arising from a change in fair value is recognised in the Income and Expenditure Account. Rental income from investment property is accounted for as described in note 1.10 of the accounting policies.

16 Fixed asset investments

		Group		Link Group Ltd	
		2024	2023	2024	2023
	Notes	£'000	£'000	£'000	£'000
Investments in subsidiaries	17	-	-	50	100
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

Movements in non-current investments Association

	Shares in subsidiaries £'000
Cost or valuation	
At 1 April 2023	100
Disposals	(50)
	<u> </u>
At 31 March 2024	50
	<u> </u>
Carrying amount	
At 31 March 2024	50
	<u> </u>
At 31 March 2023	100
	<u> </u>

During the year, Link Homes Limited was wound up and therefore ceased to be a subsidiary of Link Group Limited. Link Group Limited had previously held £50,000 £1 shares which were disposed of in the year.

LINK GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

17 Subsidiaries

All of the partner undertakings have been consolidated in the Group financial statements.

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

Name of undertaking	Legal nature	Principal activity	Class of shares held	% Held Direct
Link Housing Association	Charity, registered as a society under the cooperative and Community Benefit Societies Act 2014	A registered Social Landlord, management of social rented housing stock	N/A	100%
Link Living Limited	Charitable Company	Providing care and support to Link tenants and others	Limited by guarantee	100%
C~Urb 6 Limited	Private Limited Company	Provision of maintenance services	50,000 £1 Ordinary shares	100%
Larkfield Housing Association	Charity, registered as a society under the cooperative and Community Benefit Societies Act 2014	A registered Social Landlord, management of social rented housing stock	N/A	100%
Horizon Housing Association	Charity, registered as a society under the cooperative and Community Benefit Societies Act 2014	A registered Social Landlord, management of social rented housing stock	N/A	100%
West Highland Housing Association	Charity, registered as a society under the cooperative and Community Benefit Societies Act 2014	A registered Social Landlord, management of social rented housing stock	N/A	100%
West Highland Futures Limited	Private Limited Company	Provision of affordable low carbon energy	1 £1 Shares	100%

At a board meeting on 27 August 2024, the Link Group Limited board approved a proposal to transfer the activities, assets and liabilities within Link Housing Association over to Link Group Limited. The transfer date is expected to be 31 March 2025.

18 Work in progress

	Group		Link Group Ltd	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
At 1 April	8,064	9,365	7,524	8,038
Expenditure on development properties	6,791	9,162	4,688	9,610
Cost of sales transferred to expenditure	(2,560)	(5,429)	(2,560)	(5,090)
Transfers to fixed assets	(1,159)	-	(1,159)	-
Transfers to stock	(832)	(5,034)	(832)	(5,034)
At 31 March	10,304	8,064	7,661	7,524

LINK GROUP

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

19 Stock

	2024 £'000	Group 2023 £'000	Link Group Ltd 2024 £'000	2023 £'000
At 1 April	5,034	1,423	5,034	1,423
Transfer from work in progress	832	6,455	832	6,455
Transfer to fixed assets	(2,430)	-	(2,430)	-
Transfer to cost of sales	(2,604)	(2,844)	(2,604)	(2,844)
At 31 March	832	5,034	832	5,034

The number of sales of shared equity properties were 24 (2023: 13).

20 Current asset investments

	Group 2024 £'000	2023 £'000	Link Group Ltd 2024 £'000	2023 £'000
Short term deposits	1,990	3,155	-	-

21 Trade and other receivables

	Group 2024 £'000	2023 £'000	Link Group Ltd 2024 £'000	2023 £'000
Amounts falling due within one year:				
Arrears of rent and service charges	5,284	4,245	2,339	2,203
Less: payment plan adjustments	(153)	(83)	(135)	(64)
Less: provision for bad and doubtful debts	(1,332)	(923)	(555)	(455)
Net rental debtors	3,799	3,239	1,649	1,684
Trade receivables	1,993	4,047	387	2,683
Social housing grant receivable	2,543	645	1,968	-
Prepayments and accrued income	3,894	2,914	2,905	2,578
Amounts owed by group undertakings	-	-	23,391	21,249
Other receivables	1,653	1,334	1,039	213
	13,882	12,179	31,339	28,407

The amount due from subsidiaries includes rental income collected by partner companies on behalf of Link Group Limited and not received by Link Group until after the year end; charges levied by Link Group for services provided which were invoiced to the subsidiaries and paid after the year end; an interest only intercompany loan of £7.4m at an interest rate of 3.85% which is repayable in more than one year.

LINK GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

22 Current liabilities

		Group		Link Group Limited	
	Notes	2024	2023	2024	2023
		£'000	£'000	£'000	£'000
Housing loans	23	598	15,555	-	15,000
Shared equity grant payable		6,713	6,965	5,587	5,051
Rent and service charges in advance		2,691	2,548	2,185	2,068
Trade payables		4,021	7,720	2,656	6,901
Amounts owed to group undertakings		-	-	7,143	6,828
Other taxation and social security		511	346	479	295
Pension contributions payable		290	351	290	331
Other payables		10,535	11,806	7,010	8,350
Accruals and deferred income		11,917	12,086	9,007	7,735
		<u>37,276</u>	<u>57,377</u>	<u>34,357</u>	<u>52,559</u>

Included in trade and other creditors is an amount of £0.76m (2023: £0.76m), representing a grant repayable to the Scottish Government. The amount repayable relates to grant aided flats, which were demolished following the discovery of serious structural defects. Link Group does not consider the grant repayment to be equitable and has made representations to the Scottish Government for further abatement, although in the accounts the full amount repayable has been provided. This is expected to have a resolution in financial year 2024/2025.

23 Borrowings

	Group		Link Group Ltd	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Bank loans (see aging below)	<u>413,722</u>	<u>387,863</u>	<u>402,585</u>	<u>376,169</u>
Payable within one year (note 22)	598	15,555	-	15,000
Payable after one year	<u>413,124</u>	<u>372,308</u>	<u>402,585</u>	<u>361,169</u>

LINK GROUP

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

23 Borrowings

(Continued)

Housing loans - analysis of loan facilities

	Group		Link Group Ltd	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Fixed rate:				
Advanced by banks	147,626	116,000	143,085	116,169
Advanced by building societies	-	5,617	-	-
Advanced by private lenders	150,826	230,991	150,000	230,000
Variable rate:				
Advanced by banks	114,172	29,295	109,500	22,000
Advanced by building societies	1,098	9,173	-	8,000
	<u>413,722</u>	<u>391,076</u>	<u>402,585</u>	<u>376,169</u>

The Group has loan facilities of £485m (2023: £459m), of which £414m had been drawn down as at 31 March 2024 (2023: £387m). The loan facilities are secured over a number of Link's housing properties. The repayment terms vary between 3 and 30 years.

Interest on the loans was charged at interest rates between 2.28% and 7.11% (2023: between 2.27% and 5.93%).

	Group		Link Group Ltd	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Analysis of maturity of debt amounts repayable:				
In one year or less, or on demand	50	15,555	-	15,000
Between one and two years	1,098	724	-	-
Between two and five years	72,500	1,816	72,500	-
	<u>73,648</u>	<u>18,095</u>	<u>72,500</u>	<u>15,000</u>
In five or more years	340,074	372,981	330,085	361,169
	<u>413,722</u>	<u>391,076</u>	<u>402,585</u>	<u>376,169</u>

24 Other creditors falling due after one year

	Group		Link Group Ltd	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Other payables	<u>2,880</u>	<u>3,213</u>	<u>2,880</u>	<u>3,213</u>

LINK GROUP

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

25 Provisions for liabilities

	Group 2024 £'000	2023 £'000	Link Group Ltd 2024 £'000	2023 £'000
Corbiehall provision	448	1,000	448	1,000
Other Provisions	100	100	-	-
	<u>548</u>	<u>1,100</u>	<u>448</u>	<u>1,000</u>

Movements on provisions:

Group	Corbiehall provision £'000	Other provisions £'000	Total £'000
At 1 April 2023	1,000	100	1,100
Reversal of provision	(500)	-	(500)
Utilisation of provision	(52)	-	(52)
At 31 March 2024	<u>448</u>	<u>100</u>	<u>548</u>

Association	Corbiehall provision £'000	Other provisions £'000	Total £'000
At 1 April 2023	1,000	-	1,000
Reversal of provision	(500)	-	(500)
Utilisation of provision	(52)	-	(52)
At 31 March 2024	<u>448</u>	<u>-</u>	<u>448</u>

There is a legal obligation for Link under housing legislation that requires it to provide tenants with a habitable home and one which meets the SHQS. The properties at Corbiehall do not meet that requirement given the extensive analysis of works required, the on-going void position and the planned tender for works and in order to achieve that Link will be obligated to spend sums identified to ensure those minimum standards are met for the properties it owns in the scheme.

Additionally, there is a legal claim lodged against a subsidiary of Link Group. A transfer of 100k to provisions has been made during the year by the subsidiary. Exemption has been taken under FRS102 S.21.17 in relation to the legal contingent liability. Full disclosure could have a prejudicial effect on the legal proceedings.

LINK GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

26 Deferred income

	Group 2024	2023 as restated	Link Group Ltd 2024	2023 as restated
	£'000	£'000	£'000	£'000
Social housing grants				
At 1 April as previously stated	451,109	413,818	412,059	377,742
Prior period adjustment (note 37)	-	7,286	-	5,790
At 1 April - as restated	451,109	421,104	412,059	383,532
Additions in the year	25,553	39,084	23,805	36,539
Transfer (to)/from other grants	1,606	-	-	-
Released/repaid as a result of property disposals	(105)	(281)	(82)	(281)
Amortised in the year	(7,853)	(8,798)	(6,178)	(7,731)
At 31 March	470,310	451,109	429,604	412,059
	Group 2024	2023	Link Group Ltd 2024	2023
	£'000	£'000	£'000	£'000
Other grants				
At 1 April	2,550	2,652	-	-
Additions in the year	1,055	-	-	-
Transfer (to)/from social housing grants	(1,606)	-	-	-
Amortised in the year	(17)	(102)	-	-
At 31 March	1,982	2,550	-	-
Total deferred income at 31 March	472,292	453,659	429,604	412,059

Deferred Income ageing - Social housing grants

	Group 2024	2023 as restated	Link Group Ltd 2024	2023 as restated
	£'000	£'000	£'000	£'000
Due in one year	7,853	10,532	6,178	8,468
Due in 2-4 years	23,559	31,596	18,534	25,404
Due in 5 years +	438,898	408,981	404,892	378,187
	470,310	451,109	429,604	412,059

LINK GROUP

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

27 Retirement benefit schemes		2024	2023
	Defined contribution schemes	£'000	£'000
	Charge to profit or loss in respect of defined contribution schemes	2,217	1,898

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Link Group Limited offers all staff membership to the Link Group Defined Contribution scheme, with employer contribution rates of up to 12%. The staff of Horizon Housing Association Limited, Larkfield Housing Association Limited and West Highland Housing Association Limited are offered membership of the SHAPS Defined Contribution scheme, with employer contribution rates of 6%, 9% or 12% of pensionable salaries for employees who joined the scheme before 1 December 2013, and of 5%, 6%, 8% or 9% of pensionable salaries for employees who joined the scheme after 1 December 2013.

As at the balance sheet date, there were 917 members of staff who were members of the Link Group personal pension scheme (2023: 791), of whom 132 are employed by Link Group Limited (2023: 115) and there were 49 members of staff who were members of the SHAPS Defined Contribution Scheme (2023: 49). The total employer contributions for the year ended 31 March 2024 amounted to £2.4m (2023: £1.9m), of which £0.48m was made in relation to Link Group Limited staff (2023: £0.43m).

Defined benefit schemes

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

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

LINK GROUP

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

27 Retirement benefit schemes

(Continued)

Valuation

The last triennial valuation of the scheme for funding purposes was carried out as at 31 December 2021. This valuation revealed a deficit of £121m. A Recovery Plan was put in place to eliminate the deficit which ran to 30 September 2022.

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the RSL is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For financial years ending on or before 28 February 2019, it was not possible for the RSL to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the RSL to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2022. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 December 2023 to 28 February 2024 inclusive.

The liabilities are compared, at the relevant accounting date, with the association's fair share of the Scheme's total assets to calculate the RSL's net deficit or surplus.

	2024	2023
	%	%
<i>Key assumptions</i>		
Discount rate	4.80	4.90
Expected rate of increase of pensions in payment		
Expected rate of salary increases	3.10	2.00
Inflation (RPI)	3.40	3.40
Inflation (CPI)	2.95	2.90
Allowances for cash commutation	75% of maximum allowance	75% of minimum allowance
	=====	=====
<i>Mortality assumptions</i>		
	2024	2023
	Years	Years
Assumed life expectations on retirement at age 65:		
Retiring today		
- Males	20.2	20.5
- Females	22.7	23.0
	=====	=====
Retiring in 20 years		
- Males	21.4	21.7
- Females	24.1	24.4
	=====	=====

LINK GROUP

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

27 Retirement benefit schemes

(Continued)

The amounts included in the statement of financial position arising from the association's obligations in respect of defined benefit plans are as follows:

Group	2024 £'000	2023 £'000
Present value of defined benefit obligations	(12,377)	(11,896)
Fair value of plan assets	10,599	11,398
Deficit/(surplus) in scheme	(1,778)	(498)
Unrecognised surplus	-	(9)
Total liability recognised	(1,778)	(507)

Defined benefit scheme - association

The amounts included in the statement of financial position arising from the company's obligations in respect of defined benefit plans are as follows:

Association	2024 £'000	2023 £'000
Present value of defined benefit obligations	(4,309)	(4,332)
Fair value of plan assets	3,715	4,091
Deficit in scheme	(594)	(241)
Total liability recognised	(594)	(241)
Group	2024 £'000	2023 £'000
<i>Amounts recognised in the income statement</i>		
<i>Costs/(income):</i>		
Current service cost	10	15
Net interest on net defined benefit liability/(asset)	25	3
Other costs and income	18	14
Total costs	53	32

LINK GROUP

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

27 Retirement benefit schemes

(Continued)

Group	2024	2023
	£'000	£'000
<i>Amounts recognised in other comprehensive income</i>		
<i>Costs/(income):</i>		
Actual return on scheme assets	(796)	(6,707)
Less: calculated interest element	(250)	-
Return on scheme assets excluding interest income	(1,046)	(6,707)
Actuarial changes related to obligations	-	589
Other gains and losses	(210)	5,485
Effect of changes in the amount of surplus that is not recoverable	-	66
Total costs/(income)	(1,256)	(567)

Group	Link Group Ltd
2024	2024
£'000	£'000
<i>Movements in present value of defined benefit obligations</i>	
Liabilities at 1 April 2023	11,896
Current service cost	10
Benefits paid	(600)
Contributions from scheme members	12
Actuarial gains and losses	470
Interest cost	571
Other	18
At 31 March 2024	12,377

The defined benefit obligations arise from plans which are wholly or partly funded.

Group	Link Group Ltd
2024	2024
£'000	£'000
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 1 April 2023	11,397
Interest income	547
Return on plan assets (excluding amounts included in net interest)	(796)
Benefits paid	(600)
Contributions by the employer	39
Contributions by scheme members	12
At 31 March 2024	10,599

The actual return on plan assets was £196,000 (2023 - £4,242,000).

LINK GROUP

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

27 Retirement benefit schemes

(Continued)

	Group		Link Group Ltd	
	2024	2023	2024	2023
<i>Fair value of plan assets</i>	£'000	£'000	£'000	£'000
Global equity	1,219	301	427	108
Absolute return	476	156	167	56
Distressed opportunity	390	351	137	126
Credit relative value	373	435	131	156
Alternative risk premia	381	66	134	24
Emerging market debt	186	89	65	32
Risk sharing	636	830	223	298
Insurance-linked securities	66	317	23	114
Property	448	474	157	170
Infrastructure	1,015	1,228	356	441
Private debt	426	509	149	183
Opportunistic Illiquid Credit	421	504	148	181
High yeild	2	58	1	21
Cash	275	48	96	17
Corporate bond fund	-	15	-	5
Private equity	8	-	3	-
Long lease property	80	382	28	137
Secured income	354	761	124	273
Liability driven investment	3,833	4,825	1,343	1,732
Currency hedging	(6)	22	(2)	8
Net current assets	16	26	5	9
	<u>10,599</u>	<u>11,397</u>	<u>3,715</u>	<u>4,091</u>

28 Share capital

Reconciliation of movements during the year:

	Group		Link Group Ltd	
	2024	2023	2024	2023
	Number	Number	Number	Number
At 1 April 2023	409	416	153	153
Issued in year	47	-	3	-
Cancelled in the year	(78)	(7)	-	-
At 31 March 2024	<u>378</u>	<u>409</u>	<u>156</u>	<u>153</u>

LINK GROUP

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

29 Other reserves

	2024 £'000	2023 £'000
Group		
At the beginning of the year	287	287
Other movements	(81)	-
At the end of the year	206	287
	2024 £'000	2023 £'000
Association		
At the beginning and end of the year	17	17

30 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2024 £'000	2023 £'000	Link Group Ltd 2024 £'000	2023 £'000
Construction of Property	94,000	102,500	85,000	96,000

31 Events after the reporting date

At a board meeting on 27 August 2024, the Link Group Limited board approved a proposal to transfer the activities, assets and liabilities within Link Housing Association over to Link Group Limited. The transfer date is expected to be 31 March 2025. No material adjustments arose as a result of ceasing to apply the going concern basis.

LINK GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

32 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Link Group Ltd	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Within one year	13	93	3	4
Between two and five years	343	15	17	-
In over five years	21	39	2	26
	<u>377</u>	<u>147</u>	<u>22</u>	<u>30</u>

The total consolidated lease payments recognised as an expense was £817,553 (2023: £54,408) and for Link Group was £34,383 (2023: £33,925).

Operating leases as lessor

Link Group Limited owns and is responsible for repairs and maintenance of the 84 properties which are leased to a university for student accommodation. Future minimum rentals receivable under these leases are as follows:

At the reporting end date the group had contracted with tenants for the following minimum lease payments:

	Group		Link Group Ltd	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Within one year	1,180	1,447	1,172	1,410
Between two and five years	5,866	5,641	5,858	5,641
In over five years	4,694	4,231	4,686	4,231
	<u>11,740</u>	<u>11,319</u>	<u>11,716</u>	<u>11,282</u>

The total rental income received by Link Group Ltd in the year was £1.17m (2023: £1.03m).

The lease agreement for one of the accommodation units expired in July 2023 but has rolled forward under tacit relocation, until formally agreed, and for the second in 2031.

LINK GROUP

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

33 Contingent liabilities

Pension

The Association has been notified by the Trustee of the Scheme that it has performed a review comparing the benefits provided to scheme members over recent years with the requirements of the Scheme documentation. Due to uncertainty as to the effect of some benefit changes, the Trustee has been advised by lawyers to seek clarification from the Court on potential changes to the pension liability. It is recognised that this could potentially impact the value of Scheme liabilities, but until the outcome of the ongoing Court process is known (which is currently expected to be February 2025), it is not possible to calculate the impact on the liabilities of this issue with any accuracy, particularly on an individual employer basis, 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.

Office Repairs

A contingent liability exists in respect of potential repair or demolition costs associated with Link's share of property at 170 Hope Street, Glasgow. The property is listed but currently unoccupied due to structural safety concerns. The basis on which the costs would be shared is complex and requires interpretation of a number of historical deeds. The extent of potential costs is also uncertain as no decision on the future of the property has been taken. If the property is sold to Glasgow Building Preservation Trust, there may be no liability arising. Link does not expect the matter to progress in the short term.

Financial Guarantee

In connection with the initial development of 75 properties at Dunbeg, which was carried out in partnership with Link Housing Association, the Association has entered into bonds in favour of Argyll and Bute Council for the amount of £50,000. The bonds relate to an obligation imposed under the development's planning conditions for the construction of playparks for community recreation within five years of the commencement of the development. Although the necessary conditions have been met to release the bonds as at 31 March 2024, the related approval from the Council is still awaited.

Legal

Exemption has been taken under FRS102 S.21.17 in relation to the legal contingent liability. Full disclosure could have a prejudicial effect on the legal proceedings. In relation to legal proceedings raised against a Link Group subsidiary entity, a contingent liability has been entered. No provision has been created in respect of this.

34 Related party transactions

Transactions with related parties

During the year, one tenant had served as a Board Member (2023: 1). The tenancy was on normal commercial terms and the tenant could not use their position to their advantage.

During the year the group entered into the following transactions with related parties:

	Rent and factoring income received from board	
	2024	2023
	£'000	£'000
Group		
Other related parties	5	4
	<u>5</u>	<u>4</u>
Association		
Other related parties	5	4
	<u>5</u>	<u>4</u>

LINK GROUP

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

34 Related party transactions

(Continued)

During the year, for their services to Link Group, four Board Members (2023: 6) received emoluments of £29,662 (2023: £37,091).

Link Group Limited is exempt from the requirements under FRS 102 (Section 33.1A) to disclose details of transactions with other members of the Group headed by Link Group Limited.

35 Analysis of changes in net debt - group

	1 April 2023 £'000	Cash flows £'000	31 March 2024 £'000
Cash at bank and in hand	36,013	(15,643)	20,370
Borrowings excluding overdrafts	(387,863)	(25,859)	(413,722)
	<u>(351,850)</u>	<u>(41,502)</u>	<u>(393,352)</u>

36 Cash generated from group operations

	2024 £'000	2023 as restated £'000
Surplus for the year after tax	1,534	4,988
Adjustments for:		
Finance costs	17,510	15,072
Investment income	(521)	(1,177)
Carrying amount of tangible fixed asset disposals	675	(1,112)
Proceeds from the sale of fixed assets	(3,788)	(5,924)
Fair value gain on investment properties	(429)	(796)
Amortisation and impairment of intangible assets	220	134
Depreciation and impairment of property, plant and equipment	19,972	23,343
Government grants utilised in the year	(7,870)	(8,798)
Other gains and losses	(117)	-
Pension scheme non-cash movement	687	841
Decrease in provisions	(552)	-
Movements in working capital:		
Decrease/(increase) in inventories	1,962	(1,302)
(Increase)/decrease in trade and other receivables	(1,703)	11,026
(Decrease)/increase in trade and other payables	(6,163)	19,530
Cash generated from operations	<u>21,417</u>	<u>55,825</u>

LINK GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

37 Analysis of changes in net debt - company

	1 April 2023 £'000	Cash flows £'000	31 March 2024 £'000
Cash at bank and in hand	19,703	(13,494)	6,209
Borrowings excluding overdrafts	(376,169)	(26,416)	(402,585)
	<u>(356,466)</u>	<u>(39,910)</u>	<u>(396,376)</u>

38 Cash generated from operations - Association

	2024 £'000	2023 as restated £'000
Profit for the year after tax	61	3,383
Adjustments for:		
Finance costs	16,693	13,935
Investment income	(473)	(947)
Fair value gain on investment properties	(429)	(796)
Amortisation and impairment of intangible assets	198	166
Depreciation and impairment of property, plant and equipment	16,523	19,385
Government grants utilised in the year	(6,178)	(7,731)
Carrying amount of tangible fixed asset disposals	510	970
Proceeds from the sale of fixed assets	(3,721)	(5,924)
Pension scheme non-cash movement	(11)	(325)
Decrease in provisions	(552)	-
Movements in working capital:		
Decrease in inventories	4,064	512
(Increase)/decrease in trade and other receivables	(2,932)	24,617
(Decrease)/increase in trade and other payables	(3,889)	2,617
Cash generated from operations	<u>19,864</u>	<u>49,862</u>

LINK GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

39 Prior period adjustment

During the year, the Link Group Board and subsidiary Boards reviewed asset policies. The review was conducted to ensure harmonisation and accuracy across the Group and to ensure the current policies were still fit for purpose.

Following review, it was decided to amend the timing of the depreciation charge for newly acquired or constructed assets. The previous policy mandated a full year's depreciation charge in the first year of an asset's acquisition or construction and none in the year of disposal. The revised policy now stipulates that no depreciation will be charged in the year of acquisition, with depreciation commencing from the beginning of the following financial year, and a full year charged in the year of disposal.

The change in policy better aligns the depreciation charge with the actual usage and economic benefit derived from the asset. As assets are generally acquired or completed during the financial year, a full year's depreciation charge does not accurately reflect the period during which the asset is in use and generating economic benefits for the association. By deferring the depreciation charge to the year following acquisition, the expense more accurately reflects the asset's usage over its economic life.

In respect of the Group, as a result of this change in accounting policy, depreciation and amortisation have been restated resulting, for all periods up to the year ended 31 March 2022, in a decrease in depreciation charged of £17.7m and a decrease in grant amortisation credited of £7.3m, which increased housing properties net book value by £17.7M and the deferred income balance by £7.3m respectively. This culminates in a net increase in the reserves brought forward at 1 April 2023 of £10.4m.

The changes in the year ended 31 March 2023 resulted in a decrease in depreciation charged of £2.0m and a decrease in grant amortisation credited of £0.9m, which increased housing properties net book value by £2.0m and the deferred income balance by £0.9m respectively. This culminates in a net increase in the reserves of £1.1m. The cumulative adjustment to reserves is £11.4m.

In respect of Link Group Limited, as a result of this change in accounting policy, depreciation and amortisation has been restated resulting, for all periods up to 1 March 2022, in a decrease in depreciation charged of £14.6m and a decrease in grant amortisation credited of £5.8m, which increased housing properties net book value by £14.6m and the deferred income balance by £5.8m respectively. This culminates in a net increase in the reserves brought forward at 1 April 2023 of £8.8m.

The changes in the year ended 31 March 2023 resulted in a decrease in depreciation charged of £2.0m and a decrease in grant amortisation credited of £0.8m, which increased housing properties net book value by £2.0m and the deferred income balance by £0.8m respectively. This culminates in a net increase in the reserves of £1.2m. The cumulative adjustment to reserves is £10.0m.

In respect of the Group for the year ended 31 March 2024, had the change in policy not been applied, the depreciation charge would have been £23.3m, an increase of £7.1m and amortisation would have been £9.4m, an increase of £3.2m. The net impact on the surplus and reserves would have been a decrease of £3.9m.

In respect of Link Group Limited for the year ended 31 March 2024, had the change in policy not been applied, the depreciation charge would have been £23.4m an increase of £7.2m and amortisation would have been £9.5m an increase of £3.3m. The net impact on the surplus and reserves would have been a decrease of £3.9m.

In addition to the above policy change, West highland Housing Association have retrospectively changed the capitalisation policy regarding smoke detectors which have not previously been capitalised. This was changed to bring the policy in line with the rest of the group. A separate prior year adjustment has been recorded to capitalise these components resulting in an increase to Housing Properties cost of £248k and accumulated depreciation of £73K in the year ended 31 March 2022. This resulted in a net increase to reserves of £175k.

Depreciation in the year ended 31 March 2023 for this policy alignment increased by £25k which in turn reduced reserves by £25k.

LINK GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

39 Prior period adjustment

(Continued)

Changes to the statement of financial position - Group

		As previously reported 31 Mar 2022 £'000	As previously reported 31 Mar 2023 £'000	Adjustment at 1 Apr 2022 £'000	Adjustment at 31 Mar 2023 £'000	Total adjustment £'000	As restated at 31 Mar 2023 £'000
Fixed assets							
Housing properties - Cost	Note 12	1,083,406	1,179,711	248	-	248	1,179,958
Housing properties - accumulated depreciation	Note 12	(216,419)	(240,104)	17,342	2,052	19,394	(220,710)
		<u>866,987</u>	<u>939,607</u>	<u>17,590</u>	<u>2,052</u>	<u>19,642</u>	<u>959,249</u>
Housing properties - Total		866,987	939,607	17,590	2,052	19,642	959,249
Creditors due after one year							
Deferred income	Note 26	(413,818)	(445,430)	(7,286)	(943)	(8,229)	(453,659)
		<u>142,805</u>	<u>146,175</u>	<u>10,304</u>	<u>1,109</u>	<u>11,413</u>	<u>157,588</u>
Net assets		142,805	146,175	10,304	1,109	11,413	157,588
Capital and reserves							
Revenue reserves		<u>142,640</u>	<u>145,888</u>	<u>10,304</u>	<u>1,109</u>	<u>11,413</u>	<u>157,301</u>

LINK GROUP

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

39 Prior period adjustment (Continued)

Changes to statement of comprehensive income - Group

	As previously reported 31 Mar 2023	Adjustment 31 Mar 2023	As restated 31 Mar 2023
Period ended 31 March 2023	£'000	£'000	£'000
Revenue - amortised grants	103,435	(943)	102,492
Administrative expenses - depreciation	(87,590)	2,052	(85,538)
Surplus for the financial year	3,879	1,109	4,988

LINK GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

39 Prior period adjustment

(Continued)

Changes to the statement of financial position - Association

		As previously reported 31 Mar 2022 £'000	As previously reported 31 Mar 2023 £'000	Adjustment at 1 Apr 2022 £'000	Adjustment at 31 Mar 2023 £'000	Total adjustment £'000	As restated at 31 Mar 2023 £'000
Fixed assets							
Housing properties	Note 12	777,105	847,232	14,629	1,975	16,604	863,836
Creditors due after one year							
Deferred income	Note 24	(377,742)	(405,532)	(5,790)	(737)	(6,527)	(412,059)
		<u>101,998</u>	<u>103,881</u>	<u>8,839</u>	<u>1,238</u>	<u>10,077</u>	<u>113,958</u>
Net assets							
		<u>101,998</u>	<u>103,881</u>	<u>8,839</u>	<u>1,238</u>	<u>10,077</u>	<u>113,958</u>
Capital and reserves							
Revenue reserve		<u>101,988</u>	<u>103,864</u>	<u>8,839</u>	<u>1,238</u>	<u>10,077</u>	<u>113,941</u>

LINK GROUP

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

39 Prior period adjustment (Continued)

Changes to statement of comprehensive income - Association

	As previously reported 31 Mar 2023	Adjustment 31 Mar 2023	As restated 31 Mar 2023
Period ended 31 March 2023	£'000	£'000	£'000
Revenue - amortised grants	79,395	(737)	78,658
Administrative expenses - depreciation	(66,171)	1,975	(64,196)
Surplus for the financial year	2,145	1,238	3,383