

Lyng Community Association
Annual report and financial statements
for the year ended 31 March 2024

Company registered number: 3977954

Charity registered number: 1089147

Regulator of Social Housing number: L4420

Lyng Community Association

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Lyng Community Association

Information

BOARD OF MANAGEMENT

E W Bodenham (Chair)
J Edwards
H Patrick
N Hickson
A Moorhouse (resigned 14 May 2024)
N Bhatoe
S K Tour

COMPANY SECRETARY

A Nash

REGISTERED OFFICE

3 Frank Fisher Way
West Bromwich
B70 7AW

REGULATOR OF SOCIAL HOUSING REGISTRATION NUMBER

L4420

COMPANY REGISTRATION NUMBER

3977954

REGISTERED CHARITY NUMBER

1089147

AUDITOR

Forvis Mazars LLP
First Floor
Two Chamberlain Square
Birmingham
B3 3AX

BANKERS

Barclays Corporate
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Snow Hill Queensway
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B3 2WN

Lyng Community Association

Strategic Report

The Board present their strategic report on the affairs of the Association, together with the financial statements and auditors' report, for the year ended 31 March 2024.

Status

The organisation is a public benefit entity and registered as a charity, a company limited by guarantee and as a Registered Provider with the Regulator of Social Housing. The Association is governed by a voluntary Board of Management that sets the organisation's Business Strategy, operating policies and procedures.

The Association is a member of the National Housing Federation and participates in the national smaller housing providers' benchmarking network, facilitated by Acuity in partnership with Housemark. This allows the Association to benchmark its performance against housing providers of a similar size.

Background and development history

Lyng Community Association was established in 2000 as a registered Charity to benefit the community in the Lyng estate within the metropolitan borough of Sandwell in the West Midlands. The densely developed 1960's Lyng estate had become crime ridden and suffered from regular incidents of anti-social behaviour. In the mid 1990's disaffected residents joined together to form an action group and during the following few years sought to influence the politicians in their desire to improve the estate. As a result, some 1,000 homes were demolished including a number of tower blocks. This created the opportunity to develop a new estate which would be a place where people wanted to live. Sandwell MBC committed to provide significant grant to support the construction of 200 homes for rent by the Lyng Community Association, supplemented by home ownership products to be developed by private sector partners.

To achieve the objectives the first part of the estate was constructed in 2004 providing 47 family homes, followed by a further 39 homes in 2006. These 86 homes have been owned and managed throughout by the Lyng Community Association. There followed a 4-year delay whilst an alternative procurement route was sought, in order to provide the Lyng Community Association with the balance of the commitment of 114 homes for rent and for a private sector partner to develop the rest of the cleared estate to provide approximately 250 homes for sale. Finally in 2010 a contract was signed between Sandwell MBC, Lyng Community Association and Barratt, a national housebuilder, to complete the development of the estate. During the period to March 2014, 104 homes had been constructed for rent and are now managed by the Lyng Community Association. The final 10 homes were completed in 2016 and this completed the obligations entered into with and by the Lyng Community Association.

Business Objectives and Strategy

The Association is committed to building on the strong foundations of the revitalised Lyng estate and in exploring opportunities to develop new homes and services for the local community. The Association has successfully undertaken the role of Managing Agent via a tendered contract to manage the shared areas across the owner-occupied parts of the estate for Lyng Management Company since 2017.

All of the Association's properties meet the minimum Energy Performance Certificate rating of "C" and almost 40% of our properties benefit from solar panels that help reduce energy costs for tenants.

The Association delivers a variety of community development activities including community trips, adult education, advice services, children's clubs and a Youth Club. We are regularly making applications for external funding for some of our community projects after previously successfully bidding for Children in Need grant funding for our Youth Club.

These services are an important element supporting the Association's role as a key player in the local community beyond its role as a social landlord and we are committed to identifying and procuring additional premises so we can develop additional services and enhance our offer to the community.

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The Association continues to aspire to develop new properties and is constantly looking to identify other sites in the Lyng area where more homes could be developed. However, there is significant competition for any sites that become available and the Association has experienced situations where prices achieved at auction were near to double the valuations obtained before bidding started.

A significant factor is that the Lyng area is in an excellent location being close to the M5 and M6, with a nearby main line station with direct services to London. Furthermore within 5 minutes there is a frequent direct tram service to the centre of Birmingham making the area a very desirable place to live and to develop new homes. These factors combined mean there is considerable competition for the very limited number of sites that become available.

Financial review

The surplus for the year of £428,618 (2023: £376,713) shows a modest increase compared to 2022/23. However the surpluses for this year 2023/24 and the previous year 2022/23 are both significantly higher when compared to previous years before 2020.

Turnover showed a small increase compared to the previous year as rents increased by 7% in line with the guidance issued by the Regulator of Social Housing. The Regulator had previously indicated that rents could be increased by the Consumer Price Index increase over 12 months to the previous September plus 1%. This was part of a 5-year settlement for social landlords from 2020 but the high rate of inflation in 2022 would have resulted in a rent rise of 10.1% inflation plus 1% from April 2023.

As part of the Government's attempts to control inflation the Regulator set aside the previous agreement and instead social landlords were permitted to adopt a fixed percentage increase of either 3%, 5% or 7%. The Board carefully considered the financial impact of increasing rents by each of the three different percentage figures. The Board was mindful of tenants facing inflationary pressures on household incomes whilst at the same time seeing the same upward pressure on the Association's operating costs. One of the factors the Board also needed to take into account was the fact that the Regulator would continue to control future rent increases so there would not be an option for the organisation to smooth out any increases over the following years. The Board took a wider view of rents over the previous 8 years and noted that rents had increased by just 13.5% in total over that whole period. After careful consideration the Board concluded that rents should rise by 7% from April 2023. The Association's Service Charges always have to reflect the cost of providing additional services but for 2023/24 the Association reviewed each service and was able to ensure the costs remained reasonable with a similar level of increase of 7%.

The free reserves at March 2024 of £4,351,202 (2023: £3,922,584) continue to provide a solid platform for the Association to weather any difficulties that may arise from any possible future financial challenges and allow the development of new homes in the Association's operating area should suitable sites become available.

The bank loan provides a strong liquidity position with annual repayments of £208,333 being made for the remaining term of 15 years through to 2039.

The Association has 86 units secured against its loan with Barclays leaving scope for securing additional borrowing to fund future development activities if required.

Stress testing is undertaken in conjunction with the Board to demonstrate the financial resilience of the business taking into account the varying operating challenges that may arise including the possibility of a recurrence of pandemic conditions at some future date.

Principal risks

The principal risk of the original development was mitigated by significant public subsidy into the estate and the Association has continued to benefit significantly from this funding model through subsequent years.

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As a housing management company there are a number of risks which are managed by well documented and rehearsed policies and practices. The following comments are relevant here:

- Rent losses due to voids remain low at 0.08% of annual rent role and there is always strong demand for good quality housing irrespective of the wider challenges to landlords. By continuing to maintain its established high standards the Association has been able to nurture high demand for the Association's homes and sees very low losses of rent through gaps in tenancies as tenancy turnover remains low with just 13 vacancies arising during the year – a tenancy turnover rate of 6.5%.
- The position regarding rent arrears has improved over a number of years and the performance is now similar to similar sized landlords in our peer group. However, arrears always remain an ongoing challenge, with Housing Benefit and Universal Credit payments always being made in arrears and delays in receiving payments impacting on the total arrears outstanding. However, the Association has always looked to work closely with tenants to try to reduce rent arrears over time to and at the end of March 2024 current tenant arrears remained slightly above 3% of rent roll. The Association always uses legal action as a last resort and prefers to work with tenants to encourage a jointly agreed payment plan to address the arrears. The County Court is extremely reluctant to order possession on the majority of cases even where arrears are substantial and the Association has been able to demonstrate considerable efforts to work with tenants to address the debt problem. An appropriate provision for potential rent losses is made each year based on a pragmatic assessment of the likelihood of recovery of the debt although as the arrears have declined the provision has been reduced accordingly.
- The housing stock is relatively new and is maintained to a high standard with planned programmes replacing key components that have reached the end of their useful lives such as boilers and kitchens in the original phase1 of the development. The first phase of the kitchen replacement programme started in March 2024. The programme will continue into 2024/25 and this will be the first time that the Association has needed to invest substantial funds into renewing components in its properties. With regard to reactive maintenance the Association has one directly employed multi-trade maintenance operative with specialist skills being procured from external contractors when required.
- The Association remains alert to the prospect of future pandemics becoming a significant threat to the Association and its future viability and this risk is considered more fully in the section titled "Going Concern" below.

The 4 sessional staff who work on community projects including the Youth Club project previously funded by a Children in Need grant remain in post as the Association continues to fund the various projects itself. All sessional staff are employed on Fixed Term Contracts and their continued employment is linked to the availability of funding from the Association. The availability of charitable grant funding remains limited, particularly for an organisation with substantial reserves.

Risks associated with governance remain limited but the Association remains acutely aware of the expectations contained in the National Housing Federation Code of Governance that older Board members should move on to allow a more diverse membership on the Board. Efforts to meet this expectation continued in 2023-24 and another long serving Board member retired during the year. Two potential new Independent Board members were identified in 2023-24 and both attended Board meetings over the latter part of the year as observers with a view to them joining the Board later in 2024.

The Association's rules provide for 50% of Board places to be reserved for tenants and other local residents and the Association has clear objectives of engaging with residents across the estate as a whole and encouraging greater involvement including at Board level. Whilst this remains a priority of the Board the number of resident applications to join the Board has been extremely limited over the years. The Association's Community Development activities are designed to enhance the relationship between

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residents and the Association and we remain committed and hopeful that this in turn will help stimulate interest in joining the Board.

The possibility of future restrictions on rent increases such as a repeat of the situation between 2016 and 2020 where regulation dictated that rents be reduced in real terms by around 15% are of particular concern and are a key risk in every stress testing exercise.

The Association remains alert to other emerging risks connected to continuing social welfare reforms and the threat of a recession or other financial crisis due to wider World threats but the Association is confident that it can maintain a strong income management performance. Any significant loss of income in the short term can be mitigated by the strong financial position of the Association.

Governance

The Association's Board meets 6 times a year and these meetings are held in person with an option to join remotely. The Board strategy away day offers the Board a chance to carefully consider and shape the Association's future strategy.

The Association's Board is committed to ensuring the Lyng estate remains a vibrant and thriving community shaped around the needs and aspirations of local residents. The Association is fully committed to offering regular and continuing opportunities for residents to be part of the governing arrangements, whether informally as a resident forum member looking at operational matters and advising on improvements or to progress further in a more formal role as a Board member. The current focus is to attract interested residents, whether drawn from the Association's tenant base or from homeowners living on the estate to play a role in the governance of the Association. During 2023/24 two members of the Board were Association residents filling a third of the 6 resident Board member places with a further 4 independent Board members.

Value for Money

The Association is committed to achieving Value for Money (VFM) for its tenants and stakeholders and has adopted a strategy that sets out clear objectives on how VFM will be delivered. The Board recognises that achieving our VFM targets demonstrates to our stakeholders the Association's commitment to economy, efficiency and effectiveness in everything that we do.

Our overarching objectives are to:-

- optimise the use of our assets - homes.
- ensure we maintain efficient and effective services that offer excellent value for money to our tenants and other stakeholders.
- ensure that our tenants are enabled to fully understand the Association's costs and how they compare with our peer group and make sound judgements on the Association's performance
- invest our surpluses in enhancing our properties by improving the safety and environmental sustainability of our homes and developing new social housing for the benefit of our community.
- maintaining our financial strength in order to maintain our viability and independence.

Our strategy links to our Business Plan ensuring that Value for Money is embedded throughout the business and sets out measurable targets that are linked to the Association's aims and purpose. The Association aims to provide opportunities for tenants to help shape its services and monitor the delivery and effectiveness of those services.

The Board monitors performance against our Value for Money targets and objectives throughout the Board meeting cycle and we use comparable data from our peer group to benchmark our performance. The housing benchmark data that we use is shown in the column titled "SPBM" below. The data is from similar

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sized housing associations in the West Midlands and is provided through Housemark/Acuity Benchmarking service which offers the most in depth and robustly validated data in the housing sector.

Our targets for 2023/24 included:-

1. The Association will seek to ensure that its rent collection achieves 100.2% (upper quartile performance on Housemark Benchmarking)

This target was not fully achieved with a rent collection figure of 99.91% in 2023/24 - the Cost of Living crisis proved particularly challenging for those on low incomes and this in turn led to a small increase in the rents outstanding at the end of the year..

2. The Association will seek to ensure that its occupancy rate is at least 99.5% (upper quartile performance)

This target was achieved with rent loss restricted to 0.27% equal to an occupancy rate of 99.73%, mainly due to very low turnover of tenancies during the year.

3. The Association will seek to ensure its overall satisfaction rate is at least 96% (upper quartile SPBM Peer Group)

A full tenant survey was carried out in June/July 2023 in compliance with the Regulator's specified survey format. The Overall Satisfaction Rate was 78% which represented a significant reduction in satisfaction levels. Whilst the Association remains above the median level within its peer groups the result demonstrated a need to focus on key areas of dissatisfaction.

4. The Association will seek to ensure that its Headline Social Housing Cost per unit is at £4,150 or less. (the Housemark Median)

This target was achieved with a headline cost of £3,978 although we appreciate we have to continue improving our performance in this area of our work.

5. The Association will seek to ensure it delivers new homes at a rate equal to that of the Upper Quartile of the SPBM group 2.5% - with an acceptance that delivery may be consolidated into one scheme every 3 years rather than annually in order to reflect the limitations of having to work within a small area of operation with limited land purchase opportunities.

This target is still in progress. The Association has made offers for properties but not been able to match the bids and financial strength of other bidders

6. The Association will seek to facilitate stability within the local community by seeking to keep tenancy turnover under 7% primarily by reducing tenancy failures due to breach of tenancy through support and drawing in additional services for tenants to enable them to manage their tenancy effectively. The additional value will be achieved through lower void losses and void period checks.

This target was achieved with a tenancy turnover of 6.5% in 2023/24

7. The Association will seek to reduce expenditure on dealing with litter, fly tipping and vandalism/ damage to its properties by using its community development programme to facilitate activities that divert potential offenders into more productive activities.

This target has always been difficult to quantify but in terms of expenditure the Association spends almost zero on attending to vandalism or graffiti and experiences very few problems.

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Asset Management Indicators

Properties compliant with the Decent Homes Standard – 100%

Properties rated at C in Energy Performance Certificates – 100%

% of dwellings with a valid gas certificate – 98.5%

(legal action being taken to secure access for gas safety checks in each case)

% of fire safety checks complete – 100%

N.B. The Association does not have any lifts, nor asbestos in any of its buildings nor any water storage units.

Tenant Satisfaction Measures

In 2023 the Association carried out a Tenant Satisfaction Survey carried out by an independent market research company in the format required by the Regulator of Social Housing. The Association has adopted an Action Plan to improve performance in all areas of dissatisfaction.

<u>Tenant Satisfaction Measure</u>	<u>2023</u>	<u>SPBM</u>
Overall Satisfaction	78%	73%
Satisfaction that the Association listens to tenant's views and acts upon them.	66%	60%
Satisfaction that the Association keeps tenants informed about things that matter to them.	77%	71%
Agreement that the Association treats tenants fairly and with respect.	77%	76%
Satisfaction that the Association keeps communal areas clean and well maintained.	74%	66%

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Satisfaction that the Association makes a positive contribution to neighbourhoods.

77%

67%

Satisfaction with the Association's approach to handling anti-social behaviour.

58%

58%

Anti-social behaviour cases relative to the size of the Association (per 1,000 homes).

2

9

Anti-social behaviour cases that involve hate incidents (per 1,000 homes).

0

0

Complaints

The Association received 3 complaints in 2023/24 and all were resolved at Stage 1 within the target timescales. A full report on complaints and service improvement will appear in the Annual Report to Tenants and full details on compliance with the Housing Ombudsman Complaint Handling Code appear on the Association's website.

	<u>2023/24</u>	<u>SPBM</u>
Satisfaction with the Association's approach to managing complaints	62%	54%
Number of Stage 1 Complaints (per 1,000 units)	15	17
Number of Stage 2 complaints (per 1,000 units)	n/a	0
Stage 1 Complaints responded to within the Complaint Handling Code timescales	100%	83%
Stage 2 Complaints responded to within the Complaint Handling Code timescales	n/a	62.50%

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How Value for Money is Impacting on the Association's Financial Performance.

By reviewing our expenditure, improving performance and seeking better value in our procurement the Association has enhanced its overall financial position by continuing to generate surpluses that can be earmarked for developing new homes in the near future.

Our Annual Report to tenants allows comparison with other similar sized social landlords on key indicators and performance against our Value for Money targets. Any areas that require improvement are clearly identified with plans to improve performance and targets that will demonstrate our commitment to matching the Upper Quartile performance of comparable providers.

The Association continues to use the Regulator's Value for Money metrics to further demonstrate how the Association is constantly challenging its performance.

Regulation Metrics

The regulator uses a scorecard for reporting certain financial and non-financial information. The Association's position at 31 March 2024 and comparisons with the previous years is as follows:

	2024	2023	2022	ABPM 2023 Median
Reinvestment	1.00%	0.03%	0.03%	3.9%
New Supply	0	0	0	0
Gearing (as at)	13.41%	18.11%	22.69%	13.52%
EBITDA MRI	557.24%	577.23%	629.34%	177.93%
Cost per unit	£3,978	£3,661	£3,563	£5,484
Operating margin	35.74%	36.91%	36.23%	13.77%
Return on capital employed	3.56%	3.49%	3.34%	2.0%

Commentary on our Performance

Re-investment – This metric demonstrates how much the Association is investing in developing new properties and investing in improving existing homes. As the majority of the Association's stock is less than 20 years old the re-investment in our homes is limited until the start of 2024/25 when our original properties will require new kitchens and this will start a period of regular reinvestment expenditure.

New Supply - the Association did not build any new homes during 2023/24 but remains committed to delivering new homes over a rolling 3-year period subject to sites being available in our area of operation and meeting our viability tests.

Gearing – this metric is intended to show the level of debt (usually loans used to pay for developing property) compared to the value of the Association's stock. Our gearing ratio 13.41% reflects the Association reducing its debt each year and improving its financial position. The national average figure for gearing recorded for all housing associations that benchmarked their figures in 2023 was 13.52%

EBITDA MRI – Earnings Before Interest, Tax, Depreciation, Amortisation – Major Repairs Included
This metric seeks to measure the level of surplus that a registered provider generates compared to interest payable and this result of 557% shows the Association in a strong position.

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Cost per Unit - this metric measures the Association's management costs and reflects increased maintenance and community development costs during 2023/24 as expenditure on both activities increased. Overall, our cost per unit remains lower than similar sized associations.

In comparison with all housing associations including large organisations the Association's performance of £3,978 is still better than the average of £5,484 for 2023. Looking at the wider picture and comparing to both small and medium sized associations the average cost per unit is £4,150 and Lyng's performance remain just slightly better than the average. However, we recognise the need to look for any possible improvement in our performance in future years.

Operating Margin – this metric measures the profitability of operating assets before exceptional expenses are taken into account. Increasing margins are one way to improve the financial efficiency of a business. In 2023/24 the Association maintained a similar performance to the year before at 35.74%.

Return on Capital Employed - This metric compares the operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources. The figure of 3.56% compares positively against other benchmark associations.

Approved by the Board and signed on its behalf by:

Chair 
Evelyn Wendy Bodenham (Sep 17, 2024 16:34 GMT+1)

Date Sep 17, 2024

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Board Report

Statement of Board members' responsibilities

The Board are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Housing Association legislation requires the Board to prepare financial statements for each financial year. Under that legislation the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Housing Association legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing these financial statements, the Board are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Companies Act 2006 and Housing Association legislation namely, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board are responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditor

Each of the Board members at the date of approval of this report has confirmed that:

- As far as the Board members are aware, there is no relevant audit information of which the Association's auditor is unaware; and
- The Board members have taken all the steps that they ought to have taken as Board members in order to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

Internal Controls

The Association is small and relies on appropriate internal controls which are evidenced routinely. There is a process for updating control policies and processes. Independent support is provided to review matters of internal control, including the annual external audit, however as a small Association the controls are maintained appropriately for the size and nature of the business.

Financial risk management objectives and policies

The Association's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The Association does not use derivative financial instruments for speculative purposes.

Impact of Brexit and the Agreement with the European Union

At the date of the Board approving the Financial Statements the impact of the agreed terms of the changed relationship with the European Union remained limited although more recently other challenging World

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events resulted in a spell of increased inflation in the wider economy before settling back to a more acceptable level.

The Association remains alert to how further change in the relationship with the European Union and a possible change of Government may impact on operations in the coming years. The Board remain aware of the potential for higher borrowing costs, higher rent arrears and higher commodity prices. The Association's risk management process will review any new risks or acceleration of existing risks as appropriate.

Cash flow risk

The Association's activities expose it primarily to the financial risks of changes in interest rates. Interest bearing liabilities are based on a mix of fixed and variable elements. 75% of the Barclays bank loan debt is at a fixed rate for the next 4 years with the remaining 25% at a variable rate with this proportion reducing as repayments of £208,000 are made each year.

Credit risk

The Association's principal financial assets are bank balances and cash, rent arrears and other receivables, and investments.

The Association's credit risk is primarily attributable to its rent arrears. The amounts presented in the Statement of Financial Position are net of allowances for bad debts. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Association has no significant concentration of credit risk, with exposure spread over a number of counterparties and tenants.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Association has drawn down all available long-term debt finance.

Further details regarding liquidity risk can be found in the statement of accounting policies in the financial statements.

Going Concern

The period 2020 to 2022 demonstrated that the Association was able to continue to maintain its income and services in a challenging environment caused by the Covid 19 pandemic and the Association is confident that its structure and operating model is robust and able to respond to any similar crisis.

With regard to the challenges affecting the Association's operational activities:-

- rent arrears increased very slightly through 2023/24 partly as a result of the Cost of Living crisis that put pressure on household budgets within the Association's client group.
- tenancy terminations remained very limited throughout 2023/24 at 6.5% of all tenancies which suggests a very high demand for good quality well managed housing in the local area and the Association remains committed to ensuring tenants stay with the Association as their landlord for as long as possible.
- repairs expenditure remained at a similar level as the previous year in 2023/24. The Association still undertakes most works using an in-house repair operative and uses a Schedule of Rates Contract for its gas and electrical works which are procured with another local housing association.
- The Association's component replacement programme requires significant expenditure from April 2024 onwards but the Association has made suitable financial provision and has the appropriate level of expertise to manage these projects.

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With regard to other potential challenges to the Association's finances and its ability to continue to operate the Association has taken account of the following:-

- The Association has further increased its substantial cash reserves and operates well within its banking covenants, a position which improves significantly year on year particularly from 2019/20 as previously high interest fixes were replaced with a substantially lower fixed rate.

The Board are aware from stress testing exercises the potential impact of adverse changes in the Association's operating environment and how these can be mitigated. The Board consider the Association's key indicators at every Board meeting and are acutely aware of how the Association's development aspirations will impact on the assessment of risk. The most significant risks include the possibility of the Government and Regulator returning to a period of rent increases that were less than the rate of inflation similar to the period 2016 – 2020 where the Association saw a significant decrease in its income whilst costs continued to rise and the conflict in Ukraine sparking economic uncertainty.

The Board are aware of the sector analysis of the value of social housing stock and has scheduled a revaluation of the stock for the summer of 2024.

The Association continues to look to use its strong financial position to fund new developments in or around the Lyng estate area but none are scheduled for the immediate future and the Board are fully aware of the risks that would need to be considered before authorising any new development project.

The Board has a long established routine of meeting every other month in person and continue to monitor key indicators to ensure the Association remains on track to meet its financial and operational targets. Therefore the Executive Team and Board are confident that the Association has the capacity and resources to continue to operate as a going concern well into the future.

Code of Governance

The Board has previously adopted the National Housing Federation's "Code of Governance: Promoting board excellence for housing associations (2015 edition)". A recent self-assessment of compliance was completed and the Association is able to confirm its compliance with the code. The Board has committed to progressing towards adopting the 2020 version and will look to move forward with this process during the next two years.

Compliance with the Regulator of Social Housing Governance and Financial Viability Standard

The Board confirms that the Association is fully compliant with the requirements of the Regulator's Governance and Financial Viability Standard. The Regulator of Social Housing applies a de-minimus level of 1000 units below which regulation is a light touch and compliance gradings are not applied. This applies to the Association.

Approved by the Board and signed on its behalf by:

Chair 
Evelyn Wendy Bodenham (Sep 17, 2024 16:34 GMT+1)

Date Sep 17, 2024

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Independent auditor's report to the members of Lyng Community Association

Opinion

We have audited the financial statements of Lyng Community Association (the 'Association') for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2024 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board'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 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.

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Independent auditor's report to the members of Lyng Community Association

Other information

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

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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Board Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Board Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Board Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of the Board's Responsibilities set out on page 13, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and

Lyng Community Association

Independent auditor's report to the members of Lyng Community Association

fair view, and for such internal control as the Board determine 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 are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Association and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Association is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Association which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2022.

Lyng Community Association

Independent auditor's report to the members of Lyng Community Association

In addition, we evaluated the Board's and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off assertion, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Board and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud; • Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

This report is made solely to the Association's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008. 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.



David Hoose (Sep 17, 2024 17:10 GMT+1)

David Hoose (Senior Statutory Auditor) for and on behalf of Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
First Floor, Two Chamberlain Square
Birmingham
B3 3AX

Date Sep 17, 2024

Lyng Community Association

Statement of Comprehensive Income

For the year ended 31 March 2024

	Note	2024 £	2023 £
Turnover	3	1,248,776	1,171,224
Operating expenditure	3	(795,652)	(732,278)
Operating surplus		453,124	438,946
Interest receivable	5	98,379	44,510
Interest and finance costs	4	(122,885)	(106,743)
Surplus for the year	6	428,618	376,713
Other comprehensive income		-	-
Total comprehensive income for the year		428,618	376,713

The Association's income and expenses all relate to continuing operations.

The notes on pages 22 to 35 form an integral part of these financial statements.

Lyng Community Association

Statement of Financial Position At 31 March 2024

Company registered number: 3977954

	Note	2024 £	2023 £
Fixed assets			
Housing properties	9	9,163,361	9,274,811
Other property, plant and equipment	10	-	-
		<u>9,163,361</u>	<u>9,274,811</u>
Current assets			
Debtors	11	69,602	73,057
Cash and short-term investments		1,921,149	1,676,438
Investments		1,986,619	1,890,119
		<u>3,977,370</u>	<u>3,639,614</u>
Creditors: Amounts falling due within one year	12	<u>(427,675)</u>	<u>(354,067)</u>
Net current assets		<u>3,549,695</u>	<u>3,285,547</u>
Total assets less current liabilities		12,713,056	12,560,358
Creditors: Amounts falling due after more than one year	13	<u>(8,361,854)</u>	<u>(8,637,774)</u>
Net assets		<u><u>4,351,202</u></u>	<u><u>3,922,584</u></u>
Capital and reserves			
Revenue reserve		<u>4,351,202</u>	<u>3,922,584</u>
Total reserves		<u><u>4,351,202</u></u>	<u><u>3,922,584</u></u>

The financial statements of Lyng Community Association were approved by the Board of Management on 9 July 2024 and signed on its behalf by:


Evelyn Wendy Bodenham (Sep 17, 2024 16:34 GMT+1)

- E W Bodenham - Board Member


Tony Nash (Sep 17, 2024 16:36 GMT+1)

- A Nash – Secretary

Lyng Community Association

Statement of Changes in Reserves

For the year ended 31 March 2024

	Revenue reserve £	Total £
At 1 April 2022	3,545,871	3,545,871
Surplus for the year	<u>376,713</u>	<u>376,713</u>
At 31 March 2023	3,922,584	3,922,584
Surplus for the year	<u>428,618</u>	<u>428,618</u>
At 31 March 2024	<u>4,351,202</u>	<u>4,351,202</u>

Lyng Community Association

Statement of Cash Flows

For the year ended 31 March 2024

	Note	2024 £	2023 £
Net cash generated from operating activities	16	663,447	572,677
Cash flows from investing activities			
Purchase of property, plant and equipment		(91,287)	(2,442)
Interest received		98,379	44,510
Decrease / (increase) in investments		(96,500)	(38,370)
Net cash flows from investing activities		(89,408)	3,698
Cash flows from financing activities			
Interest paid		(122,885)	(106,743)
Amortisation of loan issue costs		1,890	1,890
Repayments of borrowings		(208,333)	(208,333)
Net cash flows from financing activities		(329,328)	(313,186)
Net increase / (decrease) in cash and cash equivalents		244,711	263,189
Cash and cash equivalents at beginning of year	16	1,676,438	1,413,249
Cash and cash equivalents at end of year	16	1,921,149	1,676,438

Note:

The Association has invested surplus funds in a Notice account since July 2021 (previously treasury deposits). The amount invested at 31 March 2024 is £1,986,619 (2023: £1,890,119), all of which has access dates in excess of three months.

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2024

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for registered social housing providers 2018 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2022. Lyng Community Association is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

Property, plant and equipment - housing properties

Housing properties are stated at historic cost less depreciation less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs and borrowing costs directly attributable to the construction of new housing properties during the development. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their useful economic lives. Freehold land is not depreciated.

New build 100 years

Major components

Major components of housing properties, which have significantly different patterns of consumption of economic benefits, are treated as separate assets and depreciated over their expected useful economic lives at the following annual rates:

Structure	100 years
Roofs	60 years
Doors and windows	30 years
Kitchens	20 years
Bathrooms	25 years
Heating systems	30 years
Rewiring	30 years
Boilers	15 years

Properties held on long leases are depreciated over their estimated useful economic lives or the lease duration if shorter.

Improvements

Where there are improvements to housing properties that are expected to provide incremental future benefits, these are capitalised and added to the carrying amount of the property. Any works to housing properties which do not replace a component or result in an incremental future benefit are charged as expenditure in surplus or deficit in the Statement of Comprehensive Income.

Leaseholders

Where the rights and obligations for improving a housing property reside with the leaseholder or tenant, any works to improve such properties incurred by the Association are recharged to the leaseholder and

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2024

recognised in surplus or deficit in the Statement of Comprehensive Income along with the corresponding income from the leaseholder or tenant.

Non-housing property, plant and equipment

Non-housing property, plant and equipment is stated at historic cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all non-housing property, plant and equipment, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Office equipment	4 years
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Computer hardware	7 years
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Impairment of social housing properties

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and is included in surplus or deficit in the Statement of Comprehensive Income.

Social Housing Grant and other Government grants

Where grants are received from government agencies such as Homes England, local authorities, devolved government agencies, health authorities and the European Commission which meet the definition of government grants they are recognised when there is reasonable assurance that the conditions attached to them will be complied with and that the grant will be received.

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised as revenue in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Recycling of grants

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed of, a provision is included in the Statement of Financial Position to recognise this obligation as a liability. When approval is received from the funding body to use the grant for a specific development, the amount previously recognised as a provision for the recycling of the grant is reclassified as a creditor in the Statement of Financial Position.

No such disposal has taken place.

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2024

Properties for outright sale

Properties developed for outright sale and land held for sale are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes materials, direct labour and an attributable proportion of overheads based on normal levels of activity. The Association has not developed any properties for outright sale to date.

Interest payable

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are calculated using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined on the basis of the carrying amount of the financial liability at initial recognition. Under the effective interest method, the amortised cost of a financial liability is the present value of future cash payments discounted at the effective interest rate and the interest expense in a period equals the carrying amount of the financial liability at the beginning of a period multiplied by the effective interest rate for the period.

Taxation

The Association is a Registered Charity and is therefore not subject to Corporation Tax on its surplus arising from charitable activities.

Pensions

The Association commenced contributions to the Social Housing Pension Defined Contribution scheme from April 2017 in accordance with auto enrolment legislation. As a DC scheme there are no long term liabilities which the Association needs to recognise.

Turnover

Turnover represents rent and service charges receivable (net of rent and service charge losses from voids) and disposal proceeds of current assets such as properties developed for outright sale or shared ownership first tranche sales at completion together with revenue grants from local authorities and the Homes and Communities Agency and charitable fees and donations. Service charge income is recognised when expenditure is incurred as this is considered to be the point at which the service has been performed and the revenue recognition criteria met.

Supported housing and other managing agents

Where the Association has ownership of a supported housing or other scheme but also has an agreement with a third party to manage the scheme (including Supporting People funded schemes or services), where there has been a substantial transfer of the risks and benefits attached to the scheme to the third party, any scheme revenue and expenditure is excluded from these financial statements.

Investments

Investments that are publicly traded or whose fair value can be measured reliably are measured at fair value with changes in fair value recognised in surplus or deficit in the Statement of Comprehensive Income. Other investments are measured at amortised cost less impairment.

Financial instruments

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument.

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2024

Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest-bearing loans and borrowings.

Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at fair value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

2. Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2024

Significant management judgements

The following are management judgements in applying the accounting policies of the Association that have the most significant effect on the amounts recognised in the financial statements

Impairment of social housing properties

The Association has to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP.

The carrying value of the housing developed is the lower of costs and realisable value, i.e. at cost.

Depreciation of Housing Properties

The additions for component replacements are depreciated in accordance with previous practice.

Rent arrears

100% of former tenant arrears, 100% of current tenant arrears where collection is deemed unlikely, and 20% of all other current tenant arrears are provided as a possible bad debt.

Estimation uncertainty

The Association makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are reported to the Board regularly through formal stress-testing.

3. Particulars of turnover, operating costs and operating surplus

	2024		
	Turnover £	Operating costs £	Operating surplus £
Social housing lettings (note 3A)	1,237,868	795,652	442,216
Other social housing activities	10,908	-	10,908
Total	1,248,776	795,652	453,124

	2023		
	Turnover £	Operating costs £	Operating surplus £
Social housing lettings (note 3A)	1,160,496	732,278	428,218
Other social housing activities	10,728	-	10,728
Total	1,171,224	732,278	438,946

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2024

3A. Particulars of Income and Expenditure from social housing lettings

	General Needs Housing £	2024 Total £	2023 Total £
Income			
Rents receivable	1,118,550	1,118,550	1,044,464
Service charge income	49,841	49,841	46,555
Amortised government grant	69,477	69,477	69,477
Turnover from social housing lettings	1,237,868	1,237,868	1,160,496
Expenditure			
Service charge costs	42,728	42,728	38,034
Service charge sinking fund	0	0	0
Management	398,151	398,151	368,729
Routine maintenance	93,500	93,500	73,742
Planned maintenance	55,308	55,308	46,856
Bad debts	3,228	3,228	2,746
Disposal costs	159	159	80
Depreciation of housing properties	202,578	202,578	202,091
Operating costs	795,652	795,652	732,278
Operating surplus social housing lettings	442,216	442,216	428,218
Void losses	3187	3,187	1,048

4. Interest and finance costs

	2024 £	2023 £
Bank loans and overdrafts	122,885	106,743
	122,885	106,743

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2024

5. Interest receivable

	2024	2023
	£	£
Bank interest receivable	98,379	44,510
	<u>98,379</u>	<u>44,510</u>

6. Surplus for the year

Surplus for the year is stated after charging:

	2024	2023
	£	£
Depreciation of property, plant and equipment	202,578	202,091
Government grants	69,477	69,477
Audit fees:		
- Statutory audit (excluding VAT)	<u>11,000</u>	<u>10,000</u>

7. Staff costs

	2024	2023
	£	£
Wages and salaries	188,771	172,718
Social security costs	8,509	7,848
Pensions	4,392	3,568
	<u>201,672</u>	<u>184,134</u>

The average full time equivalent number of employees was: 4.6, with a further 1.84 FTE employees working on community development projects, (2023: 4.6)

	2024	2023
	Number	Number
Staff – absolute numbers	<u>11</u>	<u>11</u>

The basis of the calculation of the full time equivalents was 6 office-based staff working variable part time hours equating to 161 hours per week out of a possible 210.

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2024

8. Directors' remuneration and transactions

No directors' remuneration was paid in the year. Non-executive directors are not remunerated.

9. Tangible fixed assets – housing properties

	Completed properties £	Total £
Cost		
At 1 April 2023	12,279,261	12,279,261
Additions	91,287	91,287
Disposals	(2,390)	(2,390)
	<u>12,368,158</u>	<u>12,368,158</u>
At 31 March 2024		
Depreciation		
At 1 April 2023	3,004,450	3,004,450
Charge for the year	202,578	202,578
Eliminated on disposals	(2,231)	(2,231)
	<u>3,204,797</u>	<u>3,204,797</u>
At 31 March 2024		
Net book value		
At 31 March 2024	<u>9,163,361</u>	<u>9,163,361</u>
At 31 March 2023	<u>9,274,811</u>	<u>9,274,811</u>

Freehold land and buildings with a carrying amount of £6million (2023: £6million) have been pledged to secure borrowings of the Association. The Association is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2024

10. Property, plant and equipment - other

	Fixtures and fittings £	Total £
Cost		
At 1 April 2023	34,699	34,699
Additions	-	-
Disposals	-	-
	<hr/>	<hr/>
At 31 March 2024	34,699	34,699
	<hr/>	<hr/>
Depreciation		
At 1 April 2023	34,699	34,699
Charge for the year	-	-
Disposals	-	-
	<hr/>	<hr/>
At 31 March 2024	34,699	34,699
	<hr/>	<hr/>
Net book value		
At 31 March 2024	-	-
	<hr/>	<hr/>
At 31 March 2023	-	-
	<hr/>	<hr/>

11. Debtors

	2024 £	2023 £
Amounts falling due within one year:		
Rent arrears	45,469	39,575
Rental income deferred	-	(5,986)
Provision for bad debts	(15,748)	(15,392)
Prepayments and accrued income	39,881	54,860
	<hr/>	<hr/>
	69,602	73,057
	<hr/>	<hr/>

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2024

12. Creditors – amounts falling due within one year

	2024 £	2023 £
Bank loans and overdrafts (see note 13)	208,333	208,333
Rents received in advance	17,976	26,717
Trade creditors and after date invoices	90,657	18,365
Accruals	41,232	31,175
Government grants	69,477	69,477
	<u>427,675</u>	<u>354,067</u>

13. Creditors – amounts falling due after more than one year

	2024 £	2023 £
Other creditors		
Loans	2,941,357	3,147,800
Government grants	5,420,497	5,489,974
	<u>8,361,854</u>	<u>8,637,774</u>

The loans are secured on 86 freehold housing properties. Interest is payable at 2.268% on the fixed element of the loan and SONIA +2.1% on the balance.

The total accumulated amount of capital grant received or receivable at the balance sheet date is £6,947,748 (2023: £6,947,748).

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2024

13. Creditors – amounts falling due after more than one year (continued)

	2024 £	2023 £
Deferred income - Government grants		
At 1 April 2023	5,559,451	5,628,928
Amortisation to Statement of Comprehensive Income	(69,477)	(69,477)
At 31 March 2024	<u>5,489,974</u>	<u>5,559,451</u>
Due within one year	<u>69,477</u>	<u>69,477</u>
Due after one year	<u>5,420,497</u>	<u>5,489,974</u>

Borrowings are repayable as follows:

	2024 £	2023 £
Bank Loans		
Between one and two years	208,333	208,333
Between two and five years	833,333	833,333
After five years	2,135,418	2,343,751
	<u>3,177,084</u>	<u>3,385,417</u>
Less transaction costs on issue	<u>(27,394)</u>	<u>(29,284)</u>
	<u>3,149,690</u>	<u>3,356,133</u>
Less amounts due on demand or within one year	<u>(208,333)</u>	<u>(208,333)</u>
	<u>2,941,357</u>	<u>3,147,800</u>

14. Retirement benefit schemes

Defined contribution schemes

The Association joined a Defined Contribution scheme administered by TPT Retirement Solutions from 1 April 2017 in accordance with auto enrolment legislation. There is no long-term financial commitment associated with the scheme.

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2024

15. Financial instruments

The carrying values of the Association's financial assets and liabilities are summarised by category below:

	2024 £	2023 £
Financial assets		
Measured at undiscounted amount receivable		
• Rent arrears and other debtors (see note 11)	45,469	39,575
• Cash	3,907,768	3,566,557
	<u>3,953,237</u>	<u>3,606,132</u>
Financial liabilities		
Measured at undiscounted amount payable		
• Bank loans (see note 13)	2,941,357	3,147,800
• Trade and other creditors (see note 12)	131,889	49,540
• Rents received in advance (see note 12)	17,976	26,717
	<u>3,091,222</u>	<u>3,224,057</u>

The Association's income, expense, gains and losses in respect of financial instruments are summarised below:

	2024 £	2023 £
Interest income and expense		
Total interest income for financial assets at undiscounted amount receivable	98,379	44,510
Total interest expense for financial liabilities at undiscounted amount payable	<u>(122,885)</u>	<u>(106,743)</u>

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2024

16. Net cash generated from operating activities

	2024 £	2023 £
Surplus for the year	428,618	376,713
<i>Adjustment for non-cash items:</i>		
Depreciation of property, plant and equipment	202,578	202,091
Loss on disposal of assets	159	80
(Increase)/decrease in debtors	3,455	(20,368)
(Decrease)/increase in creditors	73,608	21,405
<i>Adjustments for investing or financing activities:</i>		
Government grants utilised in the year	(69,477)	(69,477)
Interest payable	122,885	106,743
Interest received	(98,379)	(44,510)
Net cash generated from operating activities	663,447	572,677
Cash and cash equivalents		
Cash at bank and in hand	1,921,149	1,676,438
Cash equivalents included in current assets	-	-
Net cash generated from operating activities	1,921,149	1,676,438

17. Financial commitments

	2024 £	2023 £
Capital commitments are as follows:		
Contracted for but not provided for	332,371	-
	332,371	-

18. Housing Stock

	2024 Units	2023 Units
Owned and managed		
Housing accommodation at affordable rent	200	200
	200	200

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2024

19. Operating leases

At 31 March total future minimum lease payments under non-cancellable operating leases are as follows;

	2024	2023
	£	£
Photocopier		
< 1 year	942	-
< 2-5 years	1,884	-
> 5 years	-	-
	<u>2,826</u>	<u>-</u>

20. Related party transactions

The Board includes two members who are also tenants of the Association. These members are subject to the same terms and conditions as all tenants in similar properties. At the year-end the total rent and service charge paid by Housing Benefit, including after date adjusted payments, for these Board members totalled £Nil (2023: £Nil). During the year rent and service charge received was £10,966 for 2 Resident Board members (2023: £13,441 – for 3 Resident Board members).

The General Manager's employment costs are charged to the Association by his company 'Flexistore (Cardiff) Limited'. The total cost incurred during the period and charged to the Statement of Comprehensive Income totalled £62,993 (2023: £56,490). At the year-end £Nil (2023: £Nil) was included in trade creditors.

The Chair's husband is employed by the Association and is paid at a normal commercial rate.

The overall management of the shared areas of those parts of the estate built by Barratt from 2010 - 2016 is undertaken by the Lyng Management Company (LMC), an independent company. The Chair of the Association is a director of that company representing Lyng Community Association. Management responsibility for those shared areas was transferred to Lyng Management Company from September 2017.

Lyng Community Association was appointed as managing agent after an open tender exercise conducted by LMC. The Association charges an administration charge of £9,513 per annum to administer the management activity. During the year 2023/24 this charge was levied on the Management Company and a further £5,827 was accrued to 31 March 2024. The total income of £10,908 (2023: £10,728) is shown as Other Social Housing Activities in the Income and Expenditure account.