

Lyng Community Association
Annual report and financial statements
for the year ended 31 March 2025

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
N Bhatoe
S K Tour
J Fenton
A Sikdar

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
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Birmingham
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BANKERS

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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 2025.

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 has built on the strong foundations of the revitalised Lyng estate and developed new community focussed 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, recent history has shown that 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 £520,766 (2024: £428,618) shows a modest increase compared to last year. However the surpluses for this year 2024/25 and the previous year 2023/24 are both significantly higher when compared to previous years before 2020.

Turnover showed an increase as rents increased by 7.7% 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%

The Association's Service Charges always have to reflect the cost of providing additional services and for 2024/25 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 2025 of £4,871,968 (2024: £4,351,202) 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 Association's bank loan requires annual repayments of £208,333 for the remaining term of 14 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. 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.

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. 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 0.11% 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

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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 5 vacancies arising during the year – a tenancy turnover rate of 2.5%.

- 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 and at the end of March 2025 current tenant arrears reduced to 2.74% of the rent roll.
- 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 and continued through 2024/25. This was the first time that the Association had needed to invest substantial funds into renewing components in its properties and the programme was delivered on time and to the expected budget with a high level of satisfaction for the Association's tenants. 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 2024-25 and two new Independent Board members joined the Board 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 residents and the Association and we remain committed and hopeful that this in turn will help stimulate interest in joining the Board.

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.

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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 2024/25 two members of the Board were Association residents filling a third of the 6 resident Board member places with a further 6 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 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 2024/25 included:-

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

This target was achieved with a rent collection figure of 100.4% in 2024/25.

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 0.11% equal to an occupancy rate of 99.89%, mainly due to very low turnover of tenancies during the year.

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

A last 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. The Association will carry out a new satisfaction survey in July 2025.

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 £4,148 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 2.5% in 2024/25

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.

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 – 99.5%

(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.

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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. The next Tenant Satisfaction Survey is due two years after the last one so will be conducted in July 2025

| <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% |
| 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 |

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Complaints

The Association received 2 complaints in 2024/25 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>2024/25</u> | <u>SPBM</u> |
|--|----------------|---------------|
| Satisfaction with the Association's approach to managing complaints | 62% | 54% |
| Number of Stage 1 Complaints (per 1,000 units) | 10 | 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 2025 and comparisons with the previous years is as follows:

| | 2025 | 2024 | 2023 | ABPM 2024 Median |
|----------------------------|---------|---------|---------|---------------------|
| Reinvestment | 4.04% | 1.00% | 0.03% | 2.7% |
| New Supply | 0 | 0 | 0 | 0 |
| Gearing (as at) | 11.93% | 13.41% | 18.11% | 17.3% |
| EBITDA MRI | 694.37% | 557.24% | 577.23% | 200% |
| Cost per unit | £4,148 | £3,978 | £3,661 | £6,447 |
| Operating margin | 37.48% | 35.74% | 36.91% | 18.52% |
| Return on capital employed | 3.93% | 3.56% | 3.49% | 2.53% |

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 was limited until 2024/25 when our original properties from 2004 were given new kitchens and this was the start of a period of regular reinvestment expenditure.

New Supply - the Association did not build any new homes during 2024/25 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 11.93% 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 2024 was 17.3%

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 694.37% 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 2024/25 as expenditure on both activities increased. Overall, our cost per unit remains lower than similar sized associations.

In comparison with larger housing associations defined as those with over 1,000 units the Association's performance of £4,148 is still better than the median of £5,046 for 2024. Comparing to only small associations the average cost per unit is £6,447 so Lyng's performance is significantly better than the many of its peer group. 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 2024/25 the Association maintained a similar performance to the year before at 37.48%.

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 3.93% compares positively against other benchmark associations.

Approved by the Board and signed on its behalf by:

Chair 
Date 12/9/25.

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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.

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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. 80% of the Barclays bank loan debt is at a fixed rate for the next 3 years with the remaining 20% at a variable rate with this proportion reducing as repayments of £208,333 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 maintain its income and services in the unusual and 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 were reduced in 2024/25 to 2.74% despite the Cost of Living crisis that put pressure on household budgets within the Association's client group.
- tenancy terminations remained very limited throughout 2024/25 at 2.5% 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 2024/25. 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 involved 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.

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.

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Board Report

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 completed a revaluation of the stock in 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

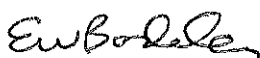
The Board has previously adopted the National Housing Federation's "Code of Governance: Promoting board excellence for housing associations (2015 edition)". A recent self-assessment of compliance was completed and the Association is able to confirm its compliance with the code with the exception of board members service. The Association has adopted a plan to replace longer serving Board members with new members whilst ensuring there is sufficient knowledge and experience to maintain an excellent standard of governance. The Board has committed to progressing towards adopting the 2020 version and will look to move forward with this process in the near future.

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



Date

12/9/25

Lyng Community Association

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 2025 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 2025 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

Lyng Community Association

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

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 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.

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.

Lyng Community Association

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

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.

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 (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

Lyng Community Association

Statement of Comprehensive Income For the year ended 31 March 2025

| | Note | 2025 £ | 2024 £ |
|--|------|-----------------------|-----------------------|
| Turnover | 3 | 1,338,381 | 1,248,776 |
| Operating expenditure | 3 | (829,544) | (795,652) |
| Operating surplus | | <u>508,837</u> | <u>453,124</u> |
| Interest receivable | 5 | 124,479 | 98,379 |
| Interest and finance costs | 4 | (112,550) | (122,885) |
| Surplus for the year | 6 | <u>520,766</u> | <u>428,618</u> |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | <u><u>520,766</u></u> | <u><u>428,618</u></u> |

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

The notes on pages 25 to 37 form an integral part of these financial statements.


Lyng Community Association

Statement of Financial Position At 31 March 2025

Company registered number: 3977954

| | Note | 2025 £ | 2024 £ |
|--|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Housing properties | 9 | 9,322,476 | 9,163,361 |
| Other property, plant and equipment | 10 | - | - |
| | | <u>9,322,476</u> | <u>9,163,361</u> |
| Current assets | | | |
| Debtors | 11 | 58,849 | 69,602 |
| Cash and short-term investments | | 1,830,663 | 1,921,149 |
| Investments | | 2,090,044 | 1,986,619 |
| | | <u>3,979,556</u> | <u>3,977,370</u> |
| Creditors: Amounts falling due within one year | 12 | <u>(344,131)</u> | <u>(427,675)</u> |
| Net current assets | | <u>3,635,425</u> | <u>3,549,695</u> |
| Total assets less current liabilities | | 12,957,901 | 12,713,056 |
| Creditors: Amounts falling due after more than one year | 13 | <u>(8,085,934)</u> | <u>(8,361,854)</u> |
| Net assets | | <u><u>4,871,967</u></u> | <u><u>4,351,202</u></u> |
| Capital and reserves | | | |
| Revenue reserve | | <u>4,871,967</u> | <u>4,351,202</u> |
| Total reserves | | <u><u>4,871,967</u></u> | <u><u>4,351,202</u></u> |

The financial statements of Lyng Community Association were approved by the Board of Management on 8th July 2025 and signed on its behalf by:



- E W Bodenham - Board Member



- A Nash – Secretary

Lyng Community Association

Statement of Changes in Reserves For the year ended 31 March 2025

| | Revenue reserve £ | Total £ |
|----------------------|-------------------------|-------------------------|
| At 1 April 2023 | 3,922,584 | 3,922,584 |
| Surplus for the year | <u>428,618</u> | <u>428,618</u> |
| At 31 March 2024 | 4,351,202 | 4,351,202 |
| Surplus for the year | <u>520,766</u> | <u>520,766</u> |
| At 31 March 2025 | <u>4,871,968</u> | <u>4,871,968</u> |

Lyng Community Association

Statement of Cash Flows

For the year ended 31 March 2025

| | Note | 2025 £ | 2024 £ |
|---|-----------|------------------|------------------|
| Net cash generated from operating activities | 16 | 584,237 | 663,447 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (376,784) | (91,287) |
| Interest received | | 124,479 | 98,379 |
| Decrease / (increase) in investments | | (103,425) | (96,500) |
| Net cash flows from investing activities | | (355,730) | (89,408) |
| Cash flows from financing activities | | | |
| Interest paid | | (112,550) | (122,885) |
| Amortisation of loan issue costs | | 1,890 | 1,890 |
| Repayments of borrowings | | (208,333) | (208,333) |
| Net cash flows from financing activities | | (318,993) | (329,328) |
| Net increase / (decrease) in cash and cash equivalents | | (90,486) | 244,711 |
| Cash and cash equivalents at beginning of year | 16 | 1,921,149 | 1,676,438 |
| Cash and cash equivalents at end of year | 16 | 1,830,663 | 1,921,149 |

Note:

The Association has invested surplus funds in a Notice account since July 2021 (previously treasury deposits). The amount invested at 31 March 2025 is £2,090,044 (2024: £1,986,619), 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 2025

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 2019. 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 2025

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

Computer hardware 7 years

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 2025

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 2025

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 2025

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

| | 2025 | | |
|-----------------------------------|------------------|-------------------------|---------------------------|
| | Turnover £ | Operating costs £ | Operating surplus £ |
| Social housing lettings (note 3A) | 1,326,942 | 829,544 | 497,398 |
| Other social housing activities | 11,439 | - | 11,439 |
| Total | 1,338,381 | 829,544 | 508,837 |

| | 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 |

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2025

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

| | General Needs Housing £ | 2025 Total £ | 2024 Total £ |
|--|----------------------------------|--------------------|--------------------|
| Income | | | |
| Rents receivable | 1,203,976 | 1,203,976 | 1,118,550 |
| Service charge income | 53,489 | 53,489 | 49,841 |
| Amortised government grant | 69,477 | 69,477 | 69,477 |
| Turnover from social housing lettings | 1,326,942 | 1,326,942 | 1,237,868 |
| Expenditure | | | |
| Service charge costs | 31,863 | 31,863 | 42,728 |
| Service charge sinking fund | 0 | 0 | 0 |
| Management | 431,113 | 431,113 | 398,151 |
| Routine maintenance | 104,125 | 104,125 | 93,500 |
| Planned maintenance | 41,952 | 41,952 | 55,308 |
| Bad debts | 2,822 | 2,822 | 3,228 |
| Disposal costs | 0 | 0 | 159 |
| Depreciation of housing properties | 217,669 | 217,669 | 202,578 |
| Operating costs | 829,544 | 829,544 | 795,652 |
| Operating surplus social housing lettings | 497,398 | 497,398 | 442,216 |
| Void losses | 1,265 | 1,265 | 3,187 |

4. Interest and finance costs

| | 2025 £ | 2024 £ |
|---------------------------|----------------|----------------|
| Bank loans and overdrafts | 112,550 | 122,885 |
| | 112,550 | 122,885 |

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2025

5. Interest receivable

| | 2025 £ | 2024 £ |
|--------------------------|----------------|---------------|
| Bank interest receivable | 124,479 | 98,379 |
| | <u>124,479</u> | <u>98,379</u> |

6. Surplus for the year

Surplus for the year is stated after charging:

| | 2025 £ | 2024 £ |
|---|---------------|---------------|
| Depreciation of property, plant and equipment | 217,669 | 202,578 |
| Government grants | 69,477 | 69,477 |
| Audit fees: | | |
| - Statutory audit (excluding VAT) | <u>16,000</u> | <u>11,000</u> |

7. Staff costs

| | 2025 £ | 2024 £ |
|-----------------------|----------------|----------------|
| Wages and salaries | 200,894 | 188,771 |
| Social security costs | 10,059 | 8,509 |
| Pensions | 4,797 | 4,392 |
| | <u>215,750</u> | <u>201,672</u> |

The average full time equivalent number of employees was: 4.6, with a further 1.62 FTE employees working on community development projects, (2024: 4.6 plus 1.84)

| | 2025 Number | 2024 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 2025

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 2024 | 12,368,158 | 12,368,158 |
| Additions | 376,814 | 376,814 |
| Disposals | (94,437) | (94,437) |
| At 31 March 2025 | <u>12,650,535</u> | <u>12,650,535</u> |
| Depreciation | | |
| At 1 April 2024 | 3,204,797 | 3,204,797 |
| Charge for the year | 217,699 | 217,699 |
| Eliminated on disposals | (94,437) | (94,437) |
| At 31 March 2025 | <u>3,328,059</u> | <u>3,328,059</u> |
| Net book value | | |
| At 31 March 2025 | <u>9,322,476</u> | <u>9,322,476</u> |
| At 31 March 2024 | <u>9,163,361</u> | <u>9,163,361</u> |

Freehold land and buildings with a carrying amount of £6million (2024: £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 2025

10. Property, plant and equipment - other

| | Fixtures and fittings £ | Total £ |
|-----------------------|----------------------------------|---------------|
| Cost | | |
| At 1 April 2024 | 34,699 | 34,699 |
| Additions | - | - |
| Disposals | - | - |
| | <u>34,699</u> | <u>34,699</u> |
| At 31 March 2025 | | |
| Depreciation | | |
| At 1 April 2024 | 34,699 | 34,699 |
| Charge for the year | - | - |
| Disposals | - | - |
| | <u>34,699</u> | <u>34,699</u> |
| At 31 March 2025 | | |
| Net book value | | |
| At 31 March 2025 | - | - |
| | <u>-</u> | <u>-</u> |
| At 31 March 2024 | - | - |
| | <u>-</u> | <u>-</u> |

11. Debtors

| | 2025 £ | 2024 £ |
|---|---------------|---------------|
| Amounts falling due within one year: | | |
| Rent arrears | 58,117 | 45,469 |
| Rental income deferred | (20,691) | - |
| Provision for bad debts | (17,712) | (15,748) |
| Prepayments and accrued income | 39,135 | 39,881 |
| | <u>58,849</u> | <u>69,602</u> |

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2025

12. Creditors – amounts falling due within one year

| | 2025 £ | 2024 £ |
|---|----------------|----------------|
| Bank loans and overdrafts (see note 13) | 208,333 | 208,333 |
| Rents received in advance | 16,132 | 17,976 |
| Trade creditors and after date invoices | 17,922 | 90,657 |
| Accruals | 32,267 | 41,232 |
| Government grants | 69,477 | 69,477 |
| | <u>344,131</u> | <u>427,675</u> |

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

| | 2025 £ | 2024 £ |
|------------------------|------------------|------------------|
| Other creditors | | |
| Loans | 2,734,914 | 2,941,357 |
| Government grants | 5,351,020 | 5,420,497 |
| | <u>8,085,934</u> | <u>8,361,854</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 (2024: £6,947,748).

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2025

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

| | 2025 £ | 2024 £ |
|---|------------------|------------------|
| Deferred Income - Government grants | | |
| At 1 April 2024 | 5,489,974 | 5,559,451 |
| Amortisation to Statement of Comprehensive Income | (69,477) | (69,477) |
| At 31 March 2025 | <u>5,420,497</u> | <u>5,489,974</u> |
| Due within one year | <u>69,477</u> | <u>69,477</u> |
| Due after one year | <u>5,351,020</u> | <u>5,420,497</u> |

Borrowings are repayable as follows:

| | 2025 £ | 2024 £ |
|---|------------------|------------------|
| Bank Loans | | |
| Between one and two years | 208,333 | 208,333 |
| Between two and five years | 833,333 | 833,333 |
| After five years | 1,927,085 | 2,135,418 |
| | <u>2,968,751</u> | <u>3,177,084</u> |
| Less transaction costs on issue | <u>(25,504)</u> | <u>(27,394)</u> |
| | <u>2,943,247</u> | <u>3,149,690</u> |
| Less amounts due on demand or within one year | <u>(208,333)</u> | <u>(208,333)</u> |
| | <u>2,734,914</u> | <u>2,941,357</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 2025

15. Financial instruments

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

| | 2025 £ | 2024 £ |
|--|------------------|------------------|
| Financial assets | | |
| Measured at undiscounted amount receivable | | |
| • Rent arrears and other debtors (see note 11) | 37,426 | 45,469 |
| • Cash | 3,920,707 | 3,907,768 |
| | <u>3,958,133</u> | <u>3,953,237</u> |
| Financial liabilities | | |
| Measured at undiscounted amount payable | | |
| • Bank loans (see note 13) | 2,734,914 | 2,941,357 |
| • Trade and other creditors (see note 12) | 50,189 | 131,889 |
| • Rents received in advance (see note 12) | 16,132 | 17,976 |
| | <u>2,801,235</u> | <u>3,091,222</u> |

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

| | 2025 £ | 2024 £ |
|---|------------------|------------------|
| Interest income and expense | | |
| Total interest income for financial assets at undiscounted amount receivable | 124,479 | 98,379 |
| Total interest expense for financial liabilities at undiscounted amount payable | <u>(112,550)</u> | <u>(122,885)</u> |

Lyng Community Association

Notes to the financial statements

For the year ended 31 March 2025

16. Net cash generated from operating activities

| | 2025 £ | 2024 £ |
|---|------------------|------------------|
| Surplus for the year | 520,766 | 428,618 |
| <i>Adjustment for non-cash items:</i> | | |
| Depreciation of property, plant and equipment | 217,669 | 202,578 |
| Loss on disposal of assets | 0 | 159 |
| (Increase)/decrease in debtors | 10,753 | 3,455 |
| (Decrease)/increase in creditors | (83,545) | 73,608 |
| <i>Adjustments for investing or financing activities:</i> | | |
| Government grants utilised in the year | (69,477) | (69,477) |
| Interest payable | 112,550 | 122,885 |
| Interest received | (124,479) | (98,379) |
| Net cash generated from operating activities | 584,237 | 663,447 |
| Cash and cash equivalents | | |
| Cash at bank and in hand | 1,830,663 | 1,921,149 |
| Cash equivalents included in current assets | - | - |
| Net cash generated from operating activities | 1,830,663 | 1,921,149 |

17. Financial commitments

| | 2025 £ | 2024 £ |
|-------------------------------------|-----------|-----------|
| Capital commitments are as follows: | | |
| Contracted for but not provided for | - | 332,371 |
| | - | 332,371 |

18. Housing Stock

| | 2025 Units | 2024 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 2025

19. Operating leases

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

| | 2025 | 2024 |
|-------------|--------------|--------------|
| | £ | £ |
| Photocopier | | |
| < 1 year | 942 | 942 |
| < 2-5 years | 942 | 1,884 |
| > 5 years | - | - |
| | <u>1,884</u> | <u>2,826</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 (2024: £Nil). During the year rent and service charge received was £12,969 for 2 Resident Board members (2024: £10,966 – for 2 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 £71,106 (2024: £62,993). At the year-end £10,870 (2024: £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 £9,988 per annum to administer the management activity. During the year 2024/25 this charge was levied on the Management Company and a further £5,972 was accrued to 31 March 2025. The total income of £11,439 (2024: £10,908) is shown as Other Social Housing Activities in the Income and Expenditure account.