

LINK GROUP LIMITED



**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

**Registered Society and Financial Conduct Authority
Registration No: 1481R(S)**

Scottish Charity No: SC001026

The Scottish Housing Regulator No: HAL 148

LINK GROUP LIMITED**REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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LINK GROUP LIMITED**BOARD OF MANAGEMENT, DIRECTORS, AND ADVISORS**

BOARD OF MANAGEMENT

R Martin (Chairman)	C Donaldson
C Allan	J Flaherty
P Biberbach	D Mackie
M Catterall (resigned August 2020)	R MacDougall (appointed May 2020)
C Cuthbertson	H Sharp Webb (resigned May 2019)
A Diamond (resigned May 2019)	A Smith
I Dickson	

CHIEF EXECUTIVE AND DIRECTORS

Chief Executive	J Turner
Group Corporate Governance Director/Company Secretary	J N Hall
Group Finance Director	N Pollard
Group Commercial Director	C Culross
Director of Human Resources and Business Support	H Bayne
Director of Housing Services	J Green
Chief Executive, LinkLiving	S Smith
Area Manager, Larkfield Housing Association	L Griffin
Chief Executive, Horizon Housing Association	L Cameron
Chief Executive, West Highland Housing Association	L McInnes

EXTERNAL AUDITOR

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

BANKER

Bank of Scotland
75 George Street
Edinburgh EH2 3EW

SOLICITORS

Burness Paul LLP
50 Lothian Road
Edinburgh EH3 9WJ

INTERNAL AUDITOR

Scott Moncrieff
25 Bothwell Street
Glasgow G2 6NL

Harper Macleod LLP
45 Gordon Street
Glasgow G1 3PE

FUNDERS

Royal Bank of Scotland
M&G Investments
Allia Social Impact Investments

Bank of Scotland
Canada Life

Santander Corporate Banking
MetLife

REGISTERED OFFICE

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LINK GROUP LIMITED

REPORT OF THE BOARD OF MANAGEMENT

The Board presents its report and the group financial statements for the year ended 31 March 2020. The report includes the Strategic report requirements and disclosures as set out in the Housing SORP 2018 - Statement of Recommended Practice for Registered Social Housing Providers.

Principal activity

The principal activity of the group is to provide housing, management and support services to meet a range of housing needs.

Group Structure

Link Group Limited (Link) is the parent company in the group, which comprises four Registered Social Landlords (RSLs) and seven operating subsidiaries.

The results of all the subsidiaries are included in these financial statements and reflected in the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Financial Position. The purposes and constitutions of the subsidiaries are included in Note 14 to the financial statements.

Link Group Limited, Horizon Housing Association, Larkfield Housing Association, West Highland Housing Association (all of which have charitable status) are the four RSLs in the group. As RSL subsidiaries, Larkfield, Horizon, and West Highland have retained their assets, names and identities.

Each RSL subsidiary has entered into an Intra-Group Agreement with Link which sets out the respective roles and responsibilities of each party. The agreement confirms the processes and procedures each party will conform to and the basis upon which services will be provided is contained in service level agreements. Link has the power to appoint the majority of the management committee members and the circumstances where Link would exercise that power are dealt in the agreements.

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

The consolidated financial statements of the group reflect the results of all Link subsidiary companies as well as separately disclosing the results of Link Group Limited itself.

Group Strategy and Objectives

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

- **Providing Homes** – we will continue to build new homes that meet peoples needs and ensure that our homes are well maintained, efficient to heat, and adaptable.
- **Building Communities** - we will work with people to improve their communities and support wider community and social enterprise development
- **Valuing People** - we will learn from our customers and support people to reach their potential
- **Working Together** - we will ensure that we use our resources effectively and maximise our impact

LINK GROUP LIMITED**REPORT OF THE BOARD OF MANAGEMENT (continued)**

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

Operating Performance

Link monitors group performance through comparisons against peers as well as other RSLs which form part of the Scottish Housing Network benchmarking group and using Scottish Housing Regulator data. The Board is satisfied that Link is performing strongly compared to other housing providers and is achieving high quality outcomes when compared across the sector. In addition, the Board monitors Link's financial and operating performance against key targets in Link's business plan and is confident that not only is Link performing well operationally but also it is more than comfortably achieving lending covenants, reflecting high quality financial performance.

Link's Board receives quarterly performance reports from all the subsidiaries and it scrutinises the performance of each area of the group. All four RSLs complete Annual Returns on the Charter (ARC) to the Scottish Housing Regulator (SHR) and the information is published so that tenants can see how individual RSLs compare across a wide range of indicators.

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

Performance Indicator	Link Group 2019/20	Scottish Average 2018/19
Percentage of tenants who feel landlord is good at keeping them informed about services and decisions	94.27%	91.6%
Percentage of tenants satisfied with the opportunities to participate in the landlord's decision making	89.97%	86.48%
Percentage of tenants satisfied with overall service provided by landlord	89.50%	90.12%
Percentage of properties meeting SHQS year end	99.46%	94.09%
Percentage of tenants satisfied with quality of home	88.28%	88.12%
Average hours to complete emergency repairs	2.96 hrs	3.65 hrs
Percentage of tenants satisfied with repairs service	87.31%	91.66%
Percentage of tenants who feel rent for their property represents good value for money	76.43%	83.21%
Percentage collected of rent due	99.12%	99.10%
Percentage gross rent arrears of rent due	4.53%	5.67%
Percentage of rent due lost through properties being empty	0.58%	0.88%
Average calendar days to re-let properties	25.57days	31.89days
Percentage self-contained properties that meet EESSH	96.80%	84.40%

Link's subsidiary, Link Property Limited (LPL), employs Link's in-house trades team to undertake the majority of the

LINK GROUP LIMITED

REPORT OF THE BOARD OF MANAGEMENT (continued)

planned maintenance work as well as reactive repairs for Link. The service covers Link's three main customer bases throughout Central Scotland and services are also provided to two other subsidiaries in the group. The performance of LPL is also scrutinised by the Link Board through the quarterly performance reporting cycle. LPL continue to develop the range of their service offering and during the year established a windows replacement programme which was previously outsourced.

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

All the RSLs also performed well in terms of rent collection performance and rent arrears management. Also, in terms of value for money, void rent loss from vacant periods between tenancies ranged from 0.12% of rent due to the highest being 0.58% of rent due.

A high degree of efficiency in the collection of rental income and to manage rent arrears was also achieved with the rent arrears ranging from 3.72% to 4.53% of rental income due. The SHR publishes an annual engagement plan for Link which covers the group and the 2019-20 plan did not contain any areas of attention or focus in relation to any operating performance deficiencies. The SHR has not produced engagement plans for 2020-21 due to the covid19 pandemic.

The Group Board is satisfied that the group RSL performance is strong across all ARC indicators and the Board will continue to monitor the position to ensure the performance continues.

Link Housing Association (LHA) Limited is the subsidiary company which carries out housing management functions for Link Group Limited including the management of the social rented housing, mid-market rented housing, shared ownership and the shared equity sales functions. During the year LHA were successful in retendering for management of the City of Edinburgh Council's Private Sector Leasing scheme which involves the management of around 1,400 properties, let to applicants who were previously homeless. The new contract is for a period of 10 years and continues Link's strong relationship with the City of Edinburgh Council.

Link continues to participate in initiatives designed to assist first-time buyers on low incomes in central Scotland through the provision of shared equity grants. The schemes (Help to Buy, First Home Fund and the Open Market Shared Equity Scheme) are promoted by the Scottish Government and operated by Link. The grants are repayable when the property is sold and are repaid in proportion to the original purchase price, by reference to the value of the property when ultimately sold. The grant repayment is returned to the Scottish Government. Link bears no risk or reward in respect of the shared equity arrangement and acts as an agent for Scottish Ministers in return for an administration fee. With all these initiatives Link manages grants received from the Scottish Government as its agent and these grants are paid out to Shared Equity buyers. As Link has no financial interest, other than being the scheme administrator for the Scottish Government, the cumulative grants received and paid out are not included in the financial statements.

In addition to the various Scottish Government supported shared equity schemes, Link has developed and sold a number of shared equity properties under an initiative entitled "New Supply Shared Equity".

Financial Performance

Except where otherwise stated the financial performance discussed is that of the parent company only i.e. of Link Group Limited ("Link"). The financial statements reflect the requirements of the Statement of Recommended Practice for registered social housing providers, the Housing SORP 2018.

In 2020 Link achieved a surplus for the year of £0.44m (2019 £2.4m) and total comprehensive income of £0.52m (2019 £2.5m). Turnover increased by approximately 7.5% to £46.2m (2019 £43m) and operating costs also increased by 8.2% to £39.1m (2019 £36.2m). The income from social letting activities increased by 4.2% (2019 5%), increasing income by £1.34m (2019 £1.8m) and this reflects rent increases applied in April 2019 and rents received from new build completions

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REPORT OF THE BOARD OF MANAGEMENT (continued)

during the year. The operating surplus from social lettings activities grew by 4.6% (2019 -6.6%).

Included in operating costs is the expenditure on wider role activities of £1.03m (2019 £1m). The operating costs also include expenditure on reactive maintenance, planned and cyclical maintenance and major repairs, the cost of which was £10.9m (2019 £10.4m). The total investment on all maintenance activities was £14.2m (2019 £13.4m), £3.3m (2019 £3m) of which was treated as capital expenditure.

Link's operating surplus increased for the period to £7.1m compared to £6.8m in 2019. Owing to the significant commitment to the development of new homes that Link made in the period borrowing costs have risen by 23.2% (2019 1.5%). This is due to the change in drawn debt to £198m from £151m. After adjustments for interest costs and income from subsidiaries the surplus for the year decreased by £1.97m compared to the prior year reduction of £1.7m. This reflects the continued investment by Link in new housing stock which once completed will contribute positively to the turnover and operating surplus.

The overall total comprehensive income for the year of £0.5m (2019 £2.5m) was achieved after meeting interest payable and related finance costs of £7.2m, (2019 £5.8m) on loans borrowed to support new properties built and those in the course of construction. The results for 2020 were in line with the Board's expectations and exceeded Link's budget for 2019/20.

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

Link's investment in planned maintenance and major repairs ensured that it met the Scottish Housing Quality Standard (SHQS) with a limited number of abeyances. The SHQS has now been superseded by the Energy Efficiency Standard for Social Housing (EESH) which has introduced a higher energy efficiency standard to be achieved by 2020. Link is confident that its planned maintenance programme will go a long way to achieving this as a matter of course.

Despite the significant planned maintenance investment in its stock, Link is required by the Housing SORP 2014 to depreciate its housing properties and retained surpluses are calculated after providing for depreciation of £13.7m during the period (2019 £11.3m). The depreciation is offset by amortising the grants received to build the properties which results in a credit to income of £7.2m in the period (2019 £5.3m).

At 31 March 2020, Link's total reserves amounted to £67.1m, an increase of £0.5m from 2019. The increase in reserves is solely attributable to the surplus achieved. In addition to providing funds for re-development, these reserves are required to support Link's development programme, the planned maintenance investment programme and provide a hedge against risk. The total reserves in 2020 are also after recognising Link's pension liability to the Scottish Housing Association Pension scheme of £0.3m (2018: £0.5m).

The financial statements include the results of all Link subsidiaries and the Link Group surplus is shown on page 17. In the year to 31 March 2020 the consolidated surplus for the year was £2m (2019: £5m), based on overall group turnover of £70.0m (2019: £65.2m). The total comprehensive income for the year was £3.2m (2019 £4.2m). The total consolidated reserves amounted to £101.5m (2019 £98.3m)

The Board reviews the financial position of all the group members on a quarterly basis when it considers the consolidated quarterly management accounts. The results for 2020 are consistent with the performance reported during the year and the Board is satisfied that individually all the group members have performed well financially, and the group's consolidated financial position is strong.

Investment and Financing

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REPORT OF THE BOARD OF MANAGEMENT (continued)

During the year Link invested £108m (2019 £71.3m) in new properties for rent and sale on a shared equity basis across the central belt of Scotland and on replacement of building components. This expenditure was partly financed by Social Housing Grant of £55.8m (2019 £52.4m) with the balance funded by income from property sales, cash flow and loans drawn from Link's loan facilities.

Increase in investment in new properties reflected expenditure on the significant number of projects receiving grant approval from the Scottish Government. During 2019/20, Link completed 108 properties (2019 146) for social rent.

During the year a total of £80m was drawn down, £50m from Canada Life, £25m from MetLife and £5m from RBS which compares to a budgeted drawdown requirement of £75m. The closing cash position at the end of the period was £11.7m.

Standard & Poors undertook their annual credit rating assessment, which was finalised in October 2019, and Link maintained its strong "A+" rating.

Link cancelled the undrawn £50m RBS short term facility in December 2019 as there was no immediate need having put in place the two earlier long-term facilities with Canada Life and MetLife. Strong levels of liquidity are maintained with an additional £60m shelf facility potentially available from MetLife and requirements to draw on this facility will be assessed as the construction industry continues to re-open following the COVID lockdown and the development programme progresses.

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

Link's treasury management policy aims to maintain approximately 50% to 80% of Link's borrowings on fixed interest rates, maturing over a rolling period, as a hedge against adverse movements in variable interest rates. At March 2020, Link's fixed rate borrowings (at 94%) were outside the 80% target which reflects the natural timing of converting short to long term borrowing in phases, and this will re-adjust over the course of 2020/21.

In addition to the housing properties required as security for all its current borrowings, Link has a large proportion of housing stock available to be used as security for most of the required future borrowing. Link's current development programme will be financed from the new revolving credit loan facilities and when completed, these properties will also be available as security for future borrowings.

Link has a continuing, substantial investment programme. The business plan projection is to complete 2,691 properties for rent over the five-year business plan period through to 2023/24, in addition to which Link also plans to build a further 157 properties for shared equity sales. The business plan projection for rented properties is to develop approximately 73% for social rent with the remainder being mainly for mid-market rent. At current grant subsidy levels Link is confident that it will be able to continue to build and let new homes at social rent levels thus providing welcome genuinely affordable housing to those in need.

In recognition however, that in certain areas of the country, there is a real need and demand for mid-market rented properties (with rents set at around 80% of the local housing allowance levels), Link will continue to provide that housing tenure, utilising lower grant funding levels from the Scottish Government. Mid-market rented properties are often at rents substantially less than full market rates and can be suitable for key incoming workers and those in employment but with limited incomes. Link expects that by the end of the business plan period it will have completed around 1,500 mid-market rent properties under management.

Business Risks

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

LINK GROUP LIMITED**REPORT OF THE BOARD OF MANAGEMENT (continued)**

The principal risks identified relate to potential increases in pension liabilities (mitigated by the move of group staff to defined contribution schemes) and the impact of welfare reform. Welfare reform is a major challenge being faced by all social housing providers and Link continues to assess the potential impact as a high-risk area. Link actively support tenants to recognise and manage the impact of Welfare reform through a network of FCA regulated advisors. In addition, the Housing Officer portfolios have an average of approximately 200 homes per Officer in order that we can continue to work closely with our tenants as the Welfare Reform changes work through the system.

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

The availability and cost of funding has not been an issue for Link to date and this has been further evidenced by the raising of a new private placement in the first quarter of 2019/20 at market leading rates. Work in this area will continue through the next year and Link is confident it will continue to be an attractive proposition to funders.

At a macro level the uncertainties surrounding Brexit remain as we exit Europe in December 2020. The Link Group Board is comfortable that the detailed stress testing analysis undertaken on the business plan is of sufficient depth that it covers the key material risk areas for the organisation, irrespective of the cause.

The Link Group Board was pleased that the annual credit rating review by Standard & Poors affirmed a stand-alone credit rating at A+ which provides an additional point of external validation of the robustness of the organisation.

Covid19 Pandemic

The Link group has not been immune to the impact and effects of the Covid19 Pandemic on its business albeit that it took effect at the end of the year. The Link group has followed the national guidance on respect of the provision of services to its tenants ensuring that urgent and emergency repairs were maintained along with gas maintenance, certification and testing were undertaken wherever practical. Link has not seen a significant rise in its rent lost from voids nor has it evidenced significant increases in its rental arrears' outcomes, and this has continued in to the 2020 financial period.

Link has seen since the period end a substantial reduction in repairs and maintenance expenditure both in routine, urgent and emergency repairs and planned maintenance and major repairs are not taking place unless they are urgent.

Link has been required to furlough staff in its repairs and maintenance teams and in accordance with the UK Government Job Retention scheme this was only undertaken where jobs could not be safely undertaken during the UK wide lockdown. Overall Link has managed to minimise the financial effect with a measured approach to repairs and maintenance offsetting lost revenue from completed units coming in to let. This will rebalance in due course.

Link's development programme has since the period end been in complete lockdown although our contractors and developers have now returned to the development sites they are operating a socially distanced regime which will impact on the timing of planned development completions. Link is analysing and reviewing the effect of the new normal working regime on developments sites with its development and contracting partners to identify revised cash flow and expenditure profiles along with projected completion dates. Link does not expect any detrimental financial effects to accrue as a result of the development contracts.

Business Outlook

As a sector there has been a focus on delivery of the Scottish Government new affordable homes target of 50,000 homes by 2021 and Link are a key delivery partner in this regard. Looking forward the dialogue is changing as the Scottish Government look to frame their views on how the affordable housing sector will evolve in the next parliamentary term. Link continues to engage fully in the consultation process emphasising the importance of a continued development programme alongside a renewed focus on investment in existing homes and tenant welfare services.

Link has a strong development programme and is committed both to growth in its services to customers. In addition to

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REPORT OF THE BOARD OF MANAGEMENT (continued)

completing the current substantial development programme, Link actively seeks to source and fund the purchase of sites for housing development, to safeguard future housing supply. Link is confident that it can continue to develop and meet housing needs particularly in areas where there is a severe shortage of affordable housing options.

With support from the Scottish Government in maintaining current grant levels, Link expects to be able to continue to provide affordable housing covering a range of tenure types to people with a variety of housing needs. Link has substantial expertise in delivering innovative development solutions and this year the first of our new Retirement Living developments has been completed.

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

Link financial projections are based upon relatively low levels of inflation remaining constant throughout the 30-year plan period.

The plan anticipates that rent increases will keep pace with these inflation estimates (although no real rent increases above inflation are assumed) and costs increases will also be contained within the estimated inflation rates. Provided therefore that costs and income keep pace with inflation Link will remain a viable going concern financially. Most of Link's funding is long term and at fixed rates so Link is not exposed to interest rate volatility and current average borrowing rates are well within the business plan projections.

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

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

Board and Directors

The Board consists of up to 15 members elected at the Annual General Meeting. Board members serve on various committees as described in the Statement on Internal Financial Controls. Current membership of the Board is set out on page 1. Board membership at March 2020 stood at 11 Members (as at the date of this report, 11 Members). The Directors of Link (who are staff members) have no beneficial interest in its share capital and they act within the authority delegated by the Board of management.

Equality and Diversity

Link is committed to creating an environment where people are valued and given equal opportunity to employment and services. Staff are guided by the values in Link's equality diversity & inclusion (ED&I) policy, and the ED&I group meets regularly to oversee the achievement of action plans across the group. Link has Investors in Diversity status and remains committed to support staff and Board members in further developing our approach to equality and diversity.

Employee Involvement

Link employed 639 staff (2019 645) across the group on average throughout the year. Of those 120 staff members (2019 123) are employed in Link Group Limited. Link's employee involvement covers a wide range of methods from the formal recognition of the UNITE union, to employee information and consultation groups, working parties and project groups. Regular team and one-to-one meetings with staff ensure that communication is of good quality, and that these meetings supplement the monthly core brief emanating from the Board meetings and the monthly staff newsletter. Link's employee

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REPORT OF THE BOARD OF MANAGEMENT (continued)

involvement, learning and development activities and well-being initiatives have been acknowledged through achievement of Investors in People Gold award, Investors in Young People award and Healthy Working Lives Gold.

Basis of Preparation of Financial statements

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

Auditor

A resolution to re-appoint KPMG LLP as auditor will be proposed to the annual general meeting to be held on 29 September 2020.

As far as each of the members of the Board at the time of the report is approved is aware:

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

BY ORDER OF THE BOARD

DocuSigned by:

51D42D...

Board Member

Date: August 26 2020

Registered Office:
2C New Mart Road, Edinburgh, EH14 1RL

LINK GROUP LIMITED**BOARD OF MANAGEMENT STATEMENT ON INTERNAL FINANCIAL CONTROLS**

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

Corporate Governance

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

Management Structure

The Board has established Standing Orders, which reserves specific powers to the Board and delegates functions and powers to its Sub-Committees, the Senior Management Group and Subsidiary Companies.

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

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

Policies

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

Procedure Manuals

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

Quality and Integrity of Personnel

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

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

LINK GROUP LIMITED**BOARD OF MANAGEMENT STATEMENT ON INTERNAL FINANCIAL CONTROLS (continued)**

Identification of Business Risks

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

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

Management Information Systems

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

Internal Control Systems

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

Internal Audit

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

Group Audit and Risk Committee

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

Development Committee

The remit of the Development Committee is to approve Link's development programme, scrutinise the financial viability of projects and ensure that a full risk assessment, incorporating all appropriate due diligence, is carried out. In addition, the Committee monitors the progress of projects through to completion against programme and budget.

Remuneration Committee

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

Health & Safety

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

LINK GROUP LIMITED**BOARD OF MANAGEMENT STATEMENT ON INTERNAL FINANCIAL CONTROLS (continued)**

Statement

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

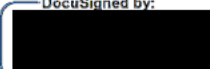
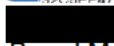
- the reliability of financial information used within the group or for publication;
- the proper authorisation and recording of transactions;
- the maintenance of proper accounting records; and
- the safeguarding of assets (against unauthorised use or disposition).

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss.

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

The Board has continued to review the system of internal financial control in Link during the year ended 31 March 2020 and internal financial control systems of the wider group including all subsidiary companies. No weaknesses were found in the internal financial controls, which could result in material losses, contingencies, or uncertainties which require disclosure in the financial statements, or in the auditor's report on the financial statements.

BY ORDER OF THE BOARD

DocuSigned by:

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 Board Member

Date: 26 August 2020

Registered Office:
 2C New Mart Road, Edinburgh, EH14 1RL

LINK GROUP LIMITED

STATEMENT OF BOARD'S RESPONSIBILITIES IN RESPECT OF THE REPORT OF THE BOARD OF MANAGEMENT AND THE FINANCIAL STATEMENTS

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the group and the association and of the income and expenditure of the group and the association for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the group and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the group or the association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2014, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

DocuSigned by:

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Board Member

Date: 26 August 2020

Registered Office:
2C New Mart Road, Edinburgh, EH14 1RL

LINK GROUP LIMITED**INDEPENDENT AUDITOR'S REPORT TO LINK GROUP LIMITED**

Opinion

We have audited the financial statements of Link Group Limited ("the association") for the year ended 31 March 2020 which comprise the Consolidated Statement of Comprehensive Income, the Association Statement of Comprehensive Income, the Consolidated Statement of Changes in Reserves, the Association Statement of Changes in Reserves, the Consolidated Statement of Financial Position, the Association Statement of Financial Position, the Consolidated Statement of Cash Flows, the Association Statement of Cash Flows and related notes, including the [accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the state of affairs of the group and the association as at 31 March 2020 and of the income and expenditure of the group and the association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been properly prepared in accordance with the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2014, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group and the association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The association's Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the association or to cease their operations, and as they have concluded that the group and the association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Board's conclusions, we considered the inherent risks to the group business model and analysed how those risks might affect the group and association's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the association will continue in operation.

Other information

The association's Board is responsible for the other information, which comprises the Report of the Board of Management and the Board of Management Statement on Internal Financial Controls. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

LINK GROUP LIMITED**INDEPENDENT AUDITOR'S REPORT TO LINK GROUP LIMITED (continued)**

Other information (continued)

We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the Board of Management Statement on Internal Financial Controls on pages 10 to 12 does not provide the disclosures required by the relevant Regulatory Standards for systemically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls; or
- in our opinion, the Board of Management Statement on Internal Financial Controls is materially inconsistent with the knowledge acquired by us in the course of performing our audit.

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- the association has not kept proper books of account; or
- the association has not maintained a satisfactory system of control over transactions; or
- the financial statements are not in agreement with the association's books of account; or
- we have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.

Board's responsibilities

As more fully explained in their statement set out on page 13, the association's Board is responsible for the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and 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 it either intends to liquidate the group or the association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

LINK GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO LINK GROUP LIMITED (continued)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 69 of the Housing (Scotland) Act 2010 and to the charity's trustees, as a body, in accordance with section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the association those matters we are required to state to it 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 as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Saltire Court
Castle Terrace
Edinburgh
EH1 2EG

Date: 21/9/2020 | 13:45 BST

LINK GROUP LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £'000	2019 £'000
Turnover	2a	69,975	65,210
Operating expenditure	2a	(59,840)	(53,947)
Gain on revaluation of investment properties		-	-
Operating surplus	2a	<u>10,135</u>	<u>11,263</u>
Interest receivable		202	54
Interest and financing costs	6	(8,021)	(6,714)
Other finance charges		(43)	(64)
(Loss)/Gain on sale of non-housing assets		-	-
		<u>2,273</u>	<u>4,539</u>
Surplus on ordinary activities before taxation		2,273	4,539
Taxation		<u>(1)</u>	<u>-</u>
Surplus for the year		2,272	4,539
Remeasurement of the defined benefit pension liability		969	(308)
Total comprehensive income for the year		<u><u>3,241</u></u>	<u><u>4,231</u></u>

The results for the year relate wholly to continuing activities.

The notes on pages 24 to 59 form part of these accounts.

LINK GROUP LIMITED**LINK GROUP LIMITED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £'000	2019 £'000
Turnover	2b	46,245	42,996
Operating expenditure	2b	(39,138)	(36,187)
Gain on revaluation of investment properties		-	-
Operating surplus	2b	<u>7,107</u>	<u>6,809</u>
Interest receivable		149	19
Interest and financing costs	6	(7,202)	(5,848)
Other finance charges		(11)	(19)
Income from subsidiary undertakings		399	1,454
Surplus on ordinary activities before taxation		<u>442</u>	<u>2,415</u>
Taxation		-	-
Surplus for the year		<u>442</u>	<u>2,415</u>
Remeasurement of the defined benefit pension liability		81	110
Total comprehensive income for the year		<u><u>523</u></u>	<u><u>2,525</u></u>

The results for the year relate wholly to continuing activities.

The notes on pages 24 to 59 form part of these accounts.

LINK GROUP LIMITED**STATEMENT OF CHANGES IN RESERVES AS AT 31 MARCH 2020****CONSOLIDATED STATEMENT OF CHANGES IN RESERVES**

	Revenue Reserve £'000	Restricted Reserve £'000	2020 Total £'000	2019 Total £'000
Balance as at 1 April 2019	98,239	36	98,275	94,044
Surplus from Statement of Comprehensive Income	2,234	38	2,272	4,539
Remeasurement of the defined benefit pension liability	969	-	969	(308)
Balance as at 31 March 2020	101,442	74	101,516	98,275

LINK GROUP LIMITED STATEMENT OF CHANGES IN RESERVES

	Revenue Reserve £'000	Restricted Reserve £'000	2020 Total £'000	2019 Total £'000
Balance as at 1 April 2019	66,618	-	66,618	64,093
Surplus from Statement of Comprehensive Income	381	61	442	2,415
Remeasurement of the defined benefit pension liability	81	-	81	110
Balance as at 31 March 2020	67,080	61	67,141	66,618




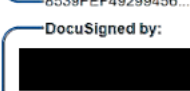


The notes on pages 24 to 59 form part of these accounts.

LINK GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	2020 £'000	2019 £'000
Intangible Assets	11a	587	312
Non-Current Assets			
Tangible fixed assets;			
Housing properties	12a	635,058	539,395
Investments - property	12c	10,330	10,330
Investments - other	14	-	-
Other fixed assets	13	8,832	9,100
		<u>654,807</u>	<u>559,137</u>
Current assets			
Work in progress & stocks	15	11,157	4,049
Trade and other debtors	16	21,977	9,548
Investments		4,069	4,041
Cash and cash equivalents		<u>34,061</u>	<u>36,948</u>
		71,264	54,586
Creditors: amounts falling due within one year	17	(46,417)	(39,523)
Net current assets/(liabilities)		<u>24,847</u>	<u>15,063</u>
Total assets less current liabilities		<u>679,654</u>	<u>574,199</u>
Creditors: amounts falling due after more than one year	18	(220,701)	(175,494)
Deferred income	19	(356,881)	(298,499)
Pension scheme liability	29	(556)	(1,931)
Net assets		<u>101,516</u>	<u>98,275</u>
Capital and reserves			
Share capital		-	-
Restricted reserve		74	36
Revenue reserve		101,442	98,239
Total reserves		<u>101,516</u>	<u>98,275</u>

Approved and authorised for issue by the Board of Management on 26 August 2020 and signed on its behalf by:-


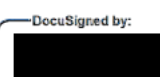



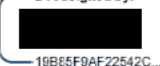
 , Board Member 
 , Board Member 
 Secretary 

The notes on pages 24 to 59 form part of these accounts.

LINK GROUP LIMITED**LINK GROUP LIMITED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020**

	Notes	2020 £'000	2019 £'000
Intangible Assets	11b	587	279
Non-Current Assets			
Tangible fixed assets;			
Housing properties	12b	545,470	450,421
Investments - property	12c	10,330	10,330
Other tangible fixed assets	13b	6,862	7,003
Intangible non-current assets			
Investments - other	14	100	100
		<u>563,349</u>	<u>468,133</u>
Current assets			
Work in progress	15	10,373	3,388
Trade and other debtors	16	29,706	13,435
Cash and cash equivalents		<u>11,719</u>	<u>18,878</u>
		51,798	35,701
Creditors: amounts falling due within one year	17	(29,354)	(23,897)
Net current assets/(liabilities)		<u>22,444</u>	<u>11,804</u>
Total assets less current liabilities		585,793	479,937
Creditors: amounts falling due after more than one year	18	(198,000)	(151,000)
Deferred income	19	(320,354)	(261,780)
Pension scheme liability	29	(298)	(539)
Total net assets		<u>67,141</u>	<u>66,618</u>
Capital and reserves			
Share capital		-	-
Restricted reserve		61	-
Revenue reserve		67,080	66,618
Total reserves		<u>67,141</u>	<u>66,618</u>

Approved and authorised for issue by the Board of Management on 26 August 2020 and signed on its behalf by:-

 , Board Member 
 , Board Member 
 , Secretary 

The notes on pages 24 to 59 form part of these accounts.

LINK GROUP LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £'000	2019 £'000
Net cash inflow generated from operating activities	26	18,451	25,671
Investing activities			
Acquisition and construction of properties		(108,455)	(72,513)
Purchase of other fixed assets		(706)	(324)
(Purchase)/Disposal of short term Investment		(1,054)	(1,026)
Proceeds on disposal of fixed assets		1,756	663
Grants received		53,250	49,913
Grants repaid		(389)	(337)
Interest received on cash and cash equivalents		202	54
Net cash outflow from investing activities		(55,396)	(23,570)
Financing activities			
Interest paid on loans		(7,336)	(6,707)
New loans		80,000	24,165
Loan principal repayments		(38,606)	(1,089)
Net cash inflow from financing activities		34,058	16,369
Increase/(Decrease) in cash		(2,887)	18,470
Opening cash and cash equivalents		36,948	18,478
Closing cash and cash equivalents		34,061	36,948

The notes on pages 24 to 59 form part of these accounts.

LINK GROUP LIMITED**LINK GROUP LIMITED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £'000	2019 £'000
Net cash inflow generated from operating activities	26	3,755	17,159
Investing activities			
Acquisition and construction of properties		(107,359)	(70,802)
Purchase of other fixed assets		(656)	(361)
Proceeds on disposal of fixed assets		881	663
Grants received		55,848	52,399
Grants repaid		(260)	(303)
Interest received on cash and cash equivalents		149	19
Net cash outflow from investing activities		(51,397)	(18,385)
Financing activities			
Interest paid on loans		(6,517)	(5,845)
New loans		80,000	23,000
Loan principal repayments		(33,000)	-
Net cash inflow from financing activities		40,483	17,155
(Decrease)/increase in cash		(7,159)	15,929
Opening cash and cash equivalents		18,878	2,949
Closing cash and cash equivalents		<u>11,719</u>	<u>18,878</u>

The notes on pages 24 to 59 form part of these accounts.

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

LEGAL STATUS

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

1 ACCOUNTING POLICIES**(a) Basis of accounting**

These financial statements are prepared in accordance with Financial Reporting Standard 102 – the applicable financial reporting standard in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice: Accounting 2018 and comply with the Co-operative and Community Benefit Societies Act 2014.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and investment property.

(b) Basis of consolidation

The group financial statements consolidate those of Link Group Limited and of its subsidiary undertakings drawn up to 31 March 2020. Profits or losses on intra-group transactions are eliminated in full in accordance with FRS 102.

(c) Going concern

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

The Group prepares a 30 year business plan which is updated and approved on an annual basis. The most recent business plan was approved in May 2020 by the Board. As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure. Following the outbreak of Covid-19 the Group has undertaken a series of further scenario testing including severe but plausible downsides in the worst case assessment.

The Board, after reviewing the group and association budgets for 2020/21 and the Group's medium term financial position as detailed in the 30-year business plan, including changes arising from the Covid-19 pandemic, is of the opinion that, taking account of severe but plausible downsides, the Group and Association have adequate resources to continue to meet their liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

The Link Group budgets and business plans have been impacted by the lockdown as a result of Covid-19 and the government imposed social distancing measures. The development plans, which are significant in the forecasts, have been adjusted to reflect the period of inactivity on development sites and the recent return to work and new ways of working. This has led to a reduction in planned capital expenditure and a deferral in the planned completion of our development sites. The impact of those changes in terms of projected completions and rental income has been accounted for in our plans for the 2020-21 financial period. The expected delay in completions suggests that the majority of the planned rental income will move in to quarter 1 of 2021-22 from the final quarter of 2020-21.

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)**

1 ACCOUNTING POLICIES (continued)**(c) Going concern (continued)**

The Link Group routine, cyclical and major repair costs have been significantly reduced compared to the plans and forecasts due to the Link Group having to comply with lockdown and social distancing measures imposed upon it. This has led to significant reductions in repairs and maintenance costs being incurred compared to budget forecasts. Evidence suggests that given the new way of working it is unlikely that those costs will be incurred during the 2020-21 period as the backlog is resolved. Major repairs works will be phased in to future years.

Rent and service charges receivable have not been significantly affected during the period and income forecasts remain robust. The level of void properties has not significantly increased and neither has the level of bad debts *and* write offs. The level of arrears remains within benchmark targets with only modest rises suggesting that arrears are not going to translate in to significant rent lost through bad debts during the period 2020-21.

Further, the revenue position is such that there are offsets between loss of income from property completion rents and reductions in repairs and maintenance costs which will mean little change in outturn forecasts. The significant reduction in capital expenditure referred to above means that Link Group liquidity is forecast to improve by more than £20 million during 2020-21.

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

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

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

(d) Investments in subsidiaries

Investments are included at cost less provision for any permanent diminution in value. The Board is of the opinion that this does not differ materially from the market value.

(e) Financial instruments - loans

Loans provided by lenders are classed as "basic" under the requirements of FRS 102 and are measured at amortised cost.

(f) Bad and doubtful debts

Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they are considered potentially irrecoverable. Debts are classed as uncollectable after an assessment of the legislative options available to recover and consideration of specific circumstances.

(g) Tangible fixed assets - housing land and buildings

Housing properties are stated at gross cost. Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)****1 ACCOUNTING POLICIES (continued)****(h) Investment properties**

Investment properties are properties which are not held for social or affordable housing. They are held at current market valuation and are not subject to depreciation. Where it is considered that there has been any impairment in value this is provided for as a movement through the Statement of Comprehensive Income. Rental income from investment properties is accounted for as income from Other Activities (Note 4) and not as income from Affordable Letting Activities.

(i) Grants

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised as income on a systematic basis over the expected useful life of the property and assets to which it relates.

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

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

Non-government grants are accounted for using the Performance Method, as outlined in Section 34 of Financial Reporting Standard 102 and the SORP 2018. Non-government grants are recognised as income when the performance conditions have been met.

(j) Mortgages

Mortgage loans are advanced by banks under the terms of loan facility agreements in respect of the Association's housing properties.

(k) Depreciation and impairment

A full year's depreciation is charged in the year of capitalisation/acquisition of all assets and no depreciation charged in the year of disposal.

Housing land and buildings

Properties are stated at historical cost less accumulated depreciation. Each property has been split between its major component parts which are depreciated on a straight line basis over their expected economic useful life. The following major components and useful lives have been identified by the Group:

Land	-	not depreciated	Windows	-	over 30 years	Pipework	-	over 24 years
Structure	-	over 50 - 60 years	Doors	-	over 30 years	Kitchen	-	over 15 years
Rewiring	-	over 40 years	Bathrooms	-	over 25 - 30 years	Boilers	-	over 12 years

Works to existing properties are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancements can occur if the improvements result in:-

- an increase in rental income, or
- a material reduction in future maintenance costs, or
- a significant extension to the life of the property.

Works to existing properties, which fail to meet the above criteria, are charged to the statement of comprehensive income.

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)**

1 ACCOUNTING POLICIES (continued)**(k) Depreciation and impairment (continued)*****Other fixed assets***

Capital expenditure incurred on the acquisition and improvement of the Group's offices is written off over 50 years. Improvements to offices leased by the Association are capitalised and depreciated over the term of the lease. Furniture, fittings and equipment are depreciated at 15% per annum on cost. Motor vehicles are depreciated at 25% per annum of net book value. Computer equipment and systems are depreciated at 10%, 20% or 33.3% per annum on cost, according to the estimated useful life of the asset. Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any write down would be charged to operating surplus unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of other comprehensive income.

(l) Work in progress

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

(m) Impairment of fixed assets

Impairment is calculated as the difference between the carrying value of income generating units and the estimated value in use at the date an impairment loss is recognised. Value in use represents the net present value of expected future cash flows from these units. Impairment of assets would be recognised in the income and expenditure account.

(n) Shared Ownership transactions

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

(o) Apportionment of management expenses

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

(p) Pensions

The Association participates in the SHAPS Defined Contribution pension scheme. Contributions are charged to the Statement of Comprehensive Income so as to spread the cost of pensions over the employees' working lives with the Association.

In respect of the defined benefit scheme, payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating associations taken as a whole. In accordance with FRS 102, the group's share of the scheme assets and liabilities has been separately identified and included in the group's Statement of Financial Position and measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The group's share of the deficit is recognised in full and the movement is split between operating costs, finance items and in the Statement of Comprehensive Income as "remeasurement of the defined benefit pension liability."

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)**

1 ACCOUNTING POLICIES (continued)**(q) Value Added Tax**

Link Group has group registration for VAT purposes. A large proportion of Link Group's income, rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. For 2019/20, only a small proportion of VAT paid is recoverable, expenditure is therefore shown inclusive of VAT and any input VAT recovered is included in other income.

(r) Lease obligations

Rentals paid under operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term.

(s) Deposits and liquid resources

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

(t) Trade Debtors and Creditors

Trade and other debtors are considered to be basic financial instruments and are recognised at the settlement amount due after any trade discount offered. Prepayments which are also basic financial instruments are valued at the amount prepaid net of any trade discounts due.

Creditors are also financial instruments are recognised where the group has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

If payments were deferred beyond normal business terms and constituted a financing transaction then the debtor or creditor would be measured at the present value of future payments discounted at a market rate appropriate to the debt instrument in question.

(u) Provisions

The group recognises provisions when: there is a present legal or constructive obligation as a result of past events; it is probable that an outflow of resource will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

(v) Taxation

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

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

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)**

1 ACCOUNTING POLICIES (continued)**(w) Acquisition accounting**

The Group uses the acquisition method of accounting to account for business combinations. Acquisition costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed are incorporated at their fair values at the acquisition date. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(x) Gift Aid accounting

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

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

(y) Turnover

Turnover, which is stated net of value added tax, represents income receivable from lettings and property management, revenue grants, fees from managed associations and other income. In respect of the Consolidated Income and Expenditure Account, turnover also includes income from providing support and personal care services, housing for sale projects and property management and factoring income. Also included is any income from first tranche shared ownership disposals and the sale of properties on a shared equity basis.

(z) Restricted reserves

Donation received from organisations which specify funds are to be used for specific purposes are used for these purposes with any amounts unspent at the year-end being carried forward and placed in restricted reserves to designate that they are not available for unrestricted use by group members.

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)****2a. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS/(DEFICIT) – CONSOLIDATED**

	2020 Turnover	2020 Operating costs	2020 Operating surplus/ (deficit)	2019 Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000
Affordable letting activities (note 3a)	52,883	(41,806)	11,077	11,097
Other activities (note 4a)	17,092	(18,034)	(942)	166
2020 Total	69,975	(59,840)	10,135	11,263
2019 Total	65,210	(53,947)	11,263	

2b. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS/(DEFICIT) – LINK GROUP LIMITED

	2020 Turnover	2020 Operating costs	2020 Operating surplus/ (deficit)	2019 Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000
Affordable letting activities (note 3b)	40,709	(31,870)	8,839	8,448
Other activities (note 4b)	5,536	(7,268)	(1,732)	(1,639)
2020 Total	46,245	(39,138)	7,107	6,809
2019 Total	42,996	(36,187)	6,809	

LINK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

3a. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS FROM AFFORDABLE LETTING ACTIVITIES – CONSOLIDATED

	General Needs housing £'000	Supported housing £'000	Shared ownership £'000	2020 Total £'000	2019 Total £'000
Revenue from rent and service charges					
Rents receivable (net of service charges)	41,661	210	1,172	43,043	41,411
Service charges receivable	1,599	-	20	1,619	1,581
Gross income from rent and service charges	43,260	210	1,192	44,662	42,992
Less: rent losses from voids	(311)	(16)	(5)	(332)	(358)
Net income from rent and service charges	42,949	194	1,187	44,330	42,634
Revenue Grants					
Grants released from deferred income	7,602	83	334	8,019	6,127
Revenue grants from Scottish Ministers	201	-	-	201	264
Other revenue grants	333	-	-	333	382
Total turnover from affordable letting activities	51,085	277	1,521	52,883	49,407
Expenditure					
Management and maintenance administration costs	9,557	40	154	9,751	9,848
Service costs	1,715	3	10	1,728	1,667
Planned and cyclical maintenance & major repair costs	1,890	5	-	1,895	2,900
Reactive maintenance costs	11,748	27	18	11,793	9,783
Bad debts – rents & service charges	286	9	-	295	313
Depreciation of affordable let properties	15,510	112	513	16,135	13,724
Loss on disposal of components	209	-	-	209	75
Operating costs for affordable letting activities	40,915	196	695	41,806	38,310
Operating surplus for affordable lettings 2020	10,170	81	826	11,077	11,097
Operating surplus for affordable lettings 2019	10,034	122	941	11,097	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2019 - £nil). The cost of property components capitalised in the year was £5,470,637 (2019 - £4,039,470). Following a review of the fixed asset register, an additional one off depreciation charge of £1.6m has been recorded this year, commensurately there is a £1.6m related release of grant from deferred income.

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)****3b. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS FROM AFFORDABLE LETTING ACTIVITIES - LINK GROUP LIMITED**

	General Needs housing £'000	Supported housing £'000	Shared ownership £'000	2020 Total £'000	2019 Total £'000
Revenue from rent and service charges					
Rents receivable (net of service charges)	32,406	-	1,057	33,463	32,142
Service charges receivable	-	-	-	-	-
Gross income from rent and service charges	32,406	-	1,057	33,463	32,142
Less: rent losses from voids	(263)	-	(5)	(268)	(286)
Net income from rent and service charges	32,143	-	1,052	33,195	31,856
Revenue Grants					
Grants released from deferred income	6,766	58	361	7,185	5,293
Other income revenue grants	329	-	-	329	360
Total turnover from affordable letting activities	39,238	58	1,413	40,709	37,509
Expenditure					
Management and maintenance administration costs	6,820	9	127	6,956	7,121
Planned and cyclical maintenance & major repair costs	4,679	-	-	4,679	4,507
Reactive maintenance costs	6,215	-	18	6,233	5,866
Bad debts – rents & service charges	220	-	-	220	239
Depreciation of affordable let properties	13,095	71	486	13,652	11,279
Loss on disposal of components	130	-	-	130	49
Operating costs for affordable letting activities	31,159	80	631	31,870	29,061
Operating surplus / (deficit) for affordable lettings 2020	8,079	(22)	782	8,839	8,448
Operating surplus / (deficit) for affordable lettings 2019	7,616	(10)	842	8,448	

The cost of property components capitalised in the year was £3,323,652 (2019 - £2,965,116).). Following a review of the fixed asset register, an additional one off depreciation charge of £1.6m has been recorded this year, commensurately there is a £1.6m related release of grant from deferred income.

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)****4a. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS/(DEFICIT) FROM OTHER ACTIVITIES – CONSOLIDATED**

	Grants from Scottish Ministers £'000	Other revenue grants £'000	Supporting people income £'000	Other income £'000	Total turnover 2020 £'000	Operating costs Bad debts 2020 £'000	Other operating costs 2020 £'000	Operating surplus / (deficit) 2020 £'000	Operating surplus / (deficit) 2019 £'000
Wider role activities	39	-	-	57	96	-	(1,135)	(1,039)	(965)
Care and repair of property	218	-	-	16	234	-	(260)	(26)	31
Factoring	-	-	-	459	459	-	(626)	(167)	(155)
Development and construction of property activities	-	-	-	693	693	-	(1,066)	(373)	(384)
Support activities	-	853	3,052	594	4,499	-	(5,143)	(644)	(517)
Contracted out services undertaken for RSLs	-	-	-	768	768	-	(602)	166	322
Contracted out services undertaken for other organisations	-	-	-	4,082	4,082	-	(4,513)	(431)	(137)
Developments and improvements for sale to non-RSLs	-	-	-	-	-	-	29	29	100
Gain on revaluation of investment properties	-	-	-	-	-	-	-	-	-
Business & other development costs	-	-	-	-	-	-	(352)	(352)	(308)
Publicity and Promotion	-	-	-	-	-	-	(365)	(365)	(377)
Shared Equity Sales Administration	2,241	-	-	351	2,592	-	(2,189)	403	1,238
Investment property activities	-	-	-	881	881	-	(65)	816	808
Gain on sale of properties	-	-	-	1,756	1,756	-	(1,422)	334	448
Other activities	69	11	-	890	970	-	(324)	646	62
Cycling Scotland Social HousingFund	-	62	-	-	62	-	(1)	61	-
Total from other activities 2020	2,567	926	3,052	10,547	17,092	-	(18,034)	(942)	166
Total from other activities 2019	2,629	873	2,810	9,491	15,803	-	(15,637)	166	

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)****4b. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS/(DEFICIT) FROM OTHER ACTIVITIES – LINK GROUP LIMITED**

	Grants from Scottish Ministers £'000	Other revenue grants £'000	Supporting people income £'000	Other income £'000	Total turnover 2020 £'000	Operating costs 2020 £'000	Operating surplus / (deficit) 2020 £'000	Operating surplus / (deficit) 2019 £'000
Wider role activities	-	-	-	-	-	(1,034)	(1,034)	(1,003)
Care and repair of property	218	-	-	-	218	(218)	-	-
Factoring	-	-	-	-	-	(56)	(56)	(47)
Development and construction of property activities	-	-	-	-	-	(373)	(373)	(432)
Care & support activities	-	-	-	-	-	(596)	(596)	(541)
Contracted out services undertaken for RSLs	-	-	-	407	407	(379)	28	125
Contracted out services undertaken for other organisations	-	-	-	2,238	2,238	(2,450)	(212)	(155)
Development and improvements for sale to non RSLs (incl. shared ownership 1 st tranches & shared equity sales)	-	-	-	-	-	29	29	100
Gain on revaluation of investment properties	-	-	-	-	-	-	-	-
Business & other development costs	-	-	-	-	-	(284)	(284)	(308)
Publicity and Promotion	-	-	-	-	-	(365)	(365)	(377)
Shared equity and sales administration	-	-	-	-	-	(371)	(371)	(300)
Investment Property Activities	-	-	-	881	881	(65)	816	808
Gain on sale of properties	-	-	-	1,653	1,653	(1,105)	548	409
Other activities	-	11	-	66	77	-	77	82
Cycling Scotland Social Housing Fund	-	62	-	-	62	(1)	61	-
Total from other activities 2020	218	73	-	5,245	5,536	(7,268)	(1,732)	(1,639)
Total from other activities 2019	234	-	-	5,253	5,487	(7,126)	(1,639)	

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)****5. GAIN ON DISPOSAL OF NON-CURRENT ASSETS – HOUSING PROPERTIES**

In the year to 31 March 2020 the consolidated Statement of Comprehensive Income included a gain on disposal of housing properties of £333,847 (2019: £447,649). Link Group Limited (parent) achieved a gain on disposal of housing properties of £548,802 compared to a gain in 2019 of £409,511. During the year, Link continued to sell properties under the Right to Buy legislation and also the onward sale of shared ownership tranches.

6. INTEREST AND FINANCING COSTS

Finance charges in the year have been charged as follows:-

	Consolidated		Link Group Ltd	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Statement of comprehensive income – Loan interest	8,021	6,714	7,202	5,848
Net interest on Net Defined Benefit Obligation	43	64	11	19
	<u>8,064</u>	<u>6,778</u>	<u>7,213</u>	<u>5,867</u>

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)****7. KEY MANAGEMENT PERSONNEL AND BOARD MEMBERS' EMOLUMENTS**

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

The total emoluments of the key management personnel over £60,000, including the Chief Executive were as follows;

	Consolidated		Link Group Ltd	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Emoluments (excluding pension contributions)	842	824	468	464
Total Emoluments	919	902	516	513

The Directors whose emoluments exceed £60,000 fall within the following bandings:

	Consolidated		Link Group Ltd	
	2020	2019	2020	2019
	No.	No.	No.	No.
Emoluments (including pension contributions)				
£60,000 - £69,999	1	3	-	-
£70,000 - £79,999	1	-	-	-
£80,000 - £89,999	1	1	-	-
£90,000 - £99,999	-	-	-	-
£100,000 - £109,999	2	2	1	1
£110,000 - £119,999	-	-	-	-
£120,000 - £129,999	1	2	1	2
£130,000 - £139,999	1	-	1	-
£140,000 - £149,999	1	1	1	1
	8	9	4	4

The emoluments, excluding pension contributions, of the highest paid Director, who is the Chief Executive are £135,719 (2019, £134,055). The Chief Executive is an ordinary member of the pension scheme, no enhanced or special terms apply and he has no other pension arrangements with Link. The pension contribution by Link in respect of the Chief Executive amounted to £11,675 (2019, £13,976).

The total emoluments of the Chief Executive for the year was £147,394 (2019, £148,031).

Emoluments were paid to the following Board members.

	Consolidated		Link Group Ltd	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Ross Martin	16	8	16	8

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

	Consolidated		Link Group Ltd	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Board of Management	5	5	2	2

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)****8. EMPLOYEES**

	Consolidated		Link Group Ltd	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Staff costs during the year:				
Wages and salaries	19,552	18,318	5,096	4,780
Social security costs	1,796	1,673	511	486
Other pension costs	1,477	1,344	447	417
	<u>22,823</u>	<u>21,335</u>	<u>6,054</u>	<u>5,683</u>

	Consolidated		Link Group Ltd	
	2020	2019	2020	2019
	No.	No.	No.	No.
The average number of persons employed during the year	639	645	120	123
The average number of full time equivalent persons employed during the year	588	593	113	115

9. AUDITOR'S REMUNERATION

	Consolidated		Link Group Ltd	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Audit of these financial statements	46	39	42	39
Audit of financial statements of subsidiaries	64	56	-	-
Taxation compliance services	13	10	5	3
	<u>123</u>	<u>105</u>	<u>47</u>	<u>42</u>

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)****10. HOUSING STOCK – LINK GROUP****Analysis of housing stock by accommodation type**

	Units in management		Units under development	
	31 March 2020 Units	31 March 2019 Units	31 March 2020 Units	31 March 2019 Units
Link Group Limited				
Housing accommodation for letting	7,308	7,200	1,518	1,221
Shared bedspaces	610	614	-	-
Shared ownership accommodation	426	438	-	-
Larkfield Housing Association Limited				
Housing accommodation for letting	382	382	-	-
Horizon Housing Association				
Housing accommodation for letting	797	797	-	-
Shared ownership accommodation	29	29	-	-
Shared bedspaces	44	44	-	-
West Highland Housing Association Limited				
Housing accommodation for letting	795	787	-	-
Shared ownership accommodation	16	20	-	-
Rent to buy	50	50	-	-
Total units in management	10,457	10,361	1,518	1,221

Included in Link Group Limited above is 1 unit currently out of management (2019 - 25) and excluded are 282 non-housing units (2019 - 316).

The following Link Group Limited leased units (included above) are managed by other bodies;

Organisation	31 March 2020 Units	31 March 2019 Units
Stirling University	84	84
Others	13	13
	<u>97</u>	<u>97</u>

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)****11a. INTANGIBLE ASSETS – CONSOLIDATED**

	Software in use £'000	Software in development £'000	2020 Total £'000	2019 Total £'000
Cost				
At 1 April 2019	1,012	-	1,012	929
Additions	25	374	399	83
Disposals	(42)	-	(42)	-
At 31 March 2020	995	374	1,369	1,012
Amortisation				
At 1 April 2019	700	-	700	586
Amortised during the year	124	-	124	114
On disposals	(42)	-	(42)	-
At 31 March 2020	782	-	782	700
Net book value at 31 March 2020	213	374	587	312
Net book value at 31 March 2019	312	-	312	

11b. INTANGIBLE ASSETS – LINK GROUP LIMITED

	Software in use £'000	Software in development £'000	2020 Total £'000	2019 Total £'000
Cost				
At 1 April 2019	814	-	814	731
Additions	25	374	399	83
Disposals	(42)	-	(42)	-
At 31 March 2020	797	374	1,171	814
Amortisation				
At 1 April 2019	535	-	535	454
Amortised during the year	91	-	91	81
On disposals	(42)	-	(42)	(0)
At 31 March 2020	584	-	584	535
Net book value at 31 March 2020	213	374	587	279
Net book value at 31 March 2019	279	-	279	

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)****12a. TANGIBLE FIXED ASSETS - HOUSING PROPERTIES – CONSOLIDATED**

	Housing properties held for letting £'000	Shared Ownership housing properties £'000	Housing properties in course of construction £'000	2020 Total £'000	2019 Total £'000
Cost					
At 1 April 2019	584,672	22,417	98,191	705,280	639,158
Additions	7,162	447	105,613	113,222	69,168
Transfers NSSE & S/O 1 st Tranche to WIP	82	(82)	-	-	-
Transfers	20,140	-	(20,140)	-	-
Disposals - initial tranches	-	-	-	-	-
- other sales	(1,591)	(708)	(299)	(2,598)	(3,046)
At 31 March 2020	610,465	22,074	183,365	815,904	705,280
Depreciation					
At 1 April 2019	159,313	6,572	-	165,885	153,491
Acquired – n/a this year	-	-	-	-	-
Provided during the year	15,584	516	-	16,100	13,665
On disposals	(997)	(142)	-	(1,139)	(1,271)
At 31 March 2020	173,900	6,946	-	180,846	165,885
Net book value at 31 March 2020	436,565	15,128	183,365	635,058	539,395
Net book value at 31 March 2019	425,359	15,845	98,191	539,395	

Additions to housing properties in the course of construction include no interest payable on loans advanced for those properties (2019 – nil). Total works expenditure on housing properties amounted to £9,748,264 (2019 - £5,611,830) of which £5,470,637 (2019 - £4,256,345) was capitalised and £4,277,627 (2019 - £1,355,485) was expensed. Of the £5,470,637 (2019 - £4,256,345) works capitalised, £5,470,637 (2019 - £4,256,345) were replacements and £nil (2019 - £nil) were improvements.

All housing properties are owned and none are held on a lease. Many of the properties are secured to lenders providing loans required to finance their construction.

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)****12b. TANGIBLE FIXED ASSETS - HOUSING PROPERTIES – LINK GROUP LIMITED**

	Housing properties held for letting £'000	Shared ownership housing properties £'000	Housing properties in course of construction £'000	2020 Total £'000	2019 Total £'000
Cost					
At 1 April 2019	473,159	20,301	97,791	591,251	522,665
Additions	5,012	203	104,589	109,804	71,291
Transfers NSSE & S/O 1 st Tranche to WIP	82	(82)	-	-	-
Transfers	18,603	-	(18,603)	-	-
Disposals - initial tranches	-	-	-	-	-
- other sales	(1,284)	(425)	(299)	(2,008)	(2,705)
At 31 March 2020	495,572	19,997	183,478	699,047	591,251
Depreciation					
At 1 April 2019	134,568	6,262	-	140,830	130,567
Provided during the year	13,174	477	-	13,651	11,279
On disposals	(846)	(58)	-	(904)	(1,016)
At 31 March 2020	146,896	6,681	-	153,577	140,830
Net book value at 31 March 2020	348,676	13,316	183,478	545,470	450,421
Net book value at 31 March 2019	338,591	14,039	97,791	450,421	

Development administration costs capitalised amounted to £955,967 (2019 - £1,002,725).

Total works expenditure on housing properties amounted to £7,142,492 (2019 - £4,377,567) of which £3,323,652 was capitalised (2019 - £3,181,606) and £3,818,840 (2019 - £1,195,961) was expensed. Of the works capitalised, £3,323,652 (2019 - £3,181,606) were replacements and £nil (2019 - £nil) were improvements. Additions to housing properties in the course of construction include no interest payable on loans advanced for those properties (2019 - nil).

All housing properties are owned and none are held on a lease. Many of the properties are secured to lenders providing loans required to finance their construction.

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)****12c. TANGIBLE FIXED ASSETS – INVESTMENT PROPERTIES****Investment property – Link Group Limited and Consolidated**

	2020	2019
	£'000	£'000
Balance at 1 April	10,330	10,330
Unrealised gain on revaluation	-	-
Balance at 31 March	10,330	10,330
Historic cost of investment properties	6,564	6,563
Accumulated depreciation	(3,563)	(3,441)
Historic cost net book value	(3,001)	3,122

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

Any gain or loss arising from a change in fair value is recognised in profit or loss. Rental income from investment property is accounted for as described in note 1 (h) of the accounting policies.

There are no restrictions on the disposal of the properties and they are not held in security for any borrowings.

LINK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)

13a. TANGIBLE NON-CURRENT ASSETS - OTHER NON CURRENT ASSETS - CONSOLIDATED

	Heritable office property £'000	Plant & equipment £'000	Vehicles £'000	2020 Total £'000	2019 Total £'000
Cost					
At 1 April 2019	10,125	2,205	221	12,551	12,615
Additions	-	299	-	299	249
Disposals	-	(251)	-	(251)	(313)
At 31 March 2020	10,125	2,253	221	12,599	12,551
Depreciation					
At 1 April 2019	2,409	890	152	3,451	3,232
Provided during the year					
Additions	214	304	49	567	532
On disposals	-	(251)	-	(251)	(313)
At 31 March 2020	2,623	943	201	3,767	3,451
Net book value at 31 March 2020	7,502	1,310	20	8,832	9,100
Net book value at 31 March 2019	7,716	1,315	69	9,100	

13b. TANGIBLE NON-CURRENT ASSETS - OTHER NON-CURRENT ASSETS - LINK GROUP LTD

	Heritable office property £'000	Plant & equipment £'000	Vehicles £'000	2020 Total £'000	2019 Total £'000
Cost					
At 1 April 2019	8,596	1,223	18	9,837	9,628
Additions	-	257	-	257	209
Disposals	-	(477)	-	(477)	-
At 31 March 2020	8,596	1,003	18	9,617	9,837
Depreciation					
At 1 April 2019	2,016	800	18	2,834	2,454
Provided during the year	171	227	-	398	380
On disposals	-	(477)	-	(477)	-
At 31 March 2020	2,187	550	18	2,755	2,834
Net book value at 31 March 2020	6,409	453	-	6,862	7,003
Net book value at 31 March 2019	6,580	423	-	7,003	

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)****14. INVESTMENTS****Subsidiary Undertakings**

Company	Authorised Share Capital	Issued Share Capital	Principal Activity
Link Housing Association Limited	100 £1 shares	£1	Management of social rented housing stock
Linkwide Limited	Limited by Guarantee	N/A	Development of Community Regeneration initiatives
LinkLiving Limited	Limited by Guarantee	N/A	Providing care and support to Link tenants and others
Link Property Limited	50,000 £1 shares	£50,000	Provision of maintenance services
Link Homes (2001) Limited	50,000 £1 shares	£50,000	Administration of Shared Equity schemes
Link Energy Limited	100 £1 shares	£1	General commercial activities relating to renewable energy projects
Larkfield Housing Association	N/A	N/A	A Registered Social Landlord, management of social rented housing stock.
Horizon Housing Association Limited	N/A	N/A	A Registered Social Landlord, management of social rented housing stock
West Highland Housing Association Limited	N/A	N/A	A Registered Social Landlord, management of social rented housing stock
Lintel Trust	Limited by Guarantee	N/A	Supporting Social Housing and Community Projects.

At 31 March 2020 Link Group Limited held 100% share capital of the subsidiary undertakings listed above, with the exception of Larkfield Housing Association, West Highland Housing Association, Horizon Housing Association and Lintel Trust where Link Group Limited has control of the appointment of the Board of Management.

The issued share capital of Link Property Limited, Link Homes (2001) Limited and Link Housing Association is shown at cost within Link Group Limited.

Link Energy Limited was incorporated on 10 November 2008 and has not traded up to the Balance Sheet date. The company is dormant and exempt from audit.

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)****14. INVESTMENTS (continued)**

At 31 March 2020 West Highland Housing Association Limited held 100% share capital of the following subsidiary undertakings:

Company	Authorised Share Capital	Issued Share Capital	Principal Activity
West Highland Futures Limited	1 £1 share	£1	Provision of affordable low carbon energy

The issued share capital of West Highland Futures Limited is held at cost within West Highland Housing Association Limited.

All of the subsidiary undertakings have been consolidated in the group financial statements.

	Shares in group undertakings 2020 £'000	Shares in group undertakings 2019 £'000
Cost		
As at 1 April 2019 and 31 March 2020	100	100

15. WORK IN PROGRESS

	Consolidated 2020 £'000	2019 £'000	Link Group Ltd 2020 £'000	2019 £'000
At 1 April 2019	4,049	2,464	3,388	2,141
Expenditure on development properties	7,127	3,847	7,004	3,509
Cost of disposals transferred to cost of sales	(19)	(2,262)	(19)	(2,262)
At 31 March 2020	11,157	4,049	10,373	3,388

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)****16. DEBTORS**

	Consolidated		Link Group Ltd	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Arrears of rent and service charges	1,825	1,697	1,325	1,232
Less: Payment plan adjustment	(39)	(55)	(26)	(45)
Less: provision for bad and doubtful debts	(611)	(654)	(401)	(451)
Net rental debtors	1,175	988	898	736
SHG receivable	15,399	3,492	15,049	3,019
Revenue grants receivable	21	42	-	-
Other debtors (less provision £22,682 2019 - £35,838)	3,745	4,103	452	1,001
Prepayments	1,637	923	1,374	595
Due from subsidiaries	-	-	11,933	8,084
	21,977	9,548	29,706	13,435

The amount due from subsidiaries includes; rental income collected by subsidiary companies on behalf of Link Group Limited and not received by Link Group until after the year end; charges levied by Link Group for services provided which were invoiced to the subsidiaries, and also paid after the year end; an intercompany loan of £2.5m which is repayable in December 2024.

17. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		Link Group Ltd	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Housing loans – current instalments due (Note 18)	2,109	5,622	-	-
Shared equity grants	15,454	5,484	7,973	2,864
Trade and other creditors	15,906	18,424	11,738	13,732
Taxation and social security	513	477	495	462
Pension contributions	169	153	169	154
Accruals	4,560	3,597	1,611	988
Housing Grants in advance	6,453	4,578	6,453	4,578
Rents in advance	1,253	1,188	850	814
Amounts owed to group undertakings	-	-	65	305
	46,417	39,523	29,354	23,897

Included in trade and other creditors is an amount of £775,000 (2019 - £775,000), representing a grant repayable to the Scottish Government. The amount repayable relates to grant aided flats, which were demolished following the discovery of serious structural defects. Link does not consider the grant repayment to be equitable and has made representations to the Scottish Government for further abatement, although in the accounts the full amount repayable has been provided.

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)****18. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Consolidated		Link Group Ltd	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Loan Facilities	220,401	175,494	198,000	151,000
Other	300	-	-	-
	<u>220,701</u>	<u>175,494</u>	<u>198,000</u>	<u>150,000</u>

HOUSING LOANS

Analysis of loan facilities	Consolidated		Link Group Ltd	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Housing loans				
Fixed Rate				
Advanced by banks	57,302	63,060	51,000	51,000
Advanced by building societies	5,524	7,003	-	-
Advanced by private lenders	136,189	61,294	135,000	60,000
Variable Rate				
Advanced by banks	17,706	44,920	12,000	40,000
Advanced by building societies	5,789	4,837	-	-
	<u>222,510</u>	<u>181,114</u>	<u>198,000</u>	<u>151,000</u>

The group has loan facilities of £278m (2019 - £243m), of which £223m had been drawn down as at 31 March 2020 (2019 - £181m). The loan facilities are secured over a number of the Association's housing properties. The repayment terms vary between 3 and 29 years.

Interest on the loans was charged at interest rates between 0.97% and 5.50% (2019, between 0.79% and 5.50%)

Analysis of maturity of debt

	Consolidated		Link Group Ltd	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts repayable:				
In one year or less, or on demand	2,109	5,622	-	-
Between one and two years	1,045	1,062	-	-
Between two and five years	23,303	51,389	-	48,000
	<u>46,457</u>	<u>58,073</u>	<u>-</u>	<u>48,000</u>
 In five years or more	 196,053	 123,041	 198,000	 103,000
	<u>222,510</u>	<u>181,114</u>	<u>198,000</u>	<u>151,000</u>

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)****19. DEFERRED INCOME**

Social Housing Grants	Consolidated		Link Group Ltd	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Balance as at 1 April	298,499	259,720	261,780	218,822
Additions	66,790	45,230	66,019	48,554
Released/repaid as a result of property disposals	(389)	(337)	(260)	(303)
Amortised during year	(8,019)	(6,114)	(7,185)	(5,293)
Balance as at 31 March	<u>356,881</u>	<u>298,499</u>	<u>320,354</u>	<u>261,780</u>

The unamortised grant periods vary depending on when the grant was originally paid. None is due to be fully amortised within the next five years.

20. SHARE CAPITAL

	Consolidated		Link Group Ltd	
	2020	2019	2020	2019
	No.	No.	No.	No.
Shares of £1 each fully paid and issued				
At beginning of the year	452	449	163	159
Shares issued during the year	15	14	4	5
Shares surrendered during the year	(58)	(11)	(17)	(1)
At end of year	<u>409</u>	<u>452</u>	<u>150</u>	<u>163</u>

21. CAPITAL COMMITMENTS

At 31 March 2020 authorised and contracted commitments outstanding amounted to approximately £362m for Link Group Limited (2019 - £239m) and £365m for the group (2019 – £241m).

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)**

22. CONTINGENT LIABILITIES**Office Repairs**

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

Financial Guarantee

In connection with the development of properties at Dunbeg which is being carried out in partnership with Link Housing Association Limited, the Association has entered into a bond or financial guarantee in favour of Argyll and Bute Council for the amount of £40,000. The bond relates to an obligation imposed under the development's planning conditions for the construction of a play park area for community recreation within five years of the commencement of the development.

23. RELATED PARTIES

During the year one tenant had served as a Board Member, and the sister of one Board Member was also a tenant. These tenancies were on normal commercial terms and neither of the tenants could use their position to their advantage. One Board Member works for a supplier of services to Link Group, and again any transaction is on a normal commercial basis.

Link Group Limited is exempt from the requirements under FRS 102 to disclose details of transactions with other members of the group headed by Link Group Limited.

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)****24. OBLIGATIONS UNDER LEASES**

Total commitments under non-cancellable operating leases are as follows:

	Consolidated		Link Group Ltd	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within one year	45	-	5	-
In two to five years	187	58	-	9
In over five years	15	10	5	1
	247	68	10	10

25. FINANCIAL INSTRUMENTS

The carrying amounts of the financial assets and liabilities include:

	Consolidated		Link Group Ltd	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Assets measured at amortised cost	58,273	49,614	39,855	31,687
Liabilities measured at amortised cost	(36,405)	(28,135)	(21,855)	(18,454)
Loan commitments measured at cost less no impairment	(222,510)	(181,114)	(198,000)	(151,000)

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)****26. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES CASHFLOW ANALYSIS**

	Consolidated		Link Group Ltd	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Surplus for the year	1,303	4,539	442	2,415
Depreciation of tangible fixed assets	16,667	14,197	14,049	11,658
Amortisation of intangible fixed assets	124	114	91	81
Decrease/(Increase) in debtors	2,970	(963)	(4,241)	(3,721)
Increase/(Decrease) in creditors	5,398	4,027	468	6,556
(Increase)/Decrease in stock	(7,108)	2,177	(6,985)	(1,246)
Carrying amount of tangible fixed asset disposals	1,459	1,774	1,104	1,689
Proceeds from the sale of fixed assets	(1,756)	(663)	(881)	(663)
Government grants utilised in the year	(8,019)	(6,127)	(7,185)	(5,293)
Interest payable	8,021	6,714	7,202	5,848
Interest received	(202)	(54)	(149)	(19)
Pension cost less contributions payable	(406)	(64)	(160)	(146)
Unrealised gain on revaluation of investment properties	-	-	-	-
Net cash inflow from operating activities	18,451	25,671	3,755	17,159

27. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN DEBT

	Consolidated		Link Group Ltd	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Increase/(decrease) in cash in year	2,887	18,469	(7,159)	15,929
Cash flow from changes in liquid resources	28	2,016	-	-
Loan repaid	38,606	1,089	33,000	-
Cash received from new loans	(80,000)	(24,165)	(80,000)	(23,000)
Change in net debt	(44,253)	(2,591)	(54,159)	(7,071)
Net debt at 1 April 2019	(140,127)	(137,536)	(132,122)	(125,051)
Net debt at 31 March 2020	(184,380)	(140,127)	(186,281)	(132,122)

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)****28. ANALYSIS OF CHANGES IN FINANCING DURING THE CURRENT YEAR**

	Consolidated			Link Group Ltd		
	As At 1 April 2019	Cash flows	At 31 March 2020	As At 1 April 2019	Cash flows	At 31 March 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	36,948	(2,887)	34,061	18,878	(7,159)	11,719
Term deposit	4,041	28	4,069	-	-	-
Debt due within one year	(5,622)	3,513	(2,109)	-	-	-
Debt due outwith one year	<u>(175,494)</u>	<u>(44,907)</u>	<u>(220,401)</u>	<u>(151,000)</u>	<u>(47,000)</u>	<u>(198,000)</u>
	<u>(140,127)</u>	<u>(44,253)</u>	<u>(184,380)</u>	<u>(132,122)</u>	<u>(54,159)</u>	<u>(186,281)</u>

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)**

29. PENSIONS**29a. Defined Contribution Scheme**

Link Group Limited offers all staff membership to the Link Group Defined Contribution scheme, with employer contribution rates of up to 9%.

As at the balance sheet date, there were 602 members of staff who were members of the Link group personal pension scheme (2019, 598), of whom 123 are employed by Link Group Limited (2019, 114). The assets of the scheme are administered by trustees in a fund independent of the Link Group. The total employer contributions for the year ended 31 March 2020 amounted to £1,302,116 (2019, £1,328,803), of which £446,505 was made in relation to Link Group Limited staff (2019 £416,755).

29b. Defined Benefit Scheme

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

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2018. This valuation revealed a deficit of £121m. A Recovery Plan has been put in place to eliminate the deficit which will run to either 30 September 2022 or 31 March 2023 (depending on funding levels) for the majority of employers, although certain employers have different arrangements.

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

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

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

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus

Similarly, an actuarial valuation of the scheme was carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive.

The Scheme is a funded defined benefit arrangement. All monetary figures are shown in £'000s sterling.

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)**

29b. Defined Benefit Scheme (continued)

No assets included in the fair value of plan assets are the entity's own financial instruments or are properties occupied or used by the entity.

Key Assumptions

	2020	2019
Discount Rate	2.40%	2.55%
Salary Increases	2.50%	2.35%
Inflation (RPI)	2.85%	3.35%
Inflation (CPI)	1.85%	2.35%
Allowance for cash commutation	75% of maximum allowance	75% of maximum allowance

Mortality Assumptions**Life Expectancy at the age of 65 (Years)**

Male retiring in 2020	21.5
Female retiring in 2020	23.2
Male retiring in 2040	22.8
Female retiring in 2040	24.5

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)****29b. Defined Benefit Scheme (continued)****CONSOLIDATED****Amounts Recognised in Statement of Financial Position**

	2020	2019
	£'000	£'000
Fair value of scheme assets	15,670	14,789
Present value of benefit obligation	(16,204)	(16,720)
Net pension liability	(534)	(1,931)

Amounts Recognised in Statement of Comprehensive Income

	2020	2019
	£'000	£'000
Current service costs	23	21
Administration costs	13	13
Net interest on net defined benefit obligation	43	64
Total pension cost recognised in Statement of Comprehensive Income	79	98

Changes in Defined Benefit Obligation

	2020	2019
	£'000	£'000
Opening Defined Benefit Obligation	16,719	15,419
Employer Service Cost	23	21
Interest Expense	436	452
Employee Contributions	13	13
Actuarial Losses/(Gains)	(638)	1,150
Benefits Paid	(349)	(336)
Closing Defined Benefit Obligation	16,204	16,719

Changes in Fair Value of Scheme Assets

	2020	2019
	£'000	£'000
Opening Fair Value of Scheme Assets	14,789	13,424
Actual Return on Scheme Assets less Interest Income	353	842
Interest income	380	375
Employer Contributions	484	471
Employee Contributions	13	13
Benefits Paid	(349)	(336)
Administration costs	-	-
Closing Fair Value of Scheme Assets	15,670	14,789

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)****29b. Defined Benefit Scheme (continued)**

	2020	2019
	£'000	£'000
Other Comprehensive Income		
Actual return on plan assets less interest income on plan assets	353	842
Actuarial (losses)/gains	638	(1,150)
Remeasurement gains and losses recognised in other comprehensive income	991	(308)

The major categories of Scheme assets as a total of plan assets are as follows

	2020	2019
	£'000	£'000
Global Equity	2,155	2,379
Absolute Return	962	1,253
Distressed Opportunity	285	252
Credit Relative Value	377	257
Alternative Risk Permia	1,256	827
Fund of Hedge Funds	-	40
Emerging Market Debt	558	473
Risk Sharing	497	428
Insurance-Linked Securities	420	384
Property	292	294
Infrastructure	924	620
Private Debt	311	191
Opportunistic Illiquid Credit	381	-
Corporate Bond Fund	1,145	1,037
Liquid Credit	411	-
Long Lease Property	382	179
Secured Income	869	516
Over 15 Year Gilts	200	380
Index Linked All Stock Gilts	-	-
Liability Driven Investment	4,126	5,263
Net Current Assets	119	16
Total Assets	15,670	14,789

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)****29b. Defined Benefit Scheme (continued)****LINK GROUP LIMITED****Amounts Recognised in Statement of Financial Position**

	2020	2019
	£'000	£'000
Fair value of scheme assets	5,481	5,531
Present value of benefit obligation	(5,779)	(6,069)
Net pension liability	(298)	(538)

Amounts Recognised in Statement of Comprehensive Income

	2020	2019
	£'000	£'000
Current service costs	23	21
Administration costs	5	5
Net interest on net defined benefit obligation	11	19
Total pension cost recognised in Statement of Comprehensive Income	39	45

Changes in Defined Benefit Obligation

	2020	2019
	£'000	£'000
Opening Defined Benefit Obligation	6,069	6,012
Employer Service Cost	23	21
Interest Expense	158	164
Employee Contributions	13	13
Actuarial Gains/ (Losses)	(314)	(22)
Benefits Paid	(170)	(119)
Closing Defined Benefit Obligation	5,779	6,069

Changes in Fair Value of Scheme Assets

	2020	2019
	£'000	£'000
Opening Fair Value of Scheme Assets	5,531	5,217
Actual Return on Scheme Assets less Interest Income	(233)	88
Interest income	142	140
Employer Contributions	198	192
Employee Contributions	13	13
Benefits Paid	(170)	(119)
Administration costs	-	-
Closing Fair Value of Scheme Assets	5,481	5,531

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)****29b. Defined Benefit Scheme (continued)**

	2020	2019
	£'000	£'000
Other Comprehensive Income		
Actual return on plan assets less interest income on plan assets	(233)	88
Actuarial gains / (losses)	314	22
Remeasurement gains and losses recognised in other comprehensive income	81	110

The major categories of Scheme assets as a total of plan assets are as follows

	2020	2019
	£'000	£'000
Global Equity	754	890
Absolute Return	336	469
Distressed Opportunity	100	94
Credit Relative Value	132	96
Alternative Risk Permia	469	309
Fund of Hedge Funds	-	15
Emerging Market Debt	195	177
Risk Sharing	174	160
Insurance-Linked Securities	147	144
Property	102	110
Infrastructure	323	232
Private Debt	109	71
Opportunistic Illiquid Credit	133	-
Corporate Bond Fund	400	388
Liquid Credit	144	-
Long Lease Property	134	67
Secured Income	304	193
Over 15 Year Gilts	70	142
Index Linked All Stock Gilts	-	-
Liability Driven Investment	1,443	1,968
Net Current Assets	42	6
Total Assets	5,481	5,531

LINK GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (continued)**

30. MATERIAL ESTIMATES AND JUDGEMENTS***Valuation of Investment Property***

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

Pension

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

Debtors

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