

LINTHOUSE HOUSING ASSOCIATION LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

Registered Housing Association Number: XH 149
Charity Registration Number: SCO28161
FCA Reference Number: 1800R (S)

LINTHOUSE HOUSING ASSOCIATION LIMITED

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LINTHOUSE HOUSING ASSOCIATION LIMITED

THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2017

MEMBERS OF THE MANAGEMENT COMMITTEE

Alexander Leishman	(Chairperson)
Thomas McMahon	(Secretary)
Alison Guthrie	(Vice-Chairperson)
Pamela Devoy	(Resigned 2 nd August 2016)
Andreas Elmecker	(Resigned 5 th April 2016)
Richard Wilkins	
Iain McLeish	
Councillor Stephen Dornan	(Appointed 23 rd September 2016)
John Clark	(Appointed 23 rd September 2016)
Marc-Andre Schmitz	(Appointed 23 rd September 2016)
Frank Murphy	(Appointed 23 rd September 2016)
Colette Ness	(Appointed 23 rd September 2016)
Professor Mike Donnelly	(Appointed 23 rd September 2016)
Paul McVey	(Co-opted 23 rd September 2016)
Gordon Laurie	(Co-opted 23 rd September 2016)

EXECUTIVE OFFICERS

Irene Campbell

REGISTERED OFFICE

1 Cressy Street, Glasgow, G51 4RB

AUDITORS

French Duncan LLP
Chartered Accountants
Statutory Auditors
133 Finnieston Street
Glasgow
G3 8HB

BANKERS

The Royal Bank of Scotland plc
Glasgow Govan Branch
788 Govan Road
Glasgow
G51 2YL

SOLICITORS

T C Young
7 West George Street
Glasgow
G2 1BA

Hennessy Bowie & Co
2 Kenmure Lane
Bishopbriggs
Glasgow, G64 2RA

Strefford Tulips
118 Cadzow Street
Hamilton
ML3

LINTHOUSE HOUSING ASSOCIATION LIMITED

REPORT FROM THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2017

The Management Committee presents their report and the audited Financial Statements for the year ended 31 March 2017.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No. 1800R (S). The Association is governed under its Rule Book. The Association is a Registered Scottish Charity with the charity number SCO28161.

Principal Activities

The principal activity of the Association is the provision and management of social housing.

Review of business and future developments

The Management Committee are satisfied with the Association's performance during the year. The Association has carried out a full organisational review and restructure of the business which has resulted in the introduction of a specialist generic Customer Services Team. The key focus of the review was to reshape the organisation to put customer service and value for money at the forefront of the business. As a result of the restructure a number of staff left the organisation and others joined.

Financial Review

The Management Committee are satisfied that the state of affairs of the Association are satisfactory. The surplus for the year, pre pension remeasurement was £856,434 (2016 - £766,400). Net Assets now stand at £10,416,336 (2016 - £8,447,673).

Committee of Management and Executive Officers

The members of the Management Committee and the Executive Officer are listed on page 3. Each member of the Management Committee hold one fully paid share of £1 in the Association.

Statement of Management Committee's responsibilities

The Co-operative and Community Benefit Act 2014 require The Management Committee to prepare Financial Statements for each financial year which gives a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that year. In preparing those Financial Statements, the Management Committee is required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- Prepare a statement on Internal Financial Control.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing

LINTHOUSE HOUSING ASSOCIATION LIMITED

REPORT FROM THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2017

(Scotland) Act 2010 and the Determination of Accounting Requirements - 2014. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Management Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

Statement on Internal Financial Control

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

- The reliability of financial information used within the Association, or for publication;
- The maintenance of proper accounting records; and
- The safeguarding of assets against unauthorised use or disposition.

It is the Management Committee'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. Key elements of the Association's systems include ensuring that:

- Formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- Experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- Forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- Quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- The Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken; and

LINTHOUSE HOUSING ASSOCIATION LIMITED

REPORT FROM THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2017

- Formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2017. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Auditors

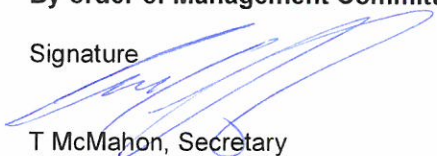
A resolution to re-appoint the auditors, French Duncan LLP, Chartered Accountants, will be proposed at the Annual General Meeting

Donations

During the year the Association made charitable donations amounting to £1,207.

By order of Management Committee

Signature



T McMahon, Secretary
13 September 2017

LINTHOUSE HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF LINTHOUSE HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS FOR THE YEAR ENDED 31 MARCH 2017

In addition to our audit of the Financial Statements, we have reviewed your statement on page 5 and 6 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 5 and 6 has provided the disclosures required by the relevant Regulatory Standards with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of The Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that The Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



French Duncan LLP
Chartered Accountants
Statutory Auditors
133 Finneston Street
GLASGOW
G3 8HB

Date: 13/09/2017

LINTHOUSE HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS REPORT TO THE MANAGEMENT COMMITTEE OF LINTHOUSE HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2017

We have audited the financial statements of Linthouse Housing Association Limited for the year ended 31 March 2017 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in capital and reserves and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF MANAGEMENT COMMITTEE AND AUDITORS

As explained more fully in the Statement of The Management Committee's Responsibilities the Association's Management Committee, are responsible for the preparation of the Financial Statements that give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT ON THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by The Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in The Management Committee's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2017 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements December 2014.

LINTHOUSE HOUSING ASSOCIATION LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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


French Duncan LLP

Chartered Accountants
Statutory Auditors
133 Finnieston Street
GLASGOW
G3 8HB

Date: 13/09/2017

LINTHOUSE HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Notes	£	2017 £	£	2016 £
REVENUE	2.		5,181,862		4,686,152
Operating Costs	2.		<u>(4,232,245)</u>		<u>(3,796,890)</u>
OPERATING SURPLUS			949,617		889,262
Loss on Sale of Property, Plant & Equipment	7.	(20,732)		(47,574)	
Interest Receivable & Other Income		11,068		13,335	
Interest Payable & Other Expenditure	8.	(33,519)		(37,623)	
Other Finance Charges	11.	<u>(50,000)</u>		<u>(51,000)</u>	
SURPLUS FOR THE YEAR			<u>(93,183)</u> 856,434		<u>(122,862)</u> 766,400
Other Comprehensive Income: Pension Remeasurement	23.		1,112,252		-
TOTAL COMPREHENSIVE INCOME			<u>1,968,686</u>		<u>766,400</u>

The results for the year relate wholly to continuing activities.

The notes on pages 14 to 27 form part of these financial statements.

LINTHOUSE HOUSING ASSOCIATION LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017**

	Notes	£	2017 £	£	2016 £
NON CURRENT ASSETS					
Housing Properties -					
Depreciated Costs	12.(a)		26,981,256		25,776,520
Other Fixed Assets	12.(b)		<u>508,916</u>		<u>526,561</u>
			27,490,172		26,303,081
CURRENT ASSETS					
Debtors	14.	463,501		1,974,951	
Investments		8,396		8,423	
Cash & Cash Equivalents		<u>3,840,430</u>		<u>1,680,434</u>	
		4,312,327		3,663,808	
CREDITORS - Amounts falling due within one year	15.	<u>(1,300,433)</u>		<u>(1,127,655)</u>	
NET CURRENT ASSETS			3,011,894		2,536,153
TOTAL ASSETS LESS LIABILITIES			<u>30,502,066</u>		<u>28,839,234</u>
CREDITORS - Amounts falling due after more than one year					
Housing Property Loans	16.		(790,687)		(904,978)
Retirement Benefit Scheme Deficit	16.		(839,392)		(2,078,230)
DEFERRED INCOME					
Social Housing Grants	18.		<u>(18,455,651)</u>		<u>(17,408,353)</u>
			<u>10,416,336</u>		<u>8,447,673</u>
NET ASSETS					
EQUITY					
Share Capital	19.		183		206
Revenue Reserves			<u>10,416,153</u>		<u>8,447,467</u>
			<u>10,416,336</u>		<u>8,447,673</u>

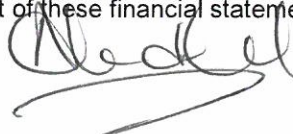
The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on 13 September 2017.

A Leishman
Chair-person

A Guthrie
Vice Chair-person

T McMahon
Secretary

The notes on pages 14 to 27 form part of these financial statements.


LINTHOUSE HOUSING ASSOCIATION LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2016	206	8,447,467	8,447,673
Issue of Shares	8	-	8
Cancellation of Shares	(31)	-	(31)
Surplus for Year	-	856,434	856,434
Pension deficit adjustment	-	1,112,252	1,112,252
Balance as at 31 March 2017	<u>183</u>	<u>10,416,153</u>	<u>10,416,336</u>

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2015 as restated	202	7,681,067	7,681,269
Issue of Shares	4	-	4
Surplus for Year	-	766,400	766,400
Balance as at 31 March 2016	<u>206</u>	<u>8,447,467</u>	<u>8,447,673</u>

The notes on pages 14 to 27 form part of these financial statements.

LINTHOUSE HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	£	2017 £	£	2016 £
Net cash generated from Operating Activities	17.		2,801,103		(398,420)
Cash Flow from Investing Activities					
Acquisition & Construction of Properties		(2,146,780)		(1,846,603)	
Purchase of Other Fixed Assets		(16,777)		(1,370)	
Social Housing Grant Received		1,647,837		1,628,861	
Social Housing Grant Repaid		(26,766)		(10,819)	
Disposal of Investment		27			
Proceeds on Disposal of Properties		<u>35,462</u>		<u>26,112</u>	
Net Cash Outflow from Investing Activities			(506,997)		(203,819)
Cash Flow from Financing Activities					
Interest Received on Cash & Cash Equivalents		11,068		13,335	
Interest Paid on loans		(33,519)		(37,623)	
Movement in short term		2,624			
Movement in long term borrowings		(114,291)		(107,974)	
Share Capital Issued		<u>8</u>		<u>4</u>	
Net Cash from Financing			(134,110)		(132,258)
Increase in Cash & Cash Equivalents			2,159,996		(734,497)
Opening Cash & Cash Equivalents			<u>1,680,434</u>		<u>2,414,931</u>
Closing Cash & Cash Equivalents			<u>3,840,430</u>		<u>1,680,434</u>

The notes on pages 14 to 27 form part of these financial statements.

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

The Association is incorporated under the Co-operative and Community Benefits Societies Act 2014 and is registered by the Financial Conduct Authority. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102

Basis of Accounting

These financial statements have been prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for Social Housing Providers 2014 and comply with the requirements of the Determination of Housing Requirements 2014 as issued by the Scottish Housing Regulator.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies (see below).

The following principal accounting policies have been applied:

Going Concern

The Management Committee has reviewed the results for this year and the long term financial projections. It therefore has a reasonable expectation that the Association has adequate resources to continue its operational activities for the foreseeable future.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised as expenditure is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria has been met.

Government Grants are released to income over the expected useful life of the asset to which it relates.

Retirement Benefits

The Association participates in the Scottish Housing Association Defined Benefits Pension Scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

The Association accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for the high quality corporate bond.

Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 12. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<i>Component</i>	<i>Useful Economic Life</i>
Kitchens	20 years
Bathrooms	30 years
Central Heating Boilers	15 years
Windows	35 years
Structure	60 years
Radiator	30 years
Lift	30 years

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation and Impairment of Other Non-Current Assets

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

Office Premises	- 1.67% Straight Line
Furniture and Fittings	- 25% Straight Line
Computer Equipment	- 25% Straight Line
Office Equipment	- 25% Straight Line
Motor Vehicles	- 25% Straight Line

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

Social Housing Grant and Other Grants In Advance/Arrears

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 in income on a systematic basis over the expected useful life of the property and assets to which it relates.

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income Account when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income Account in the same year 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.

Sales of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

Disposals of housing property under the Right to Buy scheme are treated as a non-current asset disposals and any gain and loss on disposal accounted for in the Statement of Comprehensive Income.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Management Committee to exercise judgement in applying the Association's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

Rent Arrears - Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers: tenant payment history, arrangements in place, and court action.

Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Useful Lives of Other Fixed Assets

The useful lives of other fixed Assets are based on the knowledge of senior management at the Association with reference to expected asset life cycles.

Pension Liabilities

This has relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate.

Costs of Shared Ownership

The Association allocates costs to shared ownership properties on a percentage basis split across the number of properties the Association owns.

Leases/Leased Assets

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

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

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

b) Identification of cash generating units

The Association considers its cash-generating units to be 1,220 in which it manages its housing property for asset management purposes.

Financial Instruments – Basic

The Association only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like rents, accounts receivable and payable, loans from banks and related parties.

These are recognised in accordance with Section 11 of Financial Reporting Standard 102

The Association's debt instruments are measured at amortised cost using the effective interest rate method.

LINTHOUSE HOUSING ASSOCIATION LIMITED
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
 NOTES TO THE FINANCIAL STATEMENTS

2. PARTICULARS OF REVENUE, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2017		2016			
		Revenue £	Operating Costs £	Operating Surplus/(Deficit) £	Revenue £	Operating Costs £	Operating Surplus/(Deficit) £
Social Lettings	3.	5,068,552	(3,932,016)	1,136,536	4,560,835	(3,552,764)	1,008,071
Other Activities	4.	<u>113,310</u>	<u>(300,229)</u>	<u>(186,919)</u>	<u>125,317</u>	<u>(244,126)</u>	<u>(118,809)</u>
Total		<u>5,181,862</u>	<u>(4,232,245)</u>	<u>949,617</u>	<u>4,686,152</u>	<u>(3,796,890)</u>	<u>889,262</u>

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
NOTES TO THE FINANCIAL STATEMENTS

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared Ownership £	2017 Total £	2016 Total £
Revenue from Lettings					
Rent Receivable Net of Identifiable Service Charges					
Service Charges Receivable	3,526,289	355,998	111,006	3,993,293	3,830,048
	<u>70,096</u>	<u>130,283</u>	<u>1,806</u>	<u>202,185</u>	<u>188,162</u>
Gross Rents Receivable	3,596,385	486,281	112,812	4,195,478	4,018,210
Less: Rent Losses from Voids	<u>(66,449)</u>	<u>(16,369)</u>	<u>-</u>	<u>(82,818)</u>	<u>(43,764)</u>
Net Rents Receivable	<u>3,529,936</u>	<u>469,912</u>	<u>112,812</u>	<u>4,112,660</u>	<u>3,974,446</u>
Amortisation of Social Housing Grants & Other Grants					
Revenue Grants from Local Authorities & Other Agencies	532,924	-	40,849	573,773	567,288
	<u>382,119</u>	<u>-</u>	<u>-</u>	<u>382,119</u>	<u>19,101</u>
Total Income from Social Letting	<u>4,444,979</u>	<u>469,912</u>	<u>153,661</u>	<u>5,068,552</u>	<u>4,560,835</u>
Expenditure on Social Letting Activities					
Service Costs	114,579	89,129	2,262	205,970	177,697
Management & Maintenance administration costs	1,304,493	163,558	29,882	1,497,933	1,230,364
Reactive Maintenance	569,942	52,052	6,667	628,661	753,325
Bad Debts – Rents & Service Charges	56,910	-	-	56,910	107,954
Planned & Cyclical Maintenance, including Major Repairs	640,636	15,724	332	656,692	410,527
Depreciation of Social Housing	<u>837,950</u>	<u>-</u>	<u>47,900</u>	<u>885,850</u>	<u>872,897</u>
Operating Costs of Social Housing	<u>3,524,510</u>	<u>320,463</u>	<u>87,043</u>	<u>3,932,016</u>	<u>3,552,764</u>
Operating Surplus on Social Letting Activities	<u>920,469</u>	<u>149,449</u>	<u>66,618</u>	<u>1,136,536</u>	<u>1,008,071</u>
2016	<u>817,843</u>	<u>136,805</u>	<u>53,423</u>	<u>1,008,071</u>	

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4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs Bad Debts £	Operating Costs Other £	Operating Surplus/ (Deficit) 2017 £	Operating Surplus/ (Deficit) 2016 £
Wider Role Activities	-	2,000	2,000	-	(22,591)	(20,591)	(31,073)
Factoring Care Activities	-	53,721	53,721	(1,256)	(52,254)	211	432
	54,956	-	54,956	-	(224,128)	(169,172)	(92,541)
Other Income/ Expenditure	-	2,633	2,633	-	-	2,633	4,373
Total From Other Activities	<u>54,956</u>	<u>58,354</u>	<u>113,310</u>	<u>(1,256)</u>	<u>(298,973)</u>	<u>(186,919)</u>	<u>(118,809)</u>
2016	<u>53,303</u>	<u>72,014</u>	<u>125,317</u>	<u>(3,857)</u>	<u>(240,269)</u>	<u>(118,809)</u>	

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5. BOARD MEMBERS AND OFFICERS EMOLUMENTS

The Officers are defined as the members of the Management Committee, the executive officers and employees of the Association reporting directly to the Chief Executive or the Management Committee.

	2017	2016
	£	£
Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions)	<u>69,615</u>	<u>63,437</u>
Compensation payable to officers for loss of office	<u>120,355</u>	<u>-</u>
Emoluments payable to the Director/Chief Executive (excluding pension contributions)	<u>69,615</u>	<u>63,437</u>
Pension contributions paid on behalf of the Director	<u>9,388</u>	<u>7,699</u>
Total number of Officers, including the highest paid Officer, who received employee benefits (excluding pension contributions) over £60,000 was in the following ranges:-	<u>1</u>	<u>1</u>
£60,001 - £70,000	1	1
£70,001 - £80,000	-	-

Payments to board members during the year for reimbursement of expenses £240 (2016-£nil).

6. EMPLOYEE INFORMATION

	2017	2016
	No.	No.
The Average monthly number of full time equivalent persons employed during the year was	24	26
The average total number of employees during the year was	25	30
Staff Costs were:		
Wages & Salaries	1,125,019	861,920
Social Security Costs	107,254	70,577
Pension Costs	53,577	50,171
Other Pension Costs	<u>30,000</u>	<u>(9,000)</u>
	<u>1,315,850</u>	<u>973,668</u>

7. GAIN ON SALE OF HOUSING STOCK

	2017	2016
	£	£
Sales Proceeds	27,000	26,111
Cost of Sales	<u>(47,732)</u>	<u>(73,685)</u>
Loss on Sale of Housing Stock	<u>(20,732)</u>	<u>(47,574)</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2017	2016
	£	£
On Bank Loans & Overdrafts	<u>33,519</u>	<u>37,623</u>

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9. OPERATING SURPLUS FOR YEAR

	2017	2016
	£	£
Surplus is stated after charging/(crediting):-		
Depreciation	920,272	928,632
Auditors' Remuneration	10,740	9,314
Operating Lease Rentals	4,284	5,566
Loss on Sale of Fixed Assets	20,732	47,574
Amortisation of Capital Grants	<u>(573,773)</u>	<u>(556,470)</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is exempt from Corporation Tax on its charitable activities.

11. OTHER FINANCE INCOME/CHARGES

	2017	2016
	£	£
Unwinding of Discounted Liabilities	<u>50,000</u>	<u>51,000</u>

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12. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties Under Construction £	Completed Shared Ownership Properties £	Total £
COST				
As at 1 April 2016	41,336,840	113,326	2,875,064	44,325,230
Additions	1,337,770	809,010	-	2,146,780
Disposals	<u>(136,436)</u>	<u>-</u>	<u>-</u>	<u>(136,436)</u>
As at 31 March 2017	<u>42,538,174</u>	<u>922,336</u>	<u>2,875,064</u>	<u>46,335,574</u>
As at 1 April 2016	17,580,909	-	967,801	18,548,710
Charge for year	837,950	-	47,900	885,850
Disposals	<u>(80,242)</u>	<u>-</u>	<u>-</u>	<u>(80,242)</u>
As at 31 March 2017	<u>18,338,617</u>	<u>-</u>	<u>1,015,701</u>	<u>19,354,318</u>
As at 31 March 2017	<u>24,199,557</u>	<u>922,336</u>	<u>1,859,363</u>	<u>26,981,256</u>
As at 31 March 2016	<u>23,755,931</u>	<u>113,326</u>	<u>1,907,263</u>	<u>25,776,520</u>

Additions to housing properties include capitalised development admin costs of £6,600 (2016: £Nil) and capitalised major repairs of £82,884 (2016: £294,403)

The Association's lenders have standard securities over housing properties with a carrying value of £2,518,033 (2016: £2,623,956)

b) Other Tangible Assets

	Office Premises £	Furniture & Fittings £	Total £
COST			
As at 1 April 2016	720,178	1,186,061	1,906,239
Additions in year	-	16,777	16,777
As at 31 March 2017	<u>720,178</u>	<u>1,202,838</u>	<u>1,923,016</u>
AGGREGATE DEPRECIATION			
As at 1 April 2016	232,635	1,147,043	1,379,678
Charge for year	11,043	23,379	34,422
Disposals in year	-	-	-
As at 31 March 2017	<u>243,678</u>	<u>1,170,422</u>	<u>1,414,100</u>
NET BOOK VALUE			
As at 31 March 2017	<u>476,500</u>	<u>32,416</u>	<u>508,916</u>
As at 31 March 2016	<u>487,543</u>	<u>39,018</u>	<u>526,561</u>

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13. COMMITMENTS UNDER OPERATING LEASES

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

	2017	2016
	£	£
Not later than one year	1,540	1,540
Later than one year and not later than 5 years	3,081	4,622
Later than five years	<u>-</u>	<u>-</u>

14. DEBTORS

	2017	2016
	£	£
Arrears of Rent & Service Charges	326,131	231,924
Less: Provision for Doubtful Debts	<u>(216,950)</u>	<u>(160,040)</u>
	109,181	71,884
Other Receivables	<u>354,320</u>	<u>1,903,067</u>
	<u>463,501</u>	<u>1,974,951</u>

15. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Housing Loans	113,966	111,342
Trade Payables	56,054	5,739
Rent in Advance	221,395	211,134
Other Taxation and Social Security	17,099	21,468
Liability for Past Service Contribution Arrangements	205,608	193,000
Accruals and Deferred Income	<u>686,311</u>	<u>584,972</u>
	<u>1,300,433</u>	<u>1,127,655</u>

16. CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR

	2017	2016
	£	£
Liability for Past Service Contribution Arrangements	839,392	2,078,230
Housing Loans	<u>790,687</u>	<u>904,978</u>
	<u>1,630,079</u>	<u>2,983,208</u>

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

All of the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans.

The Bank loans are repayable as follows:

	2017	2016
	£	£
Within one year	113,966	111,342
Between two and five years	339,779	350,082
In five years or more	<u>450,908</u>	<u>554,896</u>
	<u>904,653</u>	<u>1,016,320</u>

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17. STATEMENT OF CASH FLOWS

Reconciliation of operating surplus to balance as at 31 March 2017	2017	2016
	£	£
Operating Surplus	949,617	889,262
Depreciation	920,272	928,632
Amortisation of Capital Grants	(573,773)	(556,470)
Change in debtors	1,511,450	(1,462,904)
Change in creditors	157,546	(725)
Movement in Pension Liability – Actuarial Gains on Pension Liability	(163,978)	(196,215)
Cancelled Shares	(31)	-
Balance as at 31 March 2017	<u>2,801,103</u>	<u>(398,420)</u>

18. DEFERRED INCOME

	2017	2016
	£	£
<i>Social Housing Grants</i>		
Balance as at 1 April 2016	17,408,353	16,346,781
Additions in year	1,647,837	1,628,861
Repaid as the result of property disposal	(26,766)	(10,819)
Amortisation in Year	<u>(573,773)</u>	<u>(556,470)</u>
Balance as at 31 March 2017	<u>18,455,651</u>	<u>17,408,353</u>

This is expected to be released to the Statement of Comprehensive Income as follows:

Amounts due within one year	616,100	577,177
Amounts due in one year or more	<u>17,839,551</u>	<u>16,831,176</u>
	<u>18,455,651</u>	<u>17,408,353</u>

19. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1 April 2016	206
Issued in year	8
Cancelled in year	<u>(31)</u>
At 31 March 2017	<u>183</u>

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2017	2016
	No.	No.
General Needs - New Build	89	89
- Rehabilitation	1,007	991
Shared Ownership	49	49
Supported Housing	<u>75</u>	<u>75</u>
	<u>1,220</u>	<u>1,204</u>

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21. RELATED PARTY TRANSACTIONS

Linthouse Housing Association Limited owns the entire share capital of Linthouse Urban Village Café Limited. During the year the Café paid the Housing Association a service charge totalling £2,000 (2016: £2,000)

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

The related party relationships of the members of the Management Committee are summarised as:

- Members that are tenants of the Association
- Members that are factored owners
- Management Committee members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Management Committee member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Management Committee members were as follows:

- Rent Received from Tenants on the Committee - £20,189
- Factoring income received from Owner Occupiers in the Committee - £1,518
- At the year-end total rent arrears owed by the tenant members of the Committee were - £82
- At the year-end total factoring arrears owed by Owner Occupiers of the Committee were - £220

22. DETAILS OF ASSOCIATION

The Association is a Registered Society registered within the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 1 Cressy Street, Glasgow, G51 4RB.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing in Glasgow.

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23. RETIREMENT BENEFIT OBLIGATIONS

General

Linthouse Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the Scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the year under FRS102 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2015 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394m. The valuation revealed a shortfall of assets compared with the value of liabilities of £304m, (equivalent to a past service funding level of 62.2%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2015. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £616m and indicated a decrease in the shortfall of assets compared to liabilities to approximately £194m, equivalent to a past service funding level of 76%.

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal. Then the liability of the withdrawing employer is re-apportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

All employers in the scheme have entered into an agreement to make additional contributions to fund the

Scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £1,045,000 (2016 - 2017). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of high quality corporate bond with a similar term. The discount rate used was 2.29%.

	2017	2016
	£	
Provision at start of period	2,271,000	2,415,000
Unwinding of the discount factor	50,000	52,000
Deficit contribution paid	(192,000)	(187,000)
Remeasurements – impact of any change in assumption	28,000	(9,000)
Remeasurements – amendments to the contribution schedule	(1,112,000)	-
Provision at end of period	<u>1,045,000</u>	<u>2,271,000</u>

The figures in the table above have been rounded to the nearest thousand.

The Association made payments totalling £198,301 (2016: £193,115) to the pension scheme during the year.

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24. CAPITAL COMMITMENTS

	2017 £	2016 £
Capital expenditure which has been contracted for but has not been provided for in the financial statements	<u>89,497</u>	<u>893,496</u>
Funded by Grant	<u>-</u>	<u>446,748</u>