

**LINTHOUSE HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

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 2018**

MEMBERS OF THE MANAGEMENT COMMITTEE

John Clark	(Chairperson)
Alexander Leishman	(Vice-Chairperson)
Alison Guthrie	(Secretary)
Thomas McMahon	
Richard Wilkins	
Iain McLeish	
Councilor Stephen Dornan	(Resigned 08/08/17)
Marc-Andre Schmitz	
Frank Murphy	
Colette Ness	
Professor Mike Donnelly	
Paul McVey	(Resigned 15/03/18)
Gordon Laurie	
Jackie McColl	(Appointed 13/09/17)
Mary Rae	(Co-opted 06/02/18)
Catherine Rosenthal	(Co-opted 06/02/18)

EXECUTIVE OFFICERS

Irene Campbell

REGISTERED OFFICE

1 Cressy Street, Glasgow, G51 4RB

AUDITORS

French Duncan LLP
Chartered Accountants
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 2018**

The Management Committee presents their report and the audited Financial Statements for the year ended 31 March 2018.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No. 1800R (S) and the Housing (Scotland) Act 2010. The Association is governed under its Rule Book. The Association is a Registered Scottish Charity with the charity number SCO28161. It operates under the latest 2015 version of the SFHA Charitable Model Rules.

Principal Activities

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

Objectives

Our Rules state that the objects of the Association are:

- To provide for the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage through the provision, construction, improvement and management of land and accommodation and the provision of care
- any other purpose or object permitted under Section 24 of the Housing (Scotland) Act 2010 which is charitable both for the purposes of Section 7 of the Charities and Trustee Investment (Scotland) Act 2005 and also in relation to the application of the Taxes Acts
- the permitted activities and powers of the Association will include anything which is necessary or expedient to help the Association achieve these objects; and
- the Association shall not trade for profit

Lighthouse Housing Association's Business Plan covers the period 2017-2020 and this key strategic document communicates the vision, objectives and strategic direction of the Association and provides a framework for implementation.

Review of business and future developments

In summer 2017, Lighthouse Housing Association developed its Business Plan covering the period 2017-20. It was developed as our key strategic document communicating our vision, objectives, strategic direction and framework for implementation. The document was informed by a strategic away day involving all Committee members and staff. Central to our vision was the creation of a new culture in which Lighthouse would listen, hear and act in our customers' interests.

Our guiding strategic objectives are consistent with and supplement the Association's objects as outlined in the Rules. In our Business Plan 2017-20, these were defined as Strong Strategic Governance; Excellent Service Delivery; Provision of Quality Homes in an Attractive Environment; Improving our Financial Strength and Delivering Value for Money; Developing Leadership and our People; and Being more than just a great Landlord

The critical overarching actions were defined as transforming the organisation, its levels of investment in our housing stock, and the quality of our tenants' homes. During 2017/18, we made a start to planned investment in the first phase of our component replacement programme in our stock. We achieved a significant completion of our first phase, one-close comprehensive tenement improvement project. We were also successful in attracting Glasgow City Council grant funding which allowed a start to be made to a second

**LINTHOUSE HOUSING ASSOCIATION LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2018**

phase, four-close comprehensive tenement improvement project. We also commenced work on our first component replacement program of Boilers, Kitchens, Radiators and Bathrooms.

This was backed up by systematic financial projection work which underpinned our Business Plan; and assisted us in refinancing our loans and securing a new lending facility late in the financial year.

Management Committee were kept closely and regularly informed on progress as we tackled and took the first significant steps in implementing the key objectives and actions in our Business Plan 2017/20.

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 £861,397 (2017 - £856,434). Net Assets now stand at £11,278,714 (2017 - £10,416,336).

Risk Management

Considerable progress was made in modernising our risk management arrangements during 2017/18. This included:

- setting up an Audit and Risk Sub Committee
- a comprehensive review of the Association's risk management policy, considered in detail through the Sub Committee and approved by the March 2018 Management Committee meeting
- a regular review and update of the risk register as a standing item for discussion at all Audit and Risk Sub Committee meetings, identifying movements in risks since last considered and identifying all key mitigation measures proposed to reduce or manage the risk
 -
- the defining of our top risks as SHQS/ EESSH compliance; the failure to achieve major investment targets; IT systems failures and security breaches; improving staff capability and capacity; achieving improvements in customer service culture; tackling our backlog of policy framework reviews; achieving desired performance targets; and managing Notifiable Events to the satisfaction of the Management Committee and the Scottish Housing Regulator

Committee of Management and Executive Officers

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

The governance structures are focused on our governing body, the Management Committee. Excepting a July recess, this met in 2017/18 at least six weekly and additional meetings were held where the volume of business warranted. In total, Management Committee met on 15 occasions in 2017/18.

Further business was delegated to our developing Sub Committee structure, with specific remits delegated and membership drawn from Management Committee.

Our Audit and Risk Sub Committee is remitted to meet at least four times per annum. During 2017/18, the Sub Committee met four times. It gave detailed consideration to financial returns and quarterly Management

**LINTHOUSE HOUSING ASSOCIATION LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2018**

and full Draft Annual Accounts. It approved a new risk policy and instigated systematic procedures for regular review of the Association's risks.

During 2017/18, a Staffing Sub Committee was established with the intention of meeting as business required. During 2017/18, the Association embarked on comprehensive staffing restructures. The Sub Committee met twice during this period. Given this Sub Committee is remitted to manage the remainder of the staffing restructure, and that its functional responsibilities include remuneration and conditions of service, as well as health and safety matters, the work of this Sub Committee will continue to be important in future.

Policy Working Group met regularly during 2017/18 to give detailed consideration to individual policy reviews prior to reference to Management Committee for approval.

Under regulatory requirements, the Association drew a number of Notifiable Events to the attention of the Scottish Housing Regulator during the year. As a result, Management Committee formed a limited-life Working Party with a remit to manage these Notifiable Events. During 2017/18, this met three times; and Management Committee considered progress at three of its meetings.

During 2017/18 Linthouse HA started the process and comprehensive review of its sheltered housing services and the Linthouse Urban Village Café (LUVV).

The Chief Executive, Directors and other senior managers of the Association, are salaried staff. However, they hold no interest in the Association's share capital. Although not having the legal status of Trustees, they act within Financial Regulations and a Scheme of Delegated Authority laid down by the Management Committee.

Auditors

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

**LINTHOUSE HOUSING ASSOCIATION LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2018**

Statement of Management Committee's responsibilities

The Co-operative and Community Benefit Societies Act 2014 require The Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the 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 judgments 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 (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.

**LINTHOUSE HOUSING ASSOCIATION LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2018**

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

**LINTHOUSE HOUSING ASSOCIATION LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2018**

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 2018. 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.

By order of Management Committee

Signature

A large black rectangular redaction box covering the signature of the representative.

A. Guthrie,

Date:

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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 2018

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

GLASGOW

Date: 

LINTHOUSE HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS REPORT TO THE MANAGEMENT COMMITTEE OF LINTHOUSE HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2018

OPINION

We have audited the financial statements of Linthouse Housing Association Limited for the year ended 31 March 2018 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in 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.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2018 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.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the committee members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the committee members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The other information comprises the information contained in the trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine

LINTHOUSE HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS REPORT TO THE MANAGEMENT COMMITTEE OF LINTHOUSE HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2018

whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

RESPONSIBILITIES OF COMMITTEE MEMBERS

As explained more fully in the management committee's responsibilities statement set out on page 5, the committee members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management committee are responsible for assessing the housing association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee members either intend to liquidate the housing association or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

**LINTHOUSE HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS REPORT TO THE MANAGEMENT COMMITTEE OF LINTHOUSE HOUSING ASSOCIATION FOR
THE YEAR ENDED 31 MARCH 2018**

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the housing association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee members.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the housing association to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

USE OF OUR REPORT

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.

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

Date:

LINTHOUSE HOUSING ASSOCIATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
REVENUE	2	5,019,840	5,181,862
Operating costs	2	<u>(4,110,049)</u>	<u>(4,232,245)</u>
OPERATING SURPLUS	2,9	909,791	949,617
Gain/(Loss) on sale of housing stock	7	15,133	(20,732)
Interest receivable and other similar income		10,336	11,068
Interest payable and other similar charges	8	(63,863)	(33,519)
Other Finance Charges	11	<u>(10,000)</u>	<u>(50,000)</u>
		<u>(48,394)</u>	<u>(93,183)</u>
SURPLUS FOR THE YEAR		861,397	856,434
OTHER COMPREHENSIVE INCOME			
Pension remeasurement	23	1,000	1,112,252
TOTAL COMPREHENSIVE INCOME		<u><u>862,397</u></u>	<u><u>1,968,686</u></u>

The results for the year relate wholly to continuing activities.

The notes on page 16 to 32 form part of these financial statements.

LINTHOUSE HOUSING ASSOCIATION LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
NON-CURRENT ASSETS			
Housing properties - depreciated cost	12(a)	27,556,702	26,981,256
Other tangible fixed assets	12(b)	514,642	508,916
		<u>28,071,344</u>	<u>27,490,172</u>
CURRENT ASSETS			
Debtors	14	460,953	463,501
Investments		8,514	8,396
Cash at bank and in hand		<u>4,554,438</u>	<u>3,840,430</u>
		5,023,905	4,312,327
CREDITORS: amounts falling due within one year	15	<u>(1,923,118)</u>	<u>(1,300,433)</u>
NET CURRENT ASSETS		<u>3,100,787</u>	<u>3,011,894</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		31,172,131	30,502,066
CREDITORS: amounts falling due after more than one year			
housing property loans	16	(777,564)	(790,687)
retirement benefit scheme deficit	16	(636,784)	(839,392)
DEFERRED INCOME			
Social Housing Grants	18	<u>(18,479,069)</u>	<u>(18,455,651)</u>
		<u>11,278,714</u>	<u>10,416,336</u>
EQUITY			
Share capital	19	164	183
Revenue reserve	19	<u>11,278,550</u>	<u>10,416,153</u>
		<u>11,278,714</u>	<u>10,416,336</u>

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

[Redacted Signature]
[Redacted Name]
Chairperson

[Redacted Signature]
A Leishman
Vice Chair-person

[Redacted Signature]
Secretary

The notes on page 16 to 32 form part of these financial statements.

LINTHOUSE HOUSING ASSOCIATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	17	<u>1,811,447</u>	<u>2,801,130</u>
INVESTING ACTIVITIES			
Purchase of fixed assets	(1,592,324)	(2,163,557)	
Disposal of fixed assets	80,495	35,462	
Capital grant paid	(61,913)	(26,766)	
Capital grant received	<u>656,915</u>	<u>1,647,837</u>	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(916,827)</u>	<u>(507,024)</u>
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		894,620	2,294,106
FINANCING ACTIVITIES			
Interest paid	(63,863)	(33,519)	
Interest received	10,336	11,068	
Movement in borrowings	(127,089)	(111,667)	
Share capital issued	4	8	
NET CASH OUTFLOW FROM FINANCING		<u>(180,612)</u>	<u>(134,110)</u>
INCREASE IN CASH		714,008	2,159,996
OPENING CASH AND CASH EQUIVALENTS		3,840,430	1,680,434
CLOSING CASH AND CASH EQUIVALENTS		<u><u>4,554,438</u></u>	<u><u>3,840,430</u></u>

LINTHOUSE HOUSING ASSOCIATION LIMITED
 STATEMENT OF CHANGES IN CAPITAL AND RESERVES
 FOR THE YEAR ENDED 31 MARCH 2018

	Share Capital £	Revenue Reserve £	Total £
	<u>£</u>	<u>£</u>	<u>£</u>
Balance as at 1 April 2017	183	10,416,153	10,416,336
Issue of Shares	4	-	4
Cancelled shares	(23)	-	(23)
Surplus for Year	-	861,397	861,397
Pension deficit adjustment	-	1,000	1,000
Balance as at 31 March 2018	<u>164</u>	<u>11,278,550</u>	<u>11,278,714</u>

	Share Capital £	Revenue Reserve £	Total £
	<u>£</u>	<u>£</u>	<u>£</u>
Balance as at 1 April 2016	206	8,447,467	8,447,673
Issue of Shares	8	-	8
Cancelled 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>

1. PRINCIPAL ACCOUNTING POLICIES

Legal status

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 have assessed the Association's ability to continue as a going concern and have reasonable expectations that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

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 is 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. The Association also participates in the Scottish Housing Association Defined Contribution Pension Scheme and the contributions are accounted for when paid. 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.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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.

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

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 when these components are replaced.

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

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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, is 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.

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.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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 1,219 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.

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

	Note	2018		2017		Operating surplus/ (deficit) £
		Revenue £	Operating Costs £	Revenue £	Operating Costs £	
Affordable letting activities	3	4,937,310	(3,862,877)	5,068,552	(3,932,016)	1,136,536
Other activities	4	82,530	(247,172)	113,310	(300,229)	(186,919)
Total		<u>5,019,840</u>	<u>(4,110,049)</u>	<u>5,181,862</u>	<u>(4,232,245)</u>	<u>949,617</u>

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Social Housing Accommodation £	Shared Ownership £	2018 Total £	2017 Total £
Revenue from lettings					
Rent receivable net of identifiable service charges	3,731,486	370,192	103,201	4,204,879	3,993,293
Service charges receivable	55,703	145,664	1,647	203,014	202,185
Gross rents receivable	<u>3,787,189</u>	<u>515,856</u>	<u>104,848</u>	<u>4,407,893</u>	<u>4,195,478</u>
Less rent losses from voids	(95,892)	(35,658)	-	(131,550)	(82,818)
Net rents receivable	<u>3,691,297</u>	<u>480,198</u>	<u>104,848</u>	<u>4,276,343</u>	<u>4,112,660</u>
Amortisation of capital grant	528,777	-	43,703	572,480	573,773
Revenue grants from local authorities and other agencies	88,487	-	-	88,487	382,119
Total income from social letting	<u><u>4,308,561</u></u>	<u><u>480,198</u></u>	<u><u>148,551</u></u>	<u><u>4,937,310</u></u>	<u><u>5,068,552</u></u>
Expenditure on social letting activities					
Management and maintenance					
Administration Costs	(1,264,880)	(204,150)	(38,506)	(1,507,536)	(1,497,933)
Service Costs	(99,516)	(110,647)	(2,155)	(212,318)	(205,970)
Planned and cyclical maintenance	-	-	-	-	-
Major repairs	(622,803)	(5,191)	(1,288)	(629,282)	(656,692)
Reactive maintenance	(513,829)	(51,866)	(2,718)	(568,413)	(628,661)
Bad debts - rents and service charges	(55,241)	-	-	(55,241)	(56,910)
Depreciation of social housing	(842,169)	-	(47,918)	(890,087)	(885,850)
Operating costs of social letting	<u>(3,398,438)</u>	<u>(371,854)</u>	<u>(92,585)</u>	<u>(3,862,877)</u>	<u>(3,932,016)</u>
Operating surplus on social letting activities	<u><u>910,123</u></u>	<u><u>108,344</u></u>	<u><u>55,966</u></u>	<u><u>1,074,433</u></u>	<u><u>1,136,536</u></u>
2017	<u><u>920,469</u></u>	<u><u>149,449</u></u>	<u><u>66,618</u></u>	<u><u>1,136,536</u></u>	

4. PARTICULARS OF INCOME AND EXPENDITURE FROM OTHER ACTIVITIES

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs bad debts	Operating costs other	Operating surplus/ (deficit) 2018	Operating surplus/ (deficit) 2017
	£	£	£	£	£	£	£	£	£
Care Activities	-	-	25,004	-	25,004	-	(168,101)	(143,097)	(169,172)
Wider Role Activities	-	-	-	-	-	-	(24,748)	(24,748)	(20,591)
Factoring	-	-	-	54,564	54,564	1,139	(55,102)	601	211
Support activities	-	-	-	-	-	-	-	-	-
Other income/ (expenditure)	-	-	-	2,962	2,962	-	(360)	2,602	2,633
Services	-	-	-	-	-	-	-	-	-
Rechargeable Repairs	-	-	-	-	-	-	-	-	-
TOTAL FROM OTHER ACTIVITIES	-	-	25,004	57,526	82,530	1,139	(248,311)	(164,642)	(186,919)
TOTAL FROM OTHER ACTIVITIES FOR 2017	-	-	54,956	58,354	113,310	(1,256)	(298,973)	(186,919)	

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5. BOARD MEMBERS AND OFFICERS EMOLUMENTS

The officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.

	2018	2017
	£	£
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	73,453	69,615
Compensation payable to the officers for loss of office	-	120,355
Emoluments payable to the directors (excluding pension contributions)	73,453	69,615
Pension contributions paid on behalf of the director	<u>7,517</u>	<u>9,388</u>
Total emoluments paid to key management personnel	209,483	175,132

Total number of officers, including the highest paid officer, who received employee benefits (excluding pension contributions) over £60,000 was in the following ranges:-

£60,001 - £70,000	-	1
£70,001 - £80,000	<u>1</u>	<u>-</u>

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6. EMPLOYEE INFORMATION

	2018	2017
	£	£
Staff costs during the year:		
Wages and salaries	905,295	1,125,019
Staff overtime	5,202	-
Social security costs	82,545	107,254
Pension costs	56,703	53,577
	<u>1,049,745</u>	<u>1,285,850</u>
	Number	Number
The average number of full time equivalent persons employed during the year was	33	24
	<u>33</u>	<u>24</u>

7. GAIN ON SALE OF HOUSING STOCK

	2018	2017
	£	£
Sales proceeds	19,114	27,000
Cost of sales	(3,981)	(47,732)
Gain/(Loss) on sale of housing stock	<u>15,133</u>	<u>(20,732)</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2018	2017
	£	£
Bank loans and overdrafts	<u>63,863</u>	<u>33,519</u>

9. OPERATING SURPLUS/(LOSS) FOR THE YEAR

	2018	2017
	£	£
Surplus is stated after charging:		
Depreciation of tangible owned fixed assets	925,684	920,272
Auditors' remuneration - audit services	9,760	10,740
Operating lease rentals	3,766	4,284
Amortisation of capital grants	<u>(571,584)</u>	<u>(573,773)</u>

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10. TAX ON SURPLUS/(LOSS) 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

	2018 £	2017 £
Unwinding of discounted liabilities	<u>(10,000)</u>	<u>(50,000)</u>

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 2017	42,538,174	922,336	2,875,064	46,335,574
Additions	443,808	1,107,193	-	1,551,001
Disposals	(214,819)	-	-	(214,819)
Transfers	936,555	(936,555)	-	-
As at 31 March 2018	<u>43,703,718</u>	<u>1,092,974</u>	<u>2,875,064</u>	<u>47,671,756</u>
DEPRECIATION				
As at 1 April 2017	18,338,617	-	1,015,701	19,354,318
Charged during year	842,169	-	47,918	890,087
On disposal	(129,351)	-	-	(129,351)
As at 31 March 2018	<u>19,051,435</u>	<u>-</u>	<u>1,063,619</u>	<u>20,115,054</u>
NET BOOK VALUE				
At end of year	<u>24,652,283</u>	<u>1,092,974</u>	<u>1,811,445</u>	<u>27,556,702</u>
At start of year	<u>24,199,557</u>	<u>922,336</u>	<u>1,859,363</u>	<u>26,981,256</u>

Additions to housing properties include capitalised development admin costs of £12,836 (2017 - £6,600) and capitalised major repairs of £409,955 (2017 - £82,884).

The Association's lenders have standard securities over housing properties with a carrying value of £6,710,000 (2017 - £2,518,033).

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b) Other tangible assets	Offices Premises £	Furniture & Fittings £	Total £
COST			
As at 1 April 2017	720,178	1,202,838	1,923,016
Additions	-	41,323	41,323
Disposals	-	-	-
As at 31 March 2018	<u>720,178</u>	<u>1,244,161</u>	<u>1,964,339</u>
DEPRECIATION			
As at 1 April 2017	243,678	1,170,422	1,414,100
Charged during year	11,043	24,554	35,597
Disposals	-	-	-
As at 31 March 2018	<u>254,721</u>	<u>1,194,976</u>	<u>1,449,697</u>
NET BOOK VALUE			
At end of year	<u>465,457</u>	<u>49,185</u>	<u>514,642</u>
At start of year	<u>476,500</u>	<u>32,416</u>	<u>508,916</u>

13. COMMITMENTS UNDER OPERATING LEASES

	2018 £	2017 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	1,541	1,540
Later than one year and not later than five years	2,226	3,766
Later than five years	<u>-</u>	<u>-</u>

14. DEBTORS

	2018 £	2017 £
Arrears of Rent & Service Charges	326,037	326,131
Less: Provision for Doubtful Debts	<u>(211,000)</u>	<u>(216,950)</u>
	115,037	109,181
Other Receivables	<u>345,917</u>	<u>354,320</u>
	<u>460,953</u>	<u>463,501</u>

15. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Housing loans	-	113,966
Trade payables	101,045	56,054
Rent in advance	228,571	221,395
Other taxation and social security	26,601	17,099
Other payables	-	-
Accruals and deferred income	1,361,293	686,311
Liability for past service contribution arrangements	205,608	205,608
	<u>1,923,118</u>	<u>1,300,433</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2018	2017
	£	£
Liability for past service contribution arrangements	636,784	839,392
Housing loans	777,564	790,687
	<u>1,414,348</u>	<u>1,630,079</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, excluding arrangement fees, are repayable as follows:

	2018	2017
	£	£
Within one year	-	113,966
Between two and five years	81,763	339,779
In five years or more	782,179	450,908
	<u>863,942</u>	<u>904,653</u>

Loans are secured by specific charges on the Association's properties. The Association has one variable rate loan at a current rate of 1.6% over base rate and with a minimum rate 1.85%.

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17. STATEMENT OF CASH FLOWS

Reconciliation of operating surplus to balance as at 31 March 2018	2018	2017
	£	£
Operating Surplus	909,791	949,617
Depreciation	925,684	920,272
Loss on disposal of components	20,106	-
Amortisation of Capital Grants	(571,584)	(573,773)
Change in debtors	2,548	1,511,450
Change in creditors	736,652	157,546
Movement in pension liability	(211,608)	(163,978)
Movement in investments	(119)	27
Share capital written off	(23)	(31)
Balance as at 31 March 2018	<u>1,811,447</u>	<u>2,801,130</u>

18. DEFERRED INCOME

	2018	2017
	£	£
Capital Grant		
Balance as at 1 April 2017	18,455,651	17,408,353
Additions in year	656,915	1,647,837
Repaid as the result of property disposal	(61,913)	(26,766)
Amortisation in Year	(571,584)	(573,773)
Balance as at 31 March 2018	<u>18,479,069</u>	<u>18,455,651</u>

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

	2018	2017
	£	£
Amounts due within one year	587,000	616,100
Amounts due in one year or more	<u>17,892,069</u>	<u>17,839,551</u>
	<u>18,479,069</u>	<u>18,455,651</u>

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19. RESERVES

Share Capital	2018	2017
	£	£
Shares of £1 each Issued and Fully Paid		
At 1 April 2017	183	206
Issued in year	4	8
Cancelled in year	(23)	(31)
At 31 March 2018	<u>164</u>	<u>183</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividends or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

Reserves	2018	2017
	£	£
At 1 April 2017	10,416,153	8,447,467
Surplus for year	861,397	856,434
Pension deficit adjustment	1,000	1,112,252
At 31 March 2018	<u>11,278,550</u>	<u>10,416,153</u>

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2018	2017
	No.	No.
General Needs - New Build	89	89
Rehabilitation	1,007	1,007
Supported Housing	75	75
Shared Ownership	48	49
	<u>1,219</u>	<u>1,220</u>

21. RELATED PARTY TRANSACTIONS

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 are tenants of the Association
- Members 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 – £23,105.
- Factoring income received from Owner Occupiers in the Committee - £600.
- At the year-end total rent arrears owed by the tenant members of the Committee were – £1,237.
- At the year-end total rent arrears owed by Owner Occupiers of the Committee were - £610.

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.

23. RETIREMENT BENEFIT OBLIGATIONS

General

Lighthouse 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 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 employers. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

A full actuarial valuation for the scheme was carried out at 30 September 2015. This actuarial valuation showed assets of £616m, liabilities of £814m and a deficit of £198m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2017 to 28 February 2022:	£25,735,092 per annum (payable monthly, increasing by 3% each 1 st April)
From 1 April 2017 to 30 June 2025:	£727,217 per annum (payable monthly, increasing by 3% each 1 st April)
From 1 April 2017 to 31 October 2026:	£1,239,033 per annum (payable monthly, increasing by 3% each 1 st April)

Unless a concession has been agreed with the Trustee the term to 28 February 2022 applies.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognized a liability for this obligation. The amount recognized is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognized as a finance cost.

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 £842,000 (2017 – £1,045,000). 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 1.51%.

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The Association made payments totalling £206,000 (2017: £192,000) to the defined benefit pension scheme during the year.

Pension deficit liability movement:	2018	2017
	£	£
Provision at start of period	1,045,000	2,271,000
Unwinding of the discount factor	10,000	50,000
Deficit contribution paid	(206,000)	(192,000)
Remeasurements – impact of any change in assumption	(6,000)	32,000
Remeasurements – amendments to the contribution schedule	<u>(1,000)</u>	<u>(1,112,000)</u>
Provision at end of period	<u>842,000</u>	<u>1,045,000</u>

In 2017, as a result of the 2015 Actuarial Valuation, the liability for the pension deficit was recalculated resulting in a significant reduction to the pension liability of £1,112,252.

The Association also contributed to the Defined Contribution Scheme during the year. Total payments to this part of the scheme were £56,703 (2017: £83,577).

24. CAPITAL COMMITMENTS

	2018	2017
	£	£
Expenditure contracted but not provided for in accounts	<u>2,958,331</u>	<u>89,497</u>
Expenditure authorised by the management committee not contracted for	<u>-</u>	<u>-</u>
Funded by:		
Social Housing Grant	1,479,165	44,749
Other grants and contributions	1,459,966	-
Reserves	<u>19,200</u>	<u>44,748</u>
	<u>2,958,331</u>	<u>89,497</u>

25. CONTINGENT LIABILITIES

The pension withdrawal debt as at 31 March 2018 for Linthouse Housing Association Limited is £6,276,231.

During the year, the Association experienced three IT incidents which were reported to the relevant regulators and authorities. The matters were subject to independent investigation and the reports were submitted to the regulators and authorities and we continue to await their feedback. We anticipate that there may be remedial costs to be incurred in connection with these matters but are currently unable to quantify the amounts or timings.