

**LINTHOUSE HOUSING ASSOCIATION LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

Registered Housing Association Number: XH 149  
Charity Registration Number: SC028161  
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 2019**

**MEMBERS OF THE MANAGEMENT COMMITTEE**

Alexander Leishman	Chair	
Alison Guthrie	Vice-Chair	
Tommy McMahon		
Frank Murphy		
Iain McLeish		
Marc-Andre Schmitz		
Richard Wilkins		
Gordon Laurie		
Mike Donnelly		
Colette Ness		
Mary Ray		Appointed 01/09/2018
Catherine Rosenthal		Appointed 01/09/2018
Jackie McColl		
David McGeoch		Appointed 01/09/2018
John Clark	Former Chair	Resigned 01/01/2019

**EXECUTIVE OFFICERS**

Irene Campbell

**REGISTERED OFFICE**

1 Cressy Street, Glasgow, G51 4RB

**EXTERNAL AUDITORS**

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

**INTERNAL AUDITORS**

Alexander Sloan  
Accountants & Business Advisers  
180 St Vincent Street  
Glasgow  
G2 5SG

**BANKERS**

Bank of Scotland  
816 Govan Road  
Glasgow  
G51 3UP

**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 2019**

The Management Committee presents their report and the audited Financial Statements for the year ended 31 March 2019.

#### **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 objectives 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 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 objectives; and
- the Association shall not trade for profit

Linthouse 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, Linthouse Housing Association developed its Business Plan covering the period 2017-2020 and we update this document annually, with updates in August 2018 and August 2019. 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 planning evening involving Committee and all senior staff members. Central to our vision was the creation of a new culture in which Linthouse would listen, hear and act in our customers' interests.

Our guiding strategic objectives are consistent with and supplement the Association's objectives 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, levels of investment in our housing stock, and the quality of our tenants' homes. During 2018/19, we accelerated our planned investment to deliver the second and third phases of our component replacement programme in our stock. Work on phase 2 and 3 component replacement programmes, which consisted of replacement of Boilers, Kitchens, Radiators and



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REPORT FROM THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31 MARCH 2019**

Bathrooms. We achieved a significant completion of the second phase of a 4 close comprehensive tenement improvement project, with some spend carried forward into 2019/20.

This was backed up by systematic financial projection work which underpins our Business Plan; and assisted us in refinancing our loans and securing a new lending facility late in 2017/18. This loan for £5.5 million was drawn down from Unity Bank in March 2019.

During 2018/19 we have fully populated our Asset Management Team with 12 highly qualified and experienced permanent staff to ensure the organisation has the inhouse capacity and capabilities to deliver significant investment planned for our housing stock.

Management Committee are kept closely and regularly informed on progress as we continue to make significant progress 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 re-measurement, was £36,241 (2018 - £861,397). The reduction in the surplus was primarily due to a more pro-active approach to investing in the housing stock and as a result of a staffing restructure review. Net Assets now stand at £11,061,345 (2018 - £11,278,714).

**Risk Management**

Considerable progress was made in modernising our risk management arrangements during 2018/19. This included:

- Quarterly reviews and update of the risk register as a standing item for discussion at 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 2018/19 at least six weekly and additional meetings were held where the volume of business warranted. In total, Management Committee met on 9 occasions in 2018/19.

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

**LINTHOUSE HOUSING ASSOCIATION LIMITED**  
**REPORT FROM THE MANAGEMENT COMMITTEE**  
**FOR THE YEAR ENDED 31 MARCH 2019**

Our Audit and Risk Sub Committee is remitted to meet at least four times per annum. During 2018/19, the Sub Committee met four times. It gave detailed consideration to financial returns and quarterly Management and full Draft Annual Accounts. It oversaw our programme of internal audits by Alexander Sloan and regular review of the Association's risks map, and reviewed progress implementing our Governance and Financial Management Improvement Plan.

During 2018/19 our Staffing Sub Committee met 4 times to oversee our comprehensive staff restructures. 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 2018/19 to give detailed consideration to individual policy reviews prior to reference to Management Committee for approval.

Under regulatory requirements, the Association drew 2 Notifiable Events to the attention of the Scottish Housing Regulator during the year.

During 2018/19 Linthouse HA completed a comprehensive review of its sheltered housing services and the Linthouse Urban Village Cafe (LUVVC). This concluded in the closure of the sheltered housing complex which is currently being converted to mainstream housing properties and in the closure of the café on the basis of its expected financial outturns.

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.

**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

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**REPORT FROM THE MANAGEMENT COMMITTEE**  
**FOR THE YEAR ENDED 31 MARCH 2019**

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 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;

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REPORT FROM THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31 MARCH 2019**

- 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.

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 2019. 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

By order of Management Committee

Signature



Irene Campbell, Secretary

Date: 

**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**  
**2019**

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

GLASGOW

Date: 

**LINTHOUSE HOUSING ASSOCIATION LIMITED**  
**INDEPENDENT AUDITORS REPORT TO THE MANAGEMENT COMMITTEE OF LINTHOUSE HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2019**

**OPINION**

We have audited the financial statements of Linthouse Housing Association Limited for the year ended 31 March 2019 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 2019 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 whether there is a material

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**INDEPENDENT AUDITORS REPORT TO THE MANAGEMENT COMMITTEE OF LINTHOUSE HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2019**

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 pages 4 and 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.

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



## **LINTHOUSE HOUSING ASSOCIATION LIMITED**

### **INDEPENDENT AUDITORS REPORT TO THE MANAGEMENT COMMITTEE OF LINTHOUSE HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2019**

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**  
**AS AT 31 MARCH 2019**

	Notes	2019 £	2018 £
<b>REVENUE</b>	2	5,091,180	5,019,840
Operating costs	2	<u>(5,078,847)</u>	<u>(4,110,049)</u>
<b>OPERATING SURPLUS</b>	2, 9	12,333	909,791
Gain on sale of housing stock	7	62,357	15,133
Interest receivable and other similar income		13,680	10,336
Interest payable and other similar charges	8	(31,864)	(63,863)
Other Finance Charges	11	(18,000)	(10,000)
Fair value movement in investments		<u>(2,265)</u>	<u>-</u>
		<u>23,908</u>	<u>(48,394)</u>
<b>SURPLUS FOR THE YEAR</b>		36,241	861,397
<b>OTHER COMPREHENSIVE INCOME</b>			
Initial recognition of multi-employer defined benefit scheme	23	26,392	-
Actuarial losses in respect of pension scheme	23	(280,000)	-
Pension remeasurement			1,000
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>(217,367)</u></u>	<u><u>862,397</u></u>

The results for the year relate wholly to continuing activities.

The notes on page 15 to 34 form part of these financial statements.

**LINTHOUSE HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2019**

	Notes	2019 £	2018 £
<b>NON-CURRENT ASSETS</b>			
Housing properties - depreciated cost	12(a)	31,466,384	27,556,702
Other tangible fixed assets	12(b)	<u>498,984</u>	<u>514,642</u>
		31,965,368	28,071,344
<b>INVESTMENT</b>			
		-	-
<b>CURRENT ASSETS</b>			
Debtors	14	479,493	460,953
Investments		6,249	8,514
Cash at bank and in hand		<u>6,239,445</u>	<u>4,554,438</u>
		6,725,187	5,023,905
<b>CREDITORS:</b> amounts falling due within one year	15	<u>(1,589,039)</u>	<u>(1,923,118)</u>
<b>NET CURRENT ASSETS</b>		<u>5,136,148</u>	<u>3,100,787</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		37,101,516	31,172,131
<b>CREDITORS:</b> amounts falling due after more than one year			
housing property loans	16	(5,396,198)	(777,564)
<b>PROVISIONS FOR LIABILITIES</b>			
Pension - deficit funding liability	23	-	(636,784)
Pension - defined benefit liability	23	(902,222)	-
<b>DEFERRED INCOME</b>			
Social Housing Grants	18	<u>(19,741,751)</u>	<u>(18,479,069)</u>
		<u>11,061,345</u>	<u>11,278,714</u>
<b>EQUITY</b>			
Share capital	19	162	164
Revenue reserve		<u>11,061,183</u>	<u>11,278,550</u>
		<u>11,061,345</u>	<u>11,278,714</u>

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

Alec Leishman  
Chairperson

Alison Guthrie  
Vice Chairperson

Irene Campbell  
Secretary

The notes on page 15 to 34 form part of these financial statements.

**LINTHOUSE HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2019 £	2018 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	17	<u>90,991</u>	<u>1,811,447</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of fixed assets	(5,059,455)	(1,592,324)	
Disposal of fixed assets	179,818	80,495	
Capital grant paid	-	(61,913)	
Capital grant received	1,876,692	656,915	
<b>NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES</b>		<u>(3,002,945)</u>	<u>(916,827)</u>
<b>NET CASH (OUTFLOW) / INFLOW BEFORE FINANCING</b>		(2,911,954)	894,620
<b>FINANCING ACTIVITIES</b>			
Interest paid	(31,864)	(63,863)	
Interest received	13,680	10,336	
Movement in borrowings	4,615,140	(127,089)	
Share capital issued	5	4	
<b>NET CASH INFLOW / (OUTFLOW) FROM FINANCING</b>		<u>4,596,961</u>	<u>(180,612)</u>
<b>INCREASE IN CASH</b>		1,685,007	714,008
<b>OPENING CASH AND CASH EQUIVALENTS</b>		<u>4,554,438</u>	<u>3,840,430</u>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>		<u>6,239,445</u>	<u>4,554,438</u>

**LINTHOUSE HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF CHANGES IN CAPITAL AND RESERVES**  
**FOR THE YEAR ENDED 31 MARCH 2019**

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2018	164	11,278,550	11,278,714
Issue of Shares	5	-	5
Cancelled shares	(7)	-	(7)
Surplus for Year	-	36,241	36,241
Other Comprehensive Income	-	(253,608)	(253,608)
Balance as at 31 March 2019	<u>162</u>	<u>11,061,183</u>	<u>11,061,345</u>

	Share Capital £	Revenue Reserve £	Total £
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
SHAPS pension adjustment	-	1,000	1,000
Balance as at 31 March 2018	<u>164</u>	<u>11,278,550</u>	<u>11,278,714</u>

**LINTHOUSE HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**  
**NOTES TO THE FINANCIAL STATEMENTS**

**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).

Following the introduction of FRED 71 (Draft amendments to FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, Multiemployer defined benefit plans), the Association now accounts for the SHAPS pension scheme on a defined benefit basis. Further details are given in the retirement benefits policy 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 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 the pension scheme on a defined benefit basis based on its share of scheme assets and liabilities as determined by the actuary. Defined benefit costs are recognised in the Statement of Comprehensive Income within operating costs. Actuarial gains and losses are recognised in Other Comprehensive Income.

Historically the scheme was accounted for as a defined contribution scheme as there was insufficient information for each social landlord's share of SHAPS to allow for defined benefit accounting. The liability previously recognised for the present value of the social landlord's deficit funding agreement has been derecognised. The

**LINTHOUSE HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**  
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**1. PRINCIPAL ACCOUNTING POLICIES (Continued)**

difference between the deficit funding agreement liability social landlords historically recognised for SHAPS, and the net DB deficit for SHAPS, has been recognised in other comprehensive income (OCI). This accounting policy change has been accounted for in accordance with FRED 71: Draft Amendments to FRS 102: Multi-employer defined benefit plans as a matter of best practice. FRED 71 is an exposure draft and has not yet been implemented into financial reporting standards.

Further details of the scheme and its assumptions are included at note 23.

The Association closed the defined benefit scheme at 31 March 2016 and transferred staff over to the SHAPS defined contribution scheme.

**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
Radiators	30 years
Lifts	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 Income and Expenditure Account when these components are replaced.

**LINTHOUSE HOUSING ASSOCIATION LIMITED**  
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**1. PRINCIPAL ACCOUNTING POLICIES (Continued)**

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure 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, 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.

**LINTHOUSE HOUSING ASSOCIATION LIMITED**  
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**1. PRINCIPAL ACCOUNTING POLICIES (Continued)**

**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 1,219 in which it manages its housing property for asset management purposes.

**c) Pension Liability**

In May 2019 the Association received details from the Pension Trust of its share of assets, liabilities and scheme deficit. The Association has used this information as the basis of the pension defined benefit liability as disclosed in the accounts. The Management Committee consider that this is the best estimate of their scheme liability.

**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 2019  
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2. PARTICULARS OF REVENUE, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Note	2019		2018		Operating surplus/ (deficit) £
		Revenue £	Operating Costs £	Revenue £	Operating Costs £	
-						
Social letting activities	3	5,032,422	(5,024,938)	4,937,310	(3,862,877)	1,074,433
Other activities	4	58,758	(53,909)	82,530	(247,172)	(164,642)
<b>Total</b>		<u>5,091,180</u>	<u>(5,078,847)</u>	<u>5,019,840</u>	<u>(4,110,049)</u>	<u>909,791</u>

**LINTHOUSE HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**  
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**3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS**

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Housing £	2019 Total £	2018 Total £
<b>Revenue from lettings</b>					
Rent receivable net of identifiable service charges	3,874,206	380,997	111,648	4,366,851	4,204,879
Service charges receivable	56,441	120,895	1,757	179,093	203,014
<b>Gross rents receivable</b>	<u>3,930,647</u>	<u>501,892</u>	<u>113,405</u>	<u>4,545,944</u>	<u>4,407,893</u>
Less rent losses from voids	(71,010)	(142,545)	-	(213,555)	(131,550)
<b>Net rents receivable</b>	<u>3,859,637</u>	<u>359,347</u>	<u>113,405</u>	<u>4,332,389</u>	<u>4,276,343</u>
Amortisation of Social Housing & Other Grants	571,636	-	42,374	614,010	572,480
Revenue grants from local authorities and other agencies	86,023	-	-	86,023	88,487
Other Revenue grants	-	-	-	-	-
<b>Total income from social letting</b>	<u>4,517,296</u>	<u>359,347</u>	<u>155,779</u>	<u>5,032,422</u>	<u>4,937,310</u>
<b>Expenditure on social letting activities</b>					
Management and maintenance administration costs	(1,825,985)	(170,006)	(53,652)	(2,049,643)	(1,507,536)
Service costs	(61,599)	(131,943)	(1,918)	(195,460)	(212,318)
Planned and cyclical maintenance	(317,152)	(55,638)	-	(372,790)	-
Major repairs	(643,539)	(18,730)	-	(662,269)	(629,282)
Reactive maintenance	(591,065)	(89,034)	(3,517)	(683,616)	(568,413)
Bad debts - rents and service charges	(49,917)	-	-	(49,917)	(55,241)
Depreciation of social housing	<u>(963,325)</u>	<u>-</u>	<u>(47,918)</u>	<u>(1,011,243)</u>	<u>(890,087)</u>
<b>Operating costs of social letting</b>	<u>(4,452,582)</u>	<u>(465,351)</u>	<u>(107,005)</u>	<u>(5,024,938)</u>	<u>(3,862,877)</u>
<b>Operating surplus / (deficit) on social letting activities</b>	<u>64,714</u>	<u>(106,004)</u>	<u>48,774</u>	<u>7,484</u>	<u>1,074,433</u>
<b>2018</b>	<u>910,123</u>	<u>108,344</u>	<u>55,966</u>	<u>1,074,433</u>	

**LINTHOUSE HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**  
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**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) 2019	Operating surplus/ (deficit) 2018
	£	£	£	£	£	£	£	£	£
Care Activities	-	-	-	-	-	-	-	-	(143,097)
Wider Role Activities	-	-	-	-	-	-	-	-	(24,748)
Factoring	-	-	-	53,986	53,986	(4,920)	(48,989)	77	601
Support activities	-	-	-	-	-	-	-	-	-
Other income/ (expenditure)	-	-	-	4,772	4,772	-	-	4,772	2,602
<b>TOTAL FROM OTHER ACTIVITIES</b>	-	-	-	58,758	58,758	(4,920)	(48,989)	4,849	(164,642)
<b>TOTAL FROM OTHER ACTIVITIES FOR 2018</b>	-	-	25,004	57,526	82,530	1,139	(248,311)	(164,642)	

**LINTHOUSE HOUSING ASSOCIATION LIMITED**  
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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.

No emoluments have been paid to any member of the management committee.

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	73,874	73,453
Emoluments payable to the director (excluding pension contributions)	73,874	73,453
Pension contributions paid on behalf of the director	7,717	7,517
	<hr/>	<hr/>
Total emoluments paid to key management personnel	320,034	209,483
	<b>Number</b>	<b>Number</b>
Total number of officers, including the highest paid officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:		
£70,001 - £80,000	<hr/> 1	<hr/> 1

There were payments to board members during the year for reimbursement of expenses of £1,055 (2018 - £nil).

**LINTHOUSE HOUSING ASSOCIATION LIMITED**  
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**6. EMPLOYEE INFORMATION**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Staff costs during the year:		
Wages and salaries	1,062,312	905,295
Staff overtime	-	5,202
Social security costs	87,755	82,545
Other pension costs	75,142	56,703
Temporary Staff	129,569	
	<u>1,354,778</u>	<u>1,049,745</u>

	<b>Number</b>	<b>Number</b>
The average number of full time equivalent persons employed during the year was	<u>30</u>	<u>33</u>

**7. GAIN ON SALE OF HOUSING STOCK**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Sales proceeds	183,100	19,114
Cost of sales	(120,743)	(3,981)
Gain on sale	<u>62,357</u>	<u>15,133</u>

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<u>31,864</u>	<u>63,863</u>

**9. OPERATING SURPLUS FOR THE YEAR**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Surplus is stated after charging:		
Depreciation of tangible owned fixed assets	1,047,907	925,684
Auditors' remuneration - audit services	9,720	9,760
Operating lease rentals - other	4,833	3,766
Gain on sale of fixed assets	62,357	-
Amortisation of capital grants	<u>614,010</u>	<u>571,584</u>

**LINTHOUSE HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**  
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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**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Unwinding of discounted liabilities	-	(10,000)
Net interest expense	(18,000)	-
	<u>(18,000)</u>	<u>(10,000)</u>

**12. NON-CURRENT ASSETS**

<b>a) Housing Properties</b>	<b>Housing Properties Held for Letting</b>	<b>Housing Properties in the Course of Construction</b>	<b>Shared Equity Properties Held for Letting</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>COST</b>				
At start of year	43,703,718	1,092,974	2,875,064	47,671,756
Additions	992,198	4,046,251	-	5,038,449
Disposals	(565,017)	-	-	(565,017)
Transfers to stock	-	-	-	-
At end of year	<u>44,130,899</u>	<u>5,139,225</u>	<u>2,875,064</u>	<u>52,145,188</u>
<b>DEPRECIATION</b>				
At start of year	19,051,435	-	1,063,619	20,115,054
Charged during year	963,325	-	47,918	1,011,243
Eliminated on disposal	(447,493)	-	-	(447,493)
At end of year	<u>19,567,267</u>	<u>-</u>	<u>1,111,537</u>	<u>20,678,804</u>
<b>NET BOOK VALUE</b>				
At end of year	<u>24,563,632</u>	<u>5,139,225</u>	<u>1,763,527</u>	<u>31,466,384</u>
At start of year	<u>24,652,283</u>	<u>1,092,974</u>	<u>1,811,445</u>	<u>27,556,702</u>

Additions to housing properties include capitalised development admin costs of £69,971 (2018 - £12,836) and capitalised major repairs of £910,246 (2018 - £409,955).

The Association's lenders have standard securities over housing properties with a carrying value of £2,152,541 (2018 - £2,131,619).

**LINTHOUSE HOUSING ASSOCIATION LIMITED**  
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**b) Other tangible assets**

	<b>Office Premises £</b>	<b>Furniture &amp; Fittings £</b>	<b>Total £</b>
<b>COST</b>			
At start of year	720,178	1,244,161	1,964,339
Additions	-	21,006	21,006
Disposals	-	-	-
At end of year	<u>720,178</u>	<u>1,265,167</u>	<u>1,985,345</u>
<b>DEPRECIATION</b>			
At start of year	254,721	1,194,976	1,449,697
Charged during year	11,044	25,620	36,664
Disposals	-	-	-
At end of year	<u>265,765</u>	<u>1,220,596</u>	<u>1,486,361</u>
<b>NET BOOK VALUE</b>			
At end of year	<u>454,413</u>	<u>44,571</u>	<u>498,984</u>
At start of year	<u>465,457</u>	<u>49,185</u>	<u>514,642</u>

**13. COMMITMENTS UNDER OPERATING LEASES**

	<b>2019 £</b>	<b>2018 £</b>
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	1,815	1,541
Later than one year and not later than five years	688	2,226
Later than five years	-	-
	<u>2,503</u>	<u>3,767</u>

**14. DEBTORS**

	<b>2019 £</b>	<b>2018 £</b>
Arrears of Rent & Service Charges	378,786	326,037
Less: Provision for Doubtful Debts	<u>(261,221)</u>	<u>(211,000)</u>
	117,565	115,037
Other Debtors	267,995	268,661
Prepayments and accrued income	<u>93,933</u>	<u>77,255</u>
	<u>479,493</u>	<u>460,953</u>

**LINTHOUSE HOUSING ASSOCIATION LIMITED**  
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**15. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Housing loans	-	-
Trade payables	586,364	101,045
Rent in advance	263,539	228,571
Other taxation and social security	24,831	26,601
Other payables	294,628	371,897
Accruals and deferred income	419,677	989,396
Liability for past service contribution arrangements	-	205,608
	<u>-</u>	<u>-</u>
	<u>1,589,039</u>	<u>1,923,118</u>

**16. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Housing loans	<u>5,396,198</u>	<u>777,564</u>
	<u>5,396,198</u>	<u>777,564</u>

Housing loans above is shown net of arrangement fees to be amortised of £82,884 (2018 - £86,378).

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. Interest is at Base + 1.6%.

The Bank loans are repayable as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Between one and two years	62,262	-
Between two and five years	747,148	81,763
In five years or more	<u>4,669,672</u>	<u>782,179</u>
	<u>5,479,082</u>	<u>863,942</u>



**LINTHOUSE HOUSING ASSOCIATION LIMITED**  
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**17. STATEMENT OF CASH FLOWS**

Reconciliation of operating surplus to balance as at 31 March 2019	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Operating Surplus	12,333	909,791
Depreciation	1,047,907	925,684
Loss on disposal of components	-	20,106
Amortisation of Capital Grants	(614,010)	(571,584)
Change in debtors	(18,540)	2,548
Change in creditors	(128,471)	736,652
Movement in pension liability	(211,778)	(211,608)
Movement in investments	2,265	(119)
Non cash adjustments	1,292	-
Share capital written off	(7)	(23)
Balance as at 31 March 2019	<u>90,991</u>	<u>1,811,447</u>

**18. DEFERRED INCOME**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Social Housing Grants</b>		
Balance as at 1 April 2018	18,479,069	18,455,651
Additions in year	1,876,692	656,915
Released / Repaid as the result of property disposal	(52,946)	(61,913)
Amortisation in Year	(561,064)	(571,584)
Balance as at 31 March 2019	<u>19,741,751</u>	<u>18,479,069</u>

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

Amounts due within one year	606,000	587,000
Amounts due in one year or more	<u>19,135,751</u>	<u>17,892,069</u>
	<u>19,741,751</u>	<u>18,479,069</u>

**LINTHOUSE HOUSING ASSOCIATION LIMITED**  
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**19. RESERVES**

Share Capital	2019 £	2018 £
<b>Shares of £1 each Issued and Fully Paid</b>		
At 1 April 2018	164	183
Issued in year	5	4
Cancelled in year	(7)	(23)
At 31 March 2019	<u>162</u>	<u>164</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.

**20. HOUSING STOCK**

The number of units of accommodation in management at the year end was:-	2019 No.	2018 No.
General Needs - New Build	89	89
General Needs – Rehabilitation	1,077	1,007
Shared Ownership	45	48
Supported Housing	8	75
	<u>1,219</u>	<u>1,219</u>

**21. RELATED PARTY TRANSACTIONS**

Members of the Management Committee and their close family 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 and their close family were as follows:

- Rent Received from Tenants on the Committee – £25,438
- Factoring income received from Owner Occupiers in the Committee - £3,414
- At the year-end total rent arrears owed by the tenant members of the Committee were – £nil
- At the year-end total rent arrears owed by Owner Occupiers of the Committee were - £187
- Rent received from Committee members' close family - £5,055
- At the year-end total rent arrears owed by the close family of Committee members were – £150

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**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**

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

The Association moved to a defined contribution scheme in 31 March 2016 but has a net liability for the past service deficit in the defined benefit scheme.

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2015. This valuation revealed a deficit of £198m. A Recovery Plan has been put in place to eliminate the deficit which runs to 28 February 2022 for the majority of employers, although certain employers have different arrangements.

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

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

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

For accounting purposes, two actuarial valuations for the Scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the Association's fair share of the Scheme's total assets to calculate the Association's net deficit or surplus at the accounting period start and end dates.

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**23. RETIREMENT BENEFIT OBLIGATIONS (continued)**

Pension Scheme Liability movements:

	<b>2019</b>	<b>2018</b>
	<b>(£000s)</b>	<b>(£000s)</b>
As at 1 April 2018	842	1,045
De-recognition of deficit funding liability	(842)	-
Recognition of defined benefit obligation	816	-
Current Service Cost	-	-
Net Interest expense	18	10
Expenses	7	-
Deficit Contributions Paid	(218)	(206)
Impact of change in assumptions	280	(7)
As at 31 March 2019	<u>903</u>	<u>842</u>

**PRESENT VALUES OF DEFINED BENEFIT OBLIGATION,  
FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)**

	<b>31 March</b>	<b>31 March</b>
	<b>2019</b>	<b>2018</b>
	<b>(£000s)</b>	<b>(£000s)</b>
Fair value of plan assets	5,880	5,514
Present value of defined benefit obligation	6,783	6,330
Surplus (deficit) in plan	(903)	(816)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(903)	(816)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	-	-

As a result of the pension remeasurement basis during the year the movement in the opening pension liability of £26,392 is shown separately in the Statement of Comprehensive Income.

**RECONCILIATION OF THE IMPACT OF THE ASSET CEILING**

	<b>Period</b>
	<b>ended 31</b>
	<b>March</b>
	<b>2019</b>
	<b>(£000s)</b>
Impact of asset ceiling at start of period	-
Effect of the asset ceiling included in net interest cost	-
Actuarial losses (gains) on asset ceiling	-
Impact of asset ceiling at end of period	-

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**23. RETIREMENT BENEFIT OBLIGATIONS (continued)**

**RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION**

	Period ended 31 March 2019 (£000s)
Defined benefit obligation at start of period	6,330
Current service cost	-
Expenses	7
Interest expense	160
Contributions by plan participants	-
Actuarial losses (gains) due to scheme experience	57
Actuarial losses (gains) due to changes in demographic assumptions	19
Actuarial losses (gains) due to changes in financial assumptions	439
Benefits paid and expenses	(229)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	6,783

**RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS**

	Period ended 31 March 2019 (£000s)
Fair value of plan assets at start of period	5,514
Interest income	142
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	235
Contributions by the employer	218
Contributions by plan participants	-
Benefits paid and expenses	(229)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	5,880

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £305,000.

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**23. RETIREMENT BENEFIT OBLIGATIONS (continued)**

<b>DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SoCI)</b>	
	Period from 31 March 2018 to 31 March 2019 (£000s)
Current service cost	-
Expenses	7
Net interest expense	18
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in statement of comprehensive income (SoCI)	25
<b>DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME</b>	
	Period ended 31 March 2019 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	235
Experience gains and losses arising on the plan liabilities - gain (loss)	(57)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(19)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(439)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(280)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in other comprehensive income - gain (loss)	(280)

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**23. RETIREMENT BENEFIT OBLIGATIONS (continued)**

**ASSETS**

	31 March 2019 (£000s)	31 March 2018 (£000s)
Global Equity	946	992
Absolute Return	498	654
Distressed Opportunities	100	25
Credit Relative Value	102	-
Alternative Risk Premia	329	209
Fund of Hedge Funds	16	158
Emerging Markets Debt	189	189
Risk Sharing	170	50
Insurance-Linked Securities	153	151
Property	117	218
Infrastructure	246	101
Private Debt	76	51
Corporate Bond Fund	412	385
Long Lease Property	71	-
Secured Income	205	202
Over 15 Year Gilts	151	178
Index Linked All Stock Gilts	-	-
Liability Driven Investment	2,093	1,941
Net Current Assets	6	10
<b>Total assets</b>	<b>5,880</b>	<b>5,514</b>

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

**KEY ASSUMPTIONS**

	31 March 2019 % per annum	31 March 2018 % per annum
Discount Rate	2.29%	2.55%
Inflation (RPI)	3.30%	3.20%
Inflation (CPI)	2.30%	2.20%
Salary Growth	3.30%	3.20%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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**23. RETIREMENT BENEFIT OBLIGATIONS (continued)**

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2019	21.7
Female retiring in 2019	23.4
Male retiring in 2039	23.1
Female retiring in 2039	24.7

**24. CAPITAL COMMITMENTS**

	2019 £	2018 £
Expenditure contracted but not provided for in accounts	<u>1,578,943</u>	<u>2,958,331</u>
Expenditure authorised by the management committee not contracted for	<u>-</u>	<u>-</u>
Funded by:		
Social Housing Grant	646,324	1,479,165
Other grants and contributions	-	1,459,966
Reserves	<u>932,619</u>	<u>19,200</u>
	<u>1,578,943</u>	<u>2,958,331</u>

**25. CONTINGENT LIABILITIES**

During 2017/18 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.