

LINTHOUSE HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

Registered Housing Association Number: XH 149
Charity Registration Number: SC028161
FCA Reference Number: 1800R (S)

LINTHOUSE HOUSING ASSOCIATION LIMITED

CONTENTS

THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS..... 1

REPORT FROM THE MANAGEMENT COMMITTEE 2

REPORT BY THE AUDITORS 9

INDEPENDENT AUDITORS REPORT 10

STATEMENT OF COMPREHENSIVE INCOME 13

STATEMENT OF FINANCIAL POSITION 14

STATEMENT OF CASH FLOWS..... 15

STATEMENT OF CHANGES IN CAPITAL AND RESERVES 16

NOTES TO THE FINANCIAL STATEMENTS 17

LINTHOUSE HOUSING ASSOCIATION LIMITED
THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2020

MEMBERS OF THE MANAGEMENT COMMITTEE

Alexander Leishman	Chair	
Alison Guthrie	Vice-Chair	
Susan Brown		Appointed Sept 19
Gordon Laurie		
Jackie McColl		
David McGeoch		
Sheila McGeoch		Appointed Sept 19
Tommy McMahon		
Frank Murphy		
Colette Ness		
Mary Ray		
Marc-Andre Schmitz		
Richard Wilkins		
Catherine Rosenthal		Resigned May 19
Iain McLeish		Resigned Sept 19
Mike Donnelly		Resigned Sept 19
Clark Davidson		Appointed Sept 19 / Resigned Dec 19

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

Harper Macleod LLP
The Ca'd'oro,
45 Gordon Street,
Glasgow, G1 3PE

Strefford Tulips
118 Cadzow
Street
Hamilton
ML3

LINTHOUSE HOUSING ASSOCIATION LIMITED

REPORT FROM THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2020

The Management Committee presents their report and the audited Financial Statements for the year ended 31 March 2020.

Legal Status

Lighthouse Housing 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 2015 version of the SFHA Charitable Model Rules.

Principal Activities

The principal activity of Lighthouse Housing Association is 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.

Strategic Aims and Objectives

Lighthouse Housing Association's Business Plan covers the period 2017-2020, and this key strategic document communicates the vision, values, objectives and strategic aims and direction of the Association and provides a framework for implementation. The Association's strategic aims were reviewed and reaffirmed during the year and are shown below:

- 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
- Being more than just a great Landlord

Central to our vision is the creation of a new organisational culture for the Association where our Management Committee and all our staff will listen, hear, and act in our customers' best interests. We will know we have achieved the desired cultural change when we demonstrate we have lived up to our core values in all our transactions with all internal and external customers. Our core values are summed up in the acronym CHAT:

- **Customer Driven** - We are committed to providing a quality, customer focused service that demonstrates value for money, delivered by professional and caring staff.
- **Honest** - Our Committee and staff team are all bound by clear Codes of Conduct to make sure we not only do our jobs openly, honestly and to the highest standards of probity, but that we manage and declare any real or perceived conflicts of interest.
- **Accountable** - Our Committee, as the governing body and our leadership team will provide strong, strategic leadership and oversight, ensuring tenant and other service user interests are protected and at the forefront of all that we do.
- **Transparent** - We will ensure that our actions are transparent and will publicise information on how we are performing, welcoming challenge and feedback to continuously improve the effectiveness and relevance of the service we provide.

LINTHOUSE HOUSING ASSOCIATION LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2020

Our Management Committee, supported by the CEO, have over the last few years driven a process of transformational change to improve the Association by working towards securing the cultural change described above. In November 2019 we completed the recruitment of our new Senior Leadership Team (SLT) to support the Management Committee and CEO to deliver on the objectives detailed in our ambitious business plan.

There are many examples of how the transformational changes led by our Management Committee in recent years have secured improvements at LHA. The table below reviews some of our key performance indicators in Annual Return on the Charter (ARC) which demonstrates the desired improvements are being secured in many areas of our work.

Key Performance Indicator	19/20	18/19	17/18
Overall satisfaction with the services provided by LHA	92%	90.29%	91.88%
% tenants who feel their landlord is good at keeping them informed about their services and decisions	95.2%	94.82%	91.54%
% of tenants satisfied with the opportunities given to them to participate in their landlord's decision-making processes	95.2%	94.82%	95.45%
% tenants satisfied with the management of the neighbourhood they live in	83.65%	84.47%	88.64%
% Tenants who feel that the rent for their property represents good value for money	89.74%	88.67%	82.14%
% of tenants who had repair and maintenance carried out were satisfied with the service they received	89%	87.18%	82.35%
% LHA homes meeting Scottish Housing Quality Standard	70.63%	85.02%	76.77%

The Association continues to work with key strategic partners, other stakeholders, and to draw on our own resources to ensure our objectives are delivered in a way that meets our vision.

Review of business and future developments

The critical, overarching actions outlined in our Business Plan focus on transforming the organisation into an efficient and effective, modern social landlord focused on the needs of existing and future customers by increasing the levels of investment in our housing stock, the quality of our tenants' homes, and services that we deliver. We did this by completing a comprehensive staff restructure in 2019 to ensure we had the internal capacity to deliver our plans and on our promises to customers.

During 2019/20, we accelerated our planned investment to deliver the fourth and fifth phases of our component replacement programme in our stock. Work on Phases 4 and 5 component replacement contracts consisted of replacement of boilers, kitchens, radiators, electric central heating systems and bathrooms. We completed Phase 1 of the window replacement and stonework contract and advanced plans for Phase 2 to commence during 2020. We carried out a number of cyclical maintenance contracts, including electrical safety works and upgrading smoke and heat detectors. We achieved a significant completion of the remodeling of the former very sheltered unit at Eldergrove Court into 11 main door amenity cottages with partial grant funding from Glasgow City Council.

Our Asset Management Team commenced a new in-house stock conditions survey (SCS) to inform our future

LINTHOUSE HOUSING ASSOCIATION LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2020

investment decisions and clarify estimated costs of planned improvements to our existing housing stock to bring it up to 21st century standards.

By the end of March 2020, we had surveyed 37% of the housing stock and aim to survey a further 25% by end March 2021. We aim to survey the remaining 38% of the stock by March 2022.

We completed a rent and service charge restructure in 2019/20 to ensure a fairer system for our tenants. This new approach to rent charging will be phased in from 2020-22. The Association continuously monitors our long-term financial viability and will review the impact of the rent restructure and financial projections again in September 2020 when the first tranche of the SCS results have been released.

Linthouse HA secured a new lending facility late in 2020 to cover the private finance element of the Drumoyne Primary School redevelopment scheduled to go on site during 2020. This loan for £3.5 million was drawn down from Unity Bank in May 2020.

We completed our first Annual Assurance Statement for the Scottish Housing Regulator (SHR) in October 2019 and were one of 10 Registered Social Landlords that the SHR visited to review our practices and received subsequent, positive feedback.

Towards the end of the financial year of 2019/20, the Association had to respond with agility to the restrictions placed on the country because of the worldwide health pandemic caused by the COVID-19 virus. A key focus for the organisation was moving staff to home working as quickly as possible, keeping our customers informed about changes to the level of service. Our committee were also keen that Linthouse coordinated its staff and other resources to best effect to support our customers with the additional stresses and pressures caused by lockdown. We have been successful in attracting Scottish Government funding to relieve the impact of COVID-19 on our customers from the Wellbeing Fund of circa £17,000 for food, activity packs, and internet ready tablets for a new lending library.

Our CEO was instrumental in setting up the Govan Covid-19 Temporary Emergency Funding Group (TEFG); a temporary partnership of the 3 Community Controlled Housing Associations in the area, including Govan, Elderspark and Linthouse, the four elected Glasgow City Councilors representing 3 political parties and the Govan Thriving Places community planning initiative.

To date, this group has attracted £400,000 to support local organisations to address community needs arising from COVID-19 during the emergency phase of Scottish Government's phased recovery plan. Our CEO is the chairperson of the TEF and LHA receives the funding from the Scottish Communities Fund (SCF) for onward distribution to groups addressing needs of the people of Govan.

The Association is acutely aware of the risk of increased rent arrears as a result of Covid 19. While there has been an increase in rent arrears for the period to June 2020 the Association has been focussed on tenant support and is in regular contact with tenants regarding changes in circumstances and applications for Universal Credit. Lower maintenance costs have been incurred during the same period and reduced overall maintenance spend in the year, along with lower loan interest charges (due to reduced interest rates), are expected. As a result of the strong cash position of the Association and the low levels of debt in place there are no material concerns for the Association at this point regarding continued future viability.

Linthouse will continue to support its customers and continuously review the potential impact of the COVID-19 health pandemic on our customers, staff and the organisation.

LINTHOUSE HOUSING ASSOCIATION LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2020

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 finances of the Association are satisfactory. The surplus for the year, pre-pension re-measurement was £209,767 (2019 - £36,241). Net Assets now stand at £11,857,107 (2019 - £11,061,345).

Risk Management & Assurance Statement Continuous Review Improvement Plan (AS-CRIP)

Considerable progress was made in modernising our systems for demonstrating continuous review and compliance with the SHR Standards of Performance and Financial Management during 2019/20. This included:

- Quarterly reviews and update of the Risk Register as a standing item for discussion at Audit and Assurance 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 the impacts of the COVID 19 health crisis on our customers, staff and the organisation.
- Quarterly reviews and updates of our Assurance Statement Continuous Review Improvement Plan (AS-CRIP) to ensure committee oversight of our improvement actions to secure full compliance with Regulatory Standards

Committee of Management and Executive Officer

The members of the Management Committee and the Chief 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 2019/20 at least six weekly and additional meetings were held where the volume of business warranted additional meetings.

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

Our Audit and Assurance Sub Committee is remitted to meet at least four times per annum. During 2019/20, the Sub Committee met four times and considered financial returns and quarterly management and full draft annual accounts. It oversaw our programme of internal audits by Alexander Sloan and regularly reviewed the Association's Risk Map and AS-CRIP.

During 2019/20, our Staffing Sub Committee met several times to oversee our comprehensive staff restructure. 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, human resources, policy development, staff

LINTHOUSE HOUSING ASSOCIATION LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2020

wellbeing, as well as health and safety matters, the work of this Sub Committee will continue to be important in the future.

The Policy Working Group met regularly during 2019/20 to consider individual policy reviews prior to reference to Management Committee for approval.

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

The Chief Executive Officer 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 - 2019. 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 Statement of Comprehensive Income and Statement of Financial Position, 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

LINTHOUSE HOUSING ASSOCIATION LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2020

- 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;
- 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 2020. No weaknesses were found in the internal financial controls

LINTHOUSE HOUSING ASSOCIATION LIMITED
REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2020

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

A black rectangular redaction box covering the signature of Irene Campbell.

Irene Campbell, Secretary

Date: 25/08/2020

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
2020

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 7 and 8 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 7 and 8 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: 02/09/2020

LINTHOUSE HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS REPORT TO THE MANAGEMENT COMMITTEE OF LINTHOUSE HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2020

OPINION

We have audited the financial statements of Linthouse Housing Association Limited for the year ended 31 March 2020 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 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2020 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 2019.

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

LINTHOUSE HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS REPORT TO THE MANAGEMENT COMMITTEE OF LINTHOUSE HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2020

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 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 6 and 7, 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

LINTHOUSE HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS REPORT TO THE MANAGEMENT COMMITTEE OF LINTHOUSE HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2020


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 committee members' 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 Association'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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

Date: 02/09/2020

LINTHOUSE HOUSING ASSOCIATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
AS AT 31 MARCH 2020

	Notes	2020 £	2019 £
REVENUE	2	6,503,019	5,091,180
Operating costs	2	<u>(6,181,887)</u>	<u>(5,078,847)</u>
OPERATING SURPLUS	2, 9	321,132	12,333
Gain on sale of housing stock	7	(2,649)	62,357
Interest receivable and other similar income		38,823	13,680
Interest payable and other similar charges	8	(126,696)	(31,864)
Other Finance Charges	11	(19,895)	(18,000)
Fair value movement in investments		<u>(948)</u>	<u>(2,265)</u>
		<u>(111,365)</u>	<u>23,908</u>
SURPLUS FOR THE YEAR		209,767	36,241
OTHER COMPREHENSIVE INCOME			
Initial recognition of multi-employer defined benefit scheme	24	-	26,392
Actuarial gain/(loss) in respect of pension scheme	24	585,988	(280,000)
TOTAL COMPREHENSIVE INCOME		<u><u>795,755</u></u>	<u><u>(217,367)</u></u>

The results for the year relate wholly to continuing activities.

The notes on pages 17 to 38 form part of these financial statements.


LINTHOUSE HOUSING ASSOCIATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Notes	2020 £	2019 £
NON-CURRENT ASSETS			
Housing properties - depreciated cost	12(a)	31,436,602	31,466,383
Other tangible fixed assets	12(b)	<u>487,678</u>	<u>498,985</u>
		31,924,280	31,965,368
CURRENT ASSETS			
Debtors	14	405,827	479,493
Investments		5,300	6,249
Cash at bank and in hand		<u>4,729,805</u>	<u>6,239,445</u>
		5,140,932	6,725,187
CREDITORS: amounts falling due within one year	15	<u>(800,912)</u>	<u>(1,589,039)</u>
NET CURRENT ASSETS		<u>4,340,020</u>	<u>5,136,148</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		36,264,300	37,101,516
CREDITORS: amounts falling due after more than one year			
housing property loans	16	(5,374,699)	(5,396,198)
PROVISIONS FOR LIABILITIES			
Pension - defined benefit liability	24	(118,000)	(902,222)
DEFERRED INCOME			
Social Housing Grants	19	<u>(18,914,494)</u>	<u>(19,741,751)</u>
		<u>11,857,107</u>	<u>11,061,345</u>
EQUITY			
Share capital	20	169	162
Revenue reserve		<u>11,856,938</u>	<u>11,061,183</u>
		<u>11,857,107</u>	<u>11,061,345</u>

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on 27/08/2020


Alec Leishman
Chairperson


Alison Guthrie
Vice Chairperson


Irene Campbell
Secretary

The notes on pages 17 to 38 form part of these financial statements

LINTHOUSE HOUSING ASSOCIATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	17	<u>700,610</u>	<u>90,991</u>
INVESTING ACTIVITIES			
Purchase of fixed assets	(2,817,014)	(5,059,455)	
Disposal of fixed assets	-	179,818	
Capital grant received	713,951	1,876,692	
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		<u>(2,103,063)</u>	<u>(3,002,945)</u>
NET CASH (OUTFLOW) BEFORE FINANCING		(1,402,453)	(2,911,954)
FINANCING ACTIVITIES			
Interest paid	(126,696)	(31,864)	
Interest received	38,823	13,680	
Movement in borrowings	(19,325)	4,615,140	
Share capital issued	11	5	
NET CASH (OUTFLOW) / INFLOW FROM FINANCING		<u>(107,187)</u>	<u>4,596,961</u>
(DECREASE)/INCREASE IN CASH		(1,509,641)	1,685,007
OPENING CASH AND CASH EQUIVALENTS		<u>6,239,445</u>	<u>4,554,438</u>
CLOSING CASH AND CASH EQUIVALENTS		<u><u>4,729,805</u></u>	<u><u>6,239,445</u></u>

LINTHOUSE HOUSING ASSOCIATION LIMITED
STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2020

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1 April 2019	162	11,061,183	11,061,345
Issue of Shares	11	-	11
Cancelled shares	(4)	-	(4)
Surplus for Year	-	209,767	209,767
Other Comprehensive Income	-	585,988	585,988
Balance as at 31 March 2020	<u>169</u>	<u>11,856,938</u>	<u>11,857,107</u>

	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
SHAPS pension adjustment	-	(253,608)	(253,608)
Balance as at 31 March 2019	<u>162</u>	<u>11,061,183</u>	<u>11,061,345</u>

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
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).

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.

The Association has taken into account the Covid-19 outbreak in its consideration and is satisfied that the Association has adequate resources to manage the impact of the pandemic on an ongoing basis.

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.

Further details of the scheme and its assumptions are included at note 24.

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

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
NOTES TO THE FINANCIAL STATEMENTS

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	15 years
Bathrooms	25 years
Central Heating Boilers	15 years
Windows	30 years
Structure	60 years
Radiators	30 years
Lifts	30 years

During the year the association reduced the estimated useful lives of windows, bathrooms and kitchens from 35 years, 30 years and 20 years to 30 years, 20 years and 15 years respectively. The change is to reflect the best estimate of useful life based on current experience. In addition the Association carried out an impairment review of the components. As a result of these exercises an additional £437,000 of depreciation, including the impairment charge, has been charged in the current year. The amortisation of Social Housing Grant in respect of these components has been revised in line. This resulted in an additional amortisation credit of £47,000.

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.

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.

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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. Assumptions in respect of discount rates and inflation will vary from year to year, as will the value of assets and will be dependent on circumstances at the date of valuation. Since the year end there has been volatility in market assumptions given the Covid 19 pandemic and , in particular, discount rates have fallen which would increase scheme liabilities. However stock market performance has improved which would help to offset any increase in liabilities.

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
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
NOTES TO THE FINANCIAL STATEMENTS

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 2020 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.

d) 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 2020
NOTES TO THE FINANCIAL STATEMENTS

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

		2020			2019		
		Revenue	Operating Costs	Operating surplus	Revenue	Operating Costs	Operating surplus
	Note	£	£	£	£	£	£
Social letting activities	3	6,210,715	(6,125,208)	85,507	5,032,422	(5,024,938)	7,484
Other activities	4	292,304	(56,679)	235,625	58,758	(53,909)	4,849
Total		<u>6,503,019</u>	<u>(6,181,887)</u>	<u>321,132</u>	<u>5,091,180</u>	<u>(5,078,847)</u>	<u>12,333</u>

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
NOTES TO THE FINANCIAL STATEMENTS

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTING

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Housing £	2020 Total £	2019 Total £
Revenue from lettings					
Rent receivable net of identifiable service charges	4,375,825	67,093	104,684	4,547,602	4,366,851
Service charges receivable	76,520	22,690	1,816	101,026	179,093
Gross rents receivable	4,452,345	89,783	106,500	4,648,628	4,545,944
Less rent losses from voids	(31,554)	(654)	-	(32,208)	(213,555)
Net rents receivable	4,420,791	89,129	106,500	4,616,420	4,332,388
Amortisation of Social Housing & Other Grants	1,504,887	-	36,321	1,541,208	614,010
Revenue grants from local authorities and other agencies	45,435	3,709	3,943	53,087	86,023
Other Revenue grants	-	-	-	-	-
Total income from social letting	5,971,113	92,838	146,764	6,210,715	5,032,422
Expenditure on social letting activities					
Management and maintenance administration costs	(1,867,326)	(37,648)	(44,985)	(1,949,959)	(2,049,643)
Service costs	(135,913)	(40,301)	(3,225)	(179,439)	(195,460)
Planned and cyclical maintenance	(419,810)	(2,631)	-	(422,441)	(372,790)
Major repairs	(40,176)	(3,372)	(5,552)	(49,100)	(662,269)
Reactive maintenance	(714,833)	(5,851)	(10,276)	(730,960)	(683,616)
Bad debts - rents and service charges	21,387	972	101	22,460	(49,917)
Depreciation of social housing	(2,774,696)	-	(41,073)	(2,815,769)	(1,011,243)
Operating costs of social letting	(5,931,367)	(88,831)	(105,010)	(6,125,208)	(5,024,938)
Operating surplus / (deficit) on social letting activities	39,746	4,007	41,754	85,507	7,484
2019	64,714	(106,004)	48,774	7,484	

As a result of development and capital works completed in the year the figures above include additional amortisation of Social Housing Grant of £901k and an additional depreciation charge of £1.25m in respect of the carrying values of the original developments which have been treated as disposals in the current year.

LINTHOUSE HOUSING ASSOCIATION LIMITED
 FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
 NOTES TO THE FINANCIAL STATEMENTS

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) 2020 £	Operating surplus/ (deficit) 2019 £
Wider Role Activities	-	500	-	-	500	-	-	500	-
Factoring	-	-	-	56,679	56,679	(8,005)	(48,674)	-	77
Other income/ (expenditure)	-	-	-	235,125	235,125	-	-	235,125	4,772
TOTAL FROM OTHER ACTIVITIES	<u>-</u>	<u>500</u>	<u>-</u>	<u>291,804</u>	<u>292,304</u>	<u>(8,005)</u>	<u>(48,674)</u>	<u>235,625</u>	<u>4,849</u>
TOTAL FROM OTHER ACTIVITIES FOR 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,758</u>	<u>58,758</u>	<u>(4,920)</u>	<u>(48,989)</u>	<u>4,849</u>	

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
NOTES TO THE FINANCIAL STATEMENTS

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.

	2020	2019
	£	£
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	139,723	73,874
Emoluments payable to the director (excluding pension contributions)	75,842	73,874
Pension contributions paid on behalf of the director	7,894	7,717
Total emoluments paid to key management personnel	239,428	320,034
	Number	Number
Total number of officers, including the highest paid officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:		
£60,000 - £70,000	1	0
£70,001 - £80,000	<u>1</u>	<u>1</u>

There were payments to board members during the year for reimbursement of expenses of £1,224 (2019 - £1,055)

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
NOTES TO THE FINANCIAL STATEMENTS

6. EMPLOYEE INFORMATION

	2020	2019
	£	£
Staff costs during the year:		
Wages and salaries	1,067,983	1,062,312
Staff overtime		-
Social security costs	99,441	87,755
Other pension costs	93,628	75,142
Temporary Staff	23,543	129,569
	<u>1,284,595</u>	<u>1,354,778</u>
	Number	Number
The average number of full time equivalent persons employed during the year was	<u>34</u>	<u>31</u>

7. (LOSS)/GAIN ON SALE OF HOUSING STOCK

	2020	2019
	£	£
Sales proceeds	1	183,100
Cost of sales	(2,650)	(120,743)
	<u>(2,649)</u>	<u>62,357</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2020	2019
	£	£
Bank loans and overdrafts	<u>126,696</u>	<u>31,864</u>

9. OPERATING SURPLUS FOR THE YEAR

	2020	2019
	£	£
Surplus is stated after charging:		
Depreciation of tangible owned fixed assets	2,858,103	1,047,907
Auditors' remuneration - audit services	10,000	9,720
Operating lease rentals - other	3,428	4,833
Gain/(loss) on sale of fixed assets	(2,649)	62,357
Amortisation of capital grants	<u>1,541,208</u>	<u>614,010</u>

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
NOTES TO THE FINANCIAL STATEMENTS

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

	2020	2019
	£	£
Net interest expense	(19,895)	(18,000)
	<u>(19,895)</u>	<u>(18,000)</u>

12. NON-CURRENT ASSETS

a) Housing Properties

	Housing Properties Held for Letting	Housing Properties in the Course of Construction	Shared Ownership Properties Held for Letting	Total
	£	£	£	£
COST				
At start of year	44,130,899	5,139,225	2,875,064	52,145,188
Additions	285,604	2,500,382	-	2,785,986
Disposals	(2,543,166)	-	-	(2,543,166)
Transfers to stock	7,343,226	(6,932,502)	(410,724)	-
At end of year	<u>49,216,563</u>	<u>707,105</u>	<u>2,464,340</u>	<u>52,388,008</u>
DEPRECIATION				
At start of year	19,567,267	-	1,111,537	20,678,804
Charged during year	1,529,621	-	41,072	1,570,693
Transfers	158,794	-	(158,794)	-
Eliminated on disposal	(1,298,090)	-	-	(1,298,090)
At end of year	<u>19,957,592</u>	<u>-</u>	<u>993,815</u>	<u>20,951,407</u>
NET BOOK VALUE				
At end of year	<u>29,258,971</u>	<u>707,105</u>	<u>1,470,525</u>	<u>31,436,601</u>
At start of year	<u>24,563,631</u>	<u>5,139,225</u>	<u>1,763,527</u>	<u>31,466,383</u>

Additions to housing properties include capitalised admin costs of £154,592 (2019 - £69,971), capitalised major repairs of £2,394,503 (2019 - £910,246), property purchases of £102,545 (2019 - £95,292) and development costs of £134,346 (2019 - £402,126).

The Association's lenders have standard securities over housing properties with a carrying value of £2,230,713 (2019 - £2,152,541).

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
NOTES TO THE FINANCIAL STATEMENTS

12. (a) Housing Properties (Continued)

During the year the association reduced the estimated useful lives of windows, bathrooms and kitchens from 35 years, 30 years and 20 years to 30 years, 20 years and 15 years respectively. The change is to reflect the best estimate of useful life based on current experience. In addition the Association carried out an impairment review of the components. As a result of these exercises an additional £437,000 of depreciation, including the impairment charge, has been charged in the current year. The amortisation of Social Housing Grant in respect of these components has been revised in line. This resulted in an additional amortisation credit of £47,000.

b) Other tangible assets

	Office Premises £	Furniture & Fittings £	Total £
COST			
At start of year	720,178	1,265,167	1,985,345
Additions	-	31,028	31,028
Disposals	-	(54,495)	(54,495)
At end of year	<u>720,178</u>	<u>1,241,700</u>	<u>1,961,878</u>
DEPRECIATION			
At start of year	265,765	1,220,596	1,486,361
Charged during year	11,041	31,293	42,334
Disposals	-	(54,495)	(54,495)
At end of year	<u>276,806</u>	<u>1,197,394</u>	<u>1,474,200</u>
NET BOOK VALUE			
At end of year	<u>443,372</u>	<u>44,306</u>	<u>487,678</u>
At start of year	<u>454,414</u>	<u>44,571</u>	<u>498,985</u>

13. COMMITMENTS UNDER OPERATING LEASES

	2020 £	2019 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	2,731	1,815
Later than one year and not later than five years	<u>6,305</u>	<u>688</u>
	<u>9,036</u>	<u>2,503</u>

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
NOTES TO THE FINANCIAL STATEMENTS

14. DEBTORS

	2020	2019
	£	£
Arrears of Rent & Service Charges	277,573	378,786
Less: Provision for Doubtful Debts	<u>(192,887)</u>	<u>(261,221)</u>
	84,686	117,566
Other Debtors	120,411	267,995
Prepayments and accrued income	<u>200,730</u>	<u>93,933</u>
	<u><u>405,827</u></u>	<u><u>479,493</u></u>

15. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Housing loans	5,640	-
Trade payables	82,052	586,364
Rent in advance	131,634	263,539
Other taxation and social security	-	24,831
Other payables	114,509	294,628
Accruals and deferred income	<u>467,077</u>	<u>419,677</u>
	<u><u>800,912</u></u>	<u><u>1,589,039</u></u>

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
NOTES TO THE FINANCIAL STATEMENTS

16. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2020	2019
	£	£
Housing loans	5,374,699	5,396,198
	<u>5,374,699</u>	<u>5,396,198</u>

Housing loans above is shown net of arrangement fees to be amortised of £79,418 (2019 - £82,884).

The Association has one long term housing loan, 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:

	2020	2019
	£	£
Due within one year	5,640	-
Between one and two years	202,880	62,262
Between two and five years	631,351	747,148
In five years or more	4,619,887	4,669,672
	<u>5,454,117</u>	<u>5,479,082</u>

17. STATEMENT OF CASH FLOWS

Reconciliation of operating surplus to balance as at 31 March 2020

	2020	2019
	£	£
Operating Surplus	321,132	12,333
Depreciation	2,858,103	1,047,907
Loss on disposal of components	-	-
Amortisation of Capital Grants	(1,541,208)	(614,010)
Change in debtors	73,666	(18,540)
Change in creditors	(793,767)	(128,471)
Movement in pension liability	(218,130)	(211,778)
Movement in investments	(2,648)	2,265
Non cash adjustments	3,465	1,292
Share capital written off	(4)	(7)
Balance as at 31 March 2020	<u>700,610</u>	<u>90,991</u>

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
NOTES TO THE FINANCIAL STATEMENTS

18. ANALYSIS OF NET DEBT

Reconciliation of net debt as at 31 March 2020

	1 April 2019	Cash flows	31 March 2020
	£'000	£'000	£'000
Cash at bank	6,239	(1,510)	4,730
Bank loans	(5,479)	19	(5,460)
Net debt	<u>760</u>	<u>(1,490)</u>	<u>(730)</u>

19. DEFERRED INCOME

	2020 £	2019 £
Social Housing Grants		
Balance as at 1 April 2019	19,741,751	18,479,069
Additions in year	713,951	1,876,692
Released / Repaid as the result of property disposal	(901,636)	(52,946)
Amortisation in Year	(639,572)	(561,064)
Balance as at 31 March 2020	<u>18,914,494</u>	<u>19,741,751</u>

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

Amounts due within one year	640,000	606,000
Amounts due in one year or more	<u>18,274,494</u>	<u>19,135,751</u>
	<u>18,914,494</u>	<u>19,741,751</u>

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
NOTES TO THE FINANCIAL STATEMENTS

20. RESERVES

Share Capital	2020	2019
	£	£
Shares of £1 each Issued and Fully Paid		
At 1 April 2019	162	164
Issued in year	11	5
Cancelled in year	(4)	(7)
At 31 March 2020	<u>169</u>	<u>162</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.

21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2020	2019
	No.	No.
General Needs - New Build	89	89
General Needs – Rehabilitation	1,079	1,077
Shared Ownership	43	45
Supported Housing	8	8
	<u>1,219</u>	<u>1,219</u>

22. 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:

- 5 Members are tenants of the Association
- 3 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 due from Tenants on the Committee – £18,858
- Factoring income due from Owner Occupiers in the Committee - £752
- At the year-end total rent arrears owed by the tenant members of the Committee were – £nil
- At the year-end total arrears owed by Owner Occupiers of the Committee were - £nil
- Rent due from Committee members' close family - £5,255
- At the year-end total rent arrears owed by the close family of Committee members were – £nil

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
NOTES TO THE FINANCIAL STATEMENTS

23. 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.

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

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

The Scheme is classified as a 'last-man standing arrangement'. Therefore 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 was not 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, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive. The liabilities are compared, at the relevant accounting date, with the Association's fair share of the Scheme's total assets to calculate the Association's net deficit or surplus. Similarly, an actuarial valuation of the scheme was carried out as at 30 September 2019.

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
NOTES TO THE FINANCIAL STATEMENTS

24. RETIREMENT BENEFIT OBLIGATIONS (continued)

Pension Scheme Liability movements:

	<u>2020</u> (£000s)	<u>2019</u> (£000s)
As at 1 April 2019	903	842
De-recognition of deficit funding liability	-	(842)
Recognition of defined benefit obligation	-	816
Current Service	-	-
Net Interest expense	19	18
Expenses	7	7
Deficit Contributions Paid	(224)	(218)
Impact of change in assumptions	(587)	280
As at 31 March 2020	<u>929</u>	<u>1,963</u>

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

	31 March 2020 (£000s)	31 March 2019 (£000s)
Fair value of plan assets	5,814	5,880
Present value of defined benefit obligation	5,932	6,783
Surplus (deficit) in plan	(118)	(903)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(118)	(903)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	-	-

RECONCILIATION OF THE IMPACT OF THE ASSET CEILING

	Period ended 31 March 2020 (£000s)
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	-

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
NOTES TO THE FINANCIAL STATEMENTS

24. RETIREMENT BENEFIT OBLIGATIONS (continued)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2020 (£000s)	Period ended 31 March 2019 (£000s)
Defined benefit obligation at start of period	6,783	6,330
Current service cost	-	-
Expenses	7	7
Interest expense	155	160
Member contributions	-	-
Actuarial losses (gains) due to scheme experience	(140)	57
Actuarial losses (gains) due to changes in demographic assumptions	(39)	19
Actuarial losses (gains) due to changes in financial assumptions	(639)	439
Benefits paid and expenses	(195)	(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	5,932	6,783

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

	Period ended 31 March 2020 (£000s)	Period ended 31 March 2019 (£000s)
Fair value of plan assets at start of period	5,880	5,514
Interest income	136	142
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(231)	235
Contributions by the employer	224	218
Contributions by plan participants	-	-
Benefits paid and expenses	(195)	(229)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Exchange rate changes	-	-
Fair value of plan assets at end of period	5,814	5,880

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2020 was £95,000.

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
NOTES TO THE FINANCIAL STATEMENTS

24. RETIREMENT BENEFIT OBLIGATIONS (continued)

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCI)

	Period from 31 March 2019 to 31 March 2020	Period from 31 March 2018 to 31 March 2019
	(£000s)	(£000s)
Current service cost	-	-
Expenses	7	7
Net interest expense	19	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)	26	25

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended 31 March 2020	Period ended 31 March 2019
	(£000s)	(£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(231)	235
Experience gains and losses arising on the plan liabilities - gain (loss)	140	(57)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	39	(19)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	639	(439)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	587	(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)	587	(280)

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
NOTES TO THE FINANCIAL STATEMENTS

24. RETIREMENT BENEFIT OBLIGATIONS (continued)

ASSETS

	31 March 2020 (£000s)	31 March 2019 (£000s)
Global Equity	799	946
Absolute Return	357	498
Distressed Opportunities	106	100
Credit Relative Value	140	102
Alternative Risk Premia	466	329
Fund of Hedge Funds	-	16
Emerging Markets Debt	207	189
Risk Sharing	184	170
Insurance-Linked Securities	156	153
Property	108	117
Infrastructure	343	246
Private Debt	115	76
Opportunistic liquid Credit	142	-
Corporate Bond Fund	425	412
Liquid Credit	152	-
Long Lease Property	142	71
Secured Income	323	205
Over 15 Year Gilts	74	151
Index Linked All Stock Gilts	-	-
Liability Driven Investment	1,531	2,093
Net Current Assets	44	6
Total assets	5,814	5,880

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.

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
NOTES TO THE FINANCIAL STATEMENTS

24. RETIREMENT BENEFIT OBLIGATIONS (continued)

KEY ASSUMPTIONS

	31 March 2020 % per annum	31 March 2019 % per annum
Discount Rate	2.38%	2.31%
Inflation (RPI)	2.63%	3.29%
Inflation (CPI)	1.63%	2.29%
Salary Growth	2.63%	3.29%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

	Life expectancy at age 65 (Years)
Male retiring in 2019	21.5
Female retiring in 2019	23.2
Male retiring in 2039	22.8
Female retiring in 2039	24.5

Assumptions in respect of discount rates and inflation will vary from year to year, as will the value of assets and will be dependent on circumstances at the date of valuation. Since the year end there has been volatility in market assumptions given the Covid 19 pandemic and , in particular, discount rates have fallen which would increase scheme liabilities. However stock market performance has improved which would help to offset any increase in liabilities.

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
NOTES TO THE FINANCIAL STATEMENTS

25. CAPITAL COMMITMENTS

	2020	2019
	£	£
Expenditure contracted but not provided for in accounts	<u>51,900</u>	<u>1,578,943</u>
Expenditure authorised by the management committee not contracted for	<u>9,769,892</u>	<u>-</u>
Funded by:		
Social Housing Grant	6,432,285	646,324
Other grants and contributions	3,337,607	-
Reserves	<u>-</u>	<u>932,619</u>
	<u>9,769,892</u>	<u>1,578,943</u>

26. CONTINGENT LIABILITIES

The Association has an ongoing contractual dispute with a supplier. The Association has accrued amounts contractually due to date. Should the position not be resolved satisfactorily additional sums may become due. The Association considers the supplier claims to be without merit and that there is no material exposure to such claims.