

**LINTHOUSE HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

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 2022**

MEMBERS OF THE MANAGEMENT COMMITTEE

Alexander Leishman	Chair
Alison Guthrie	
Heike Bley	Appointed Sept 21
Susan Brown	
Graham Gillespie	Appointed Mar 22
Jackie McColl	Vice-Chair
David McGeoch	
Sheila McGeoch	
Frank Murphy	
Colette Ness	
Mary Ray	
Marc-Andre Schmitz	
Gordon Laurie	Resigned Sept 21
Tommy McMahon	Resigned Sept 21
Richard Wilkins	Resigned Aug 21

EXECUTIVE OFFICERS

Irene McFarlane

REGISTERED OFFICE

1 Cressy Street, Glasgow, G51 4RB

EXTERNAL AUDITOR

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 2022**

The Management Committee presents their report and the audited Financial Statements for the year ended 31 March 2022.

Legal Status

Linthouse 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 2020 version of the SFHA Charitable Model Rules.

Principal Activity

The principal activity of Linthouse 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

Linthouse Housing Association's Business Plan covers the period 2022-2027 and it sets out the direction of the organisation. This key strategic document communicates the vision, values, and strategic objectives of the Association and provides a framework for the implementation of the plan

The objectives were reviewed and reaffirmed during 2022 and are shown below:

Objective 1 - Strong strategic governance.

Objective 2 - Agree, fund, and deliver investment priorities in our existing homes.

Objective 3 - Service delivery transformation by embedding cultural change, our tenant engagement strategy and better use of technology to transform customer experience of our services.

Objective 4 - Review and deliver on priorities for community support services.

Objective 5 - Becoming more efficient/controlling costs.

Objective 6 – Reviewing our capacity and appetite for a comprehensive growth plan through developing new homes and acquisitions

Objective 7 – Developing our leadership and staff team

Central to our vision is embedding the 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.

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- **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.

Our Management Committee, supported by the Senior Leadership Team, 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. The Senior Leadership Team (SLT) support the Management Committee and CEO to deliver on the objectives detailed in our ambitious business plan. Our Management Committee reviews our staff structure annually to ensure we have all the necessary staff and consultancy resources deployed effectively to maximise the organisations response to changes in our operating environment and to our key business objectives.

There are many examples of how the transformational changes led by our Management Committee in recent years have secured improvements at LHA including increased investment in existing stock, growth of the housing stock by acquisition and new build, involvement in wider role projects, partnership working and an approach of striving for continuous improvement of services and performance.

The Value for Money Scorecard below shows our key value for money indicators in 2021/22 included in the Annual Charter (ARC) and compares these to 2020/21 Scottish average medians.

Indicator	Linthouse Performance For 21/22	Scottish Median For 20/21	Linthouse Performance – Top, Middle or Lower in Comparison to 22 QEF Members
Rent collected Indicator 26	101.03%	99.48%	Top
Former tenant arrears write- off Indicator C7	34.10%	37.66%	Middle
Gross Rent arrears - Indicator 27	5.14%	4.42%	Middle
Void Loss -Indicator 18	0.81%	0.92%	Middle
Average Re-let Time - Indicator 30	22.89 days	29.12 days	Middle
Rent – Value for money Indicator 25	71.07%	83.50%	Bottom
Repairs – Right First Time Indicator 10	87.08%	93.21%	Bottom
Satisfaction – repairs Indicator 12	61.43%	91.51%	Bottom
Days lost through staff sickness -Indicator C1	3.16%	3.68%	Middle

The scorecard shows where LHA’s performance needs an improvement plan and where we need to sustain good performance.

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The performance secured by LHA will be reviewed when the SHR publishes Scottish Median returns for 2021/22 in later summer 2022 to establish if customer experience of services during Covid and down turns in performance in any area is reflective or a national downturn in either the value for money indicators above or the more qualitative tenant satisfaction returns detailed in the table opposite

Key Performance Indicator	21/22	20/21	19/20	18/19
Overall satisfaction with the services provided by LHA	80.00%	91%	92%	90.29%
% Tenants who feel their landlord is good at keeping them informed about their services and decisions	90.36%	93%	95.2%	94.82%
% Of tenants satisfied with the opportunities given to them to Participate in our decision -making processes	88.93%	97%	95.2%	94.82%
% Tenants satisfied with the management of the neighbourhood they live in	73.93%	85%	83.65%	84.47%
% Tenants who feel that the rent for their property represents good value for money	71.07%	82%	89.74%	88.67%
% Of tenants who had repair and maintenance carried out were satisfied with the service they received	61.43%	78%	89%	87.18%

The Association is committed to working with key strategic partners and other stakeholders and will continue to draw on our own resources to ensure our objectives are delivered in a way that meets our vision. During 21/22 Committee agreed to invest in an additional staff resource and set aside a small budget to develop key initiatives and strategic partnerships in the Govan area to attract grant funding to support our customers and the wider Govan community to address customer priorities for community support services. Committee approved a three-year Linthouse Community Plan to develop this new key business objective in 21/22.

Review of business and future developments

The critical, overarching actions outlined in our Business Plan focus on transforming the organisation into an efficient, effective, modern social landlord focused on delivering value for money services. The quality and our performance in delivering services is under continuous review to ensure we meet the needs of existing and future customers. We will increase customer satisfaction by increasing the levels of investment in our housing stock to improve the quality of our tenants' homes and by acquiring additional home or building new homes. Building new homes and acquiring larger family homes will address the need for more social housing in our area of operation to meet housing need and improve the variety of house sizes, types, and age in our property portfolio.

We continue to focus on transforming the customers experience of our service by fostering a culture of continuous improvement in the way customers experience our service and by reviewing the range of methods and times customers may access services that we deliver. We completed a review of our two key customer facing departments the Housing Management & Community Empowerment Teams and the Asset Management Team in 21/22 to ensure we were deploying our staff resources to match changes in services required because of the emerging impacts of COVID-19 on our customers to ensure we have the internal capacity to deliver our plans and on our promises to customers.

During 21/22, due to the need to follow government guidelines on work that could be completed under COVID-19, our investment in existing housing stock was restricted to circa £167k invested in 82 units which consisted of replacement of boilers, kitchens, radiators, electric central heating systems and £613k on Phase 2 of the window replacement and sandstone repair contract. We carried out several cyclical maintenance contracts, including electrical safety works and upgrading smoke and heat detectors. We

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achieved considerable progress at the Drumoyne Primary School new build now known as Cromdale Square which consists of forty-nine units with partial grant funding from Glasgow City Council. The Association received £2.5m (20/21) and £3.838m in 21/22 in grant funding from Glasgow City Council in relation to the Cromdale Square and invested £2.484m of LHA own resources in this project. The phase 2 windows replacement and sandstone repairs contract recommenced on 26th April 2021 as the country re-entered Tier 3 of Scottish Government's approach to managing the spread of COVID-19 and were completed by 26th November 2021, resulting in 83 units receiving new windows and 71 units receiving sandstone repair works with a cost of £1.2m.

In 22/23 we have set aside £2.397million for further, component replacement works, including more new boilers and heating systems, one off replacements of kitchens and bathrooms, further electric storage heating at the multistorey properties, new fire doors within the multi-storey properties and for Phase 3 of our stonework and windows programme. Phase 3 windows will result in 85 flats receiving all the same works as phase 2 and it is due to start on site in April 2022 and finish in March 2023.

The focus of our Asset Management Team's time in 22/23 will be on delivering the accelerated investment works for tenants. We plan to review the in-house Stock Condition Survey (SCS) in 22/23; however, the focus being on catching up with investment works first. We restart stock condition surveys during 22/23 and 23/24 to inform our future 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 2022, we had surveyed just over 39.46% of the housing stock. We will aim to ensure all stock has been surveyed, internally and externally by March 2025.

We completed a rent and service charge restructure in 2019/20 to ensure a fairer system for our tenants which is being phased in during 2020-23. The Association continuously monitors our long-term financial viability and will review the impact of the rent restructure and financial projections again in September 2022 to assess the impact on our income before the exercise is completed in April 2023.

Lighthouse HA secured a lending facility late in 2020 to cover the private finance element of the Cromdale Square which is scheduled to come off site and be fully occupied by end June 22. This loan for £3.5 million was drawn down from Unity Bank in May 2020 and will be used in full on the DPS site.

We completed our third Annual Assurance Statement for the Scottish Housing Regulator (SHR) in October 2021 and were assessed as compliant with the Regulatory Standards of Governance and Financial Management in March 2022.

Throughout 2021/22, 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 ensuring continuity of service in line with government guidance and supporting staff to work from home, keeping our customers informed about changes to the level of service. Our Management Committee ensured that Lighthouse coordinated its staff and other resources to best effect and worked in partnership with others to support our customers with the additional stresses and pressures caused by lockdown and gradual release from lockdown.

The Association was acutely aware of the risk of increased rent arrears because of COVID-19. In March 2020, the total rent arrears were 5.97% of income and in March 2021 were 5.6% of income, and in March 2022 were 4.94% of income. The Association focused on tenant support and is in regular contact with tenants regarding changes in circumstances and applications for Universal Credit. As a result of the strong cash position of the Association and the low levels of debt there are no material concerns for the Association at this point regarding continued future viability.

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Linthouse will continue to support its customers and continuously review the potential impact of the COVID-19 health pandemic and moving into to a new normal to respond to needs of our customers, staff, and the organisation.

Management Committee are kept closely and regularly informed on progress as we continue to make noteworthy progress in implementing the key objectives and actions in our Business Plan 2021/26.

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 £331,237 (2021 - £630,820). Net Assets now stand at £12,517,460 (2021 - £11,752,822).

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 21/22. 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/ESSH compliance; the failure to achieve major investment targets; IT systems failures and security breaches; achieving improvements in customer service culture; tackling our backlog of policy; achieving desired performance targets and managing the impacts of the COVID-19 health crisis on our customers, staff, and the organisation.

Bi-annual reviews and updates of our Assurance Statement Continuous Review Improvement Plan (ASCRIP) 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 Committee are unpaid.

The governance structures are focused on our governing body, the Management Committee. Excepting a July and November recess, this met in 21/22 8 times to deal with the volume of business.

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 21/22, the Sub Committee met four times and considered financial returns, 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 Annual Assurance -Continuous Review and Improvements Plan (AS-CRIP).

During 21/22, our Staffing Sub Committee met six times to oversee our management of COVID-19 in relation to staffing issues and to consider the staff changes required in the Customer Services and Asset Management Teams. Given this Sub Committee is remitted to manage staffing issues its functional responsibilities include remuneration and conditions of service, human resource planning, policy development, staff wellbeing, as well as health and safety matters.

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The Policy Working Group met as required during 21/22 to consider individual policy reviews in detail prior to reference to Management Committee for approval.

Under regulatory requirements, the Association drew no Notifiable Events 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 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.

As 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 auditor are aware of that information.

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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 2022. 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 auditor, French Duncan LLP, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Management Committee

Signature

Irene C McFarlane

6.9.22



LINTHOUSE HOUSING ASSOCIATION LIMITED
REPORT BY THE AUDITORS TO THE MEMBERS OF LINTHOUSE HOUSING ASSOCIATION LIMITED ON
CORPORATE GOVERNANCE MATTERS FOR THE YEAR ENDED 31 MARCH 2022

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.

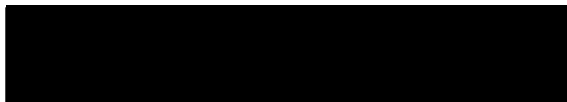
Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 8 has provided the disclosures required by the relevant Regulatory Standards within 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 Auditor

GLASGOW

Date: 9 September 2022

LINTHOUSE HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LINTHOUSE HOUSING ASSOCIATION FOR THE
YEAR ENDED 31 MARCH 2022

OPINION

We have audited the financial statements of Linthouse Housing Association Limited for the year ended 31 March 2022 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in capital and reserves and related notes including a summary of significant accounting policies. 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 2022 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 February 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

In auditing the financial statements, we have concluded that the management committees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the committee members with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information contained in the Report from the Management Committee. The Management Committee members are responsible for the other information.

Our opinion on the financial statements does not cover the other information and 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

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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 page 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 Management Committee 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

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 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.

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- 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:-

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the responsible individual ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the association through discussions with management and management committee members and from our sector knowledge;
- we focused on specific laws and regulations, including those specified by the Scottish Housing Regulator, which we considered may have a direct material effect on the financial statements or the operations of the association, including the Co-operative and Community Benefits Societies Act 2014, Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Statement of Recommended Practice for Social Housing Providers 2018 and Determination of Housing Requirements 2019, and data protection, anti-bribery, employment, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal invoices; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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We assessed the susceptibility of the association's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management and management committee members as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed high level analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- reviewing internal audit reports prepared during the year;
- enquiring of management and management committee members as to actual and potential litigation and claims; and
- reviewing correspondence with Scottish Housing Regulator.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance.

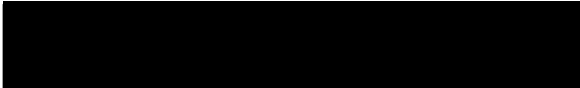
Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the management committee and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

**LINTHOUSE HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LINTHOUSE HOUSING ASSOCIATION FOR THE
YEAR ENDED 31 MARCH 2022**

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 Auditor
133 Finnieston Street
GLASGOW
G3 8HB

Date: 9 September 2022

LINTHOUSE HOUSING ASSOCIATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
AS AT 31 MARCH 2022

	Notes	2022 £	2021 £
REVENUE	2	5,804,298	6,083,000
Operating costs	2	<u>(5,304,951)</u>	<u>(5,331,161)</u>
OPERATING SURPLUS	2, 9	499,347	751,839
Deficit on disposal	7	-	(356)
Interest receivable and other similar income		8,119	24,372
Interest payable and other similar charges	8	(163,322)	(145,128)
Other Finance (Charges)/Income	11	(12,907)	93
Fair value movement in investments		-	-
		<u>(168,110)</u>	<u>(121,019)</u>
SURPLUS FOR THE YEAR		331,237	630,820
OTHER COMPREHENSIVE INCOME			
Actuarial gain/(loss) in respect of pension scheme	24	460,410	(762,101)
TOTAL COMPREHENSIVE INCOME		<u><u>791,647</u></u>	<u><u>(131,281)</u></u>

The results for the year relate wholly to continuing activities.

The notes on pages 19 to 40 form part of these financial statements.

LINTHOUSE HOUSING ASSOCIATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Notes	2022 £	2021 £
NON-CURRENT ASSETS			
Housing properties - depreciated cost	12(a)	40,430,889	33,493,945
Other tangible fixed assets	12(b)	<u>442,369</u>	<u>463,932</u>
		40,873,258	33,957,877
CURRENT ASSETS			
Debtors	14	399,301	383,530
Investments		-	-
Cash at bank and in hand		<u>5,475,095</u>	<u>9,162,207</u>
		5,874,396	9,545,737
CREDITORS: amounts falling due within one year	15	<u>(1,689,071)</u>	<u>(1,658,852)</u>
NET CURRENT ASSETS		<u>4,185,325</u>	<u>7,886,885</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		45,058,583	41,844,762
CREDITORS:			
amounts falling due after more than one year housing property loans	16	(8,335,553)	(8,626,616)
PROVISIONS FOR LIABILITIES			
Pension - defined benefit liability	24	(61,000)	(697,000)
DEFERRED INCOME			
Social Housing Grants	19	<u>(24,144,570)</u>	<u>(20,795,324)</u>
		<u>12,517,460</u>	<u>11,725,822</u>
EQUITY			
Share capital	20	156	165
Revenue reserve		<u>12,517,304</u>	<u>11,725,657</u>
		<u>12,517,460</u>	<u>11,725,822</u>

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on 6/9/22

[Redacted Signature]

Alec Leishman
Chairperson

[Redacted Signature]

Irene McFarlane
Secretary

[Redacted Signature]

Marc-Andre Schmitz
Committee Member

The notes on pages 19 to 40 form part of these financial statements

LINTHOUSE HOUSING ASSOCIATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	17	<u>774,065</u>	<u>1,787,202</u>
INVESTING ACTIVITIES			
Purchase of fixed assets	12 (8,050,274)	(3,200,191)	
Disposal of investment	-	5,300	
Capital grant received	19 3,942,219	2,518,290	
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		<u>(4,108,055)</u>	<u>(676,601)</u>
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		(3,333,990)	1,110,601
FINANCING ACTIVITIES			
Interest paid	8 (163,322)	(145,128)	
Interest received	8,119	24,372	
Movement in borrowings	(197,924)	3,474,356	
Loan Arrangement fees	-	(31,800)	
Share capital issued	5	1	
NET CASH INFLOW / (OUTFLOW) FROM FINANCING		<u>(353,122)</u>	<u>3,321,801</u>
(DECREASE)/INCREASE IN CASH		(3,687,113)	4,432,402
OPENING CASH AND CASH EQUIVALENTS		<u>9,162,207</u>	<u>4,729,805</u>
CLOSING CASH AND CASH EQUIVALENTS		<u>5,475,095</u>	<u>9,162,207</u>

LINTHOUSE HOUSING ASSOCIATION LIMITED
STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED 31 MARCH 2022

	Share Capital	Revenue Reserve	Total
	<u>£</u>	<u>£</u>	<u>£</u>
Balance as at 1 April 2021	165	11,725,657	11,725,822
Issue of Shares	5	-	5
Cancelled shares	(14)	-	(14)
Surplus for Year	-	331,237	331,237
Other Comprehensive Income	-	460,410	460,410
Balance as at 31 March 2022	<u>156</u>	<u>12,517,304</u>	<u>12,517,460</u>

	Share Capital	Revenue Reserve	Total
	<u>£</u>	<u>£</u>	<u>£</u>
Balance as at 1 April 2020	169	11,856,938	11,857,107
Issue of Shares	1	-	1
Cancelled shares	(5)	-	(5)
Surplus for Year	-	630,820	630,820
Other Comprehensive Income	-	(762,101)	(762,101)
Balance as at 31 March 2021	<u>165</u>	<u>11,725,657</u>	<u>11,725,822</u>

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Legal status

The Association is incorporated under the Co-operative and Community Benefit 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 2018 and comply with the requirements of the Determination of Housing Requirements 2019 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 recovery from the Covid-19 pandemic 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.

Government Grants received in respect of revenue expenditure are credited to the Income and Expenditure Account in the same year as the expenditure to which they relate.

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.

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

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 and impairment. 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. Any shortfall in the depreciation provided on components disposed of is charged as accelerated depreciation in the year of disposal.

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

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 2022
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 the Association's experience of: 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.

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 2022
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 1,221 in which it manages its housing property for asset management purposes.

c) Pension Liability

In May 2022 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 2022
NOTES TO THE FINANCIAL STATEMENTS

2. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS

	Note	2022			2021		
		Revenue £	Operating Costs £	Operating surplus £	Revenue £	Operating Costs £	Operating surplus £
Social letting activities	3	5,681,602	(5,208,705)	472,897	5,551,680	(4,817,516)	734,164
Other activities	4	122,696	(96,246)	26,450	531,320	(513,645)	17,675
Total		<u>5,804,298</u>	<u>(5,304,951)</u>	<u>499,347</u>	<u>6,083,000</u>	<u>(5,331,161)</u>	<u>751,839</u>

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTING

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Housing £	2022 Total £	2021 Total £
Revenue from lettings					
Rent receivable net of identifiable service charges	4,881,684	70,210	89,916	5,041,810	4,909,368
Service charges receivable	18,534	21,975	1,518	42,027	43,802
Gross rents receivable	4,900,218	92,185	91,434	5,083,837	4,953,170
Less rent losses from voids	(45,172)	(10,707)	-	(55,879)	(50,690)
Net rents receivable	4,855,046	81,478	91,434	5,027,958	4,902,480
Amortisation of Social Housing & Other Grants	560,114	-	32,859	592,973	590,019
Revenue grants from local authorities and other agencies	59,458	-	-	59,458	35,096
Other Revenue grants	1,174	17	22	1,213	24,085
Total income from social letting	5,475,792	81,495	124,315	5,681,602	5,551,680
Expenditure on social letting activities					
Management and maintenance administration costs	(1,621,208)	(27,179)	(30,500)	(1,678,887)	(1,913,339)
Service costs	(47,517)	(22,080)	(1,525)	(71,122)	(42,994)
Estate Services	(241,710)	-	-	(241,710)	(117,718)
Cyclical maintenance	(455,639)	(2,757)	-	(458,396)	(401,093)
Major repairs	(732,802)	(156)	-	(732,958)	(123,292)
Reactive maintenance	(937,466)	(4,622)	-	(942,088)	(1,131,297)
Bad debts - rents and service charges	21,233	508	-	21,741	(6,936)
Depreciation of social housing	(1,069,102)	-	(36,183)	(1,105,285)	(1,080,847)
Operating costs of social letting	(5,084,211)	(56,286)	(68,208)	(5,208,705)	(4,817,516)
Operating surplus on social letting activities	391,581	25,209	56,107	472,897	734,164
2021	658,364	20,224	55,576	734,164	

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
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) 2022	Operating surplus/ (deficit) 2021
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	52,297	-	-	52,297	-	(50,932)	1,365	-
Factoring	-	-	-	60,562	60,562	15,248	(60,562)	15,248	11,715
Other income/ (expenditure)	-	5,263	-	4,574	9,837	-	-	9,837	5,960
TOTAL FROM OTHER ACTIVITIES	-	57,560	-	65,136	122,696	15,248	(111,494)	26,450	17,675
TOTAL FROM OTHER ACTIVITIES FOR 2021	400,000	54,389	-	76,931	531,320	11,715	(525,360)	17,675	

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
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.

	2022	2021
	£	£
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	144,235	143,095
Emoluments payable to the director (excluding pension contributions)	77,664	77,050
Pension contributions paid on behalf of the director	7,881	8,020
Total emoluments paid to key management personnel	226,729	268,634
	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	1
£70,001 - £80,000	1	1

There were payments to board members during the year for reimbursement of expenses of £82 (2021 - £31).

6. EMPLOYEE INFORMATION

	2022	2021
	£	£
Staff costs during the year:		
Wages and salaries	1,089,825	1,082,899
Social security costs	102,772	104,281
Other pension costs	101,749	101,433
Temporary Staff	-	-
	<u>1,294,346</u>	<u>1,288,613</u>
	Number	Number
The average number of full time equivalent persons employed during the year was	<u>33</u>	<u>31</u>

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS

7. (LOSS)/GAIN ON DISPOSAL

	2022	2021
	£	£
Sales proceeds	-	4,944
Cost of sales	-	(5,300)
Loss on sale	<u>-</u>	<u>(356)</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2022	2021
	£	£
Bank loans	<u>163,322</u>	<u>145,128</u>

9. OPERATING SURPLUS FOR THE YEAR

	2022	2021
	£	£
Surplus is stated after charging:		
Depreciation of tangible owned fixed assets	1,134,893	1,118,775
Auditors' remuneration - audit services	10,320	9,714
Operating lease rentals - other	3,921	3,921
(Loss) on sale of fixed assets	-	-
Amortisation of capital grants	<u>(592,973)</u>	<u>(590,019)</u>

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

	2022	2021
	£	£
Net interest (expense)/income	<u>(12,907)</u>	<u>93</u>
	<u>(12,907)</u>	<u>93</u>

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS

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	49,545,702	3,640,416	2,288,316	55,474,434
Additions	378,244	7,663,984	-	8,042,228
Disposals	(172,833)	-	-	(172,833)
Transfers to stock	1,345,214	(1,227,865)	(117,349)	-
At end of year	<u>51,096,327</u>	<u>10,076,535</u>	<u>2,170,967</u>	<u>63,343,829</u>
DEPRECIATION				
At start of year	21,019,523	-	960,966	21,980,489
Charged during year	1,055,392	-	36,183	1,091,575
Transfers	49,281	-	(49,281)	-
Eliminated on disposal	(159,124)	-	-	(159,124)
At end of year	<u>21,965,072</u>	<u>-</u>	<u>947,868</u>	<u>22,912,940</u>
NET BOOK VALUE				
At end of year	<u>29,131,255</u>	<u>10,076,535</u>	<u>1,223,099</u>	<u>40,430,889</u>
At start of year	<u>28,526,179</u>	<u>3,640,416</u>	<u>1,327,350</u>	<u>33,493,945</u>

Additions to housing properties include capitalised admin costs of £122,924 (2021 - £97,315), capitalised major repairs of £1,395,661 (2021 - £585,202), property purchases of £284,563 (2021 - £110,910) and development costs of £6,239,080 (2021 - £2,392,583). Capitalised major repairs are transferred to housing properties held for letting at the conclusion of relevant contract.

The Association's lenders have standard securities over housing properties with a carrying value of £7,846,021 (2021 - £8,008,635).

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS

b) Other tangible assets	Office Premises	Furniture & Fittings	Total
	£	£	£
COST			
At start of year	720,178	1,240,862	1,961,040
Additions	-	8,046	8,046
Disposals	-	-	-
At end of year	<u>720,178</u>	<u>1,248,908</u>	<u>1,969,086</u>
DEPRECIATION			
At start of year	287,849	1,209,260	1,497,109
Charged during year	11,043	18,566	29,609
Disposals	-	-	-
At end of year	<u>298,892</u>	<u>1,227,826</u>	<u>1,526,718</u>
NET BOOK VALUE			
At end of year	<u>421,286</u>	<u>21,083</u>	<u>442,369</u>
At start of year	<u>432,329</u>	<u>31,603</u>	<u>463,932</u>

13. COMMITMENTS UNDER OPERATING LEASES

	2022	2021
	£	£
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	1,541	3,921
Later than one year and not later than five years	<u>2,034</u>	<u>3,575</u>
	<u><u>3,575</u></u>	<u><u>7,496</u></u>

14. DEBTORS

	2022	2021
	£	£
Arrears of Rent & Service Charges	251,292	275,201
Less: Provision for Doubtful Debts	<u>(134,901)</u>	<u>(190,190)</u>
	116,391	85,011
Other Debtors	103,828	130,535
Prepayments and accrued income	<u>179,082</u>	<u>167,984</u>
	<u><u>399,301</u></u>	<u><u>383,530</u></u>

LINTHOUSE HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
NOTES TO THE FINANCIAL STATEMENTS

15. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Housing loans	299,000	201,070
Trade payables	447,578	905,916
Rent in advance	217,674	186,820
Other payables	180,920	166,874
Deferred government grant	3,125	54,057
Accruals and deferred income	<u>540,774</u>	<u>144,115</u>
	<u><u>1,689,071</u></u>	<u><u>1,658,852</u></u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2022	2021
	£	£
Housing loans	<u>8,335,553</u>	<u>8,626,616</u>
	<u><u>8,335,553</u></u>	<u><u>8,626,616</u></u>

Housing loans above is shown net of arrangement fees to be amortised of £101,637 (2021 - £106,427).

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:

	2022	2021
	£	£
Due within one year	299,000	201,070
Between one and two years	352,000	299,175
Between two and five years	1,093,000	1,075,150
In five years or more	<u>6,992,189</u>	<u>7,358,718</u>
	<u><u>8,736,189</u></u>	<u><u>8,934,113</u></u>

LINTHOUSE HOUSING ASSOCIATION LIMITED
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17. CASHFLOW FROM OPERATING ACTIVITIES

	2022	2021
	£	£
Operating Surplus	499,347	751,839
Depreciation	1,134,893	1,118,775
Amortisation of Capital Grants	(592,973)	(590,019)
Change in debtors	(15,771)	22,296
Change in creditors	(67,711)	662,510
Movement in pension liability	(188,497)	(183,007)
Movement in investments	-	-
Non cash adjustments	4,791	4,813
Share capital cancelled	(14)	(5)
Cashflow from operating activities	<u>774,065</u>	<u>1,787,202</u>

18. ANALYSIS OF NET DEBT

Reconciliation of net debt as at 31 March 2022

	1 April	Cash flows	Non cash	31 March
	2021		movement	2022
	£'000	£'000		£'000
Cash at bank	9,162	(3,687)	-	5,475
Bank loans due within one year	(201)	198	(296)	(299)
Bank loans due outwith one year	(8,733)	-	296	(8,437)
Net debt	<u>228</u>	<u>(3,489)</u>	<u>-</u>	<u>(3,261)</u>

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19. DEFERRED INCOME

	2022	2021
	£	£
Social Housing Grants		
Balance as at 1 April 2021	20,795,324	18,914,494
Additions in year	3,942,219	2,518,290
Released / Repaid as the result of property disposal	(1,700)	(47,441)
Amortisation in Year	(591,273)	(590,019)
Balance as at 31 March 2022	<u>24,144,570</u>	<u>20,795,324</u>

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

Amounts due within one year	591,000	640,000
Amounts due in one year or more	<u>23,553,570</u>	<u>18,274,494</u>
	<u>24,144,570</u>	<u>18,914,494</u>

20. RESERVES

	2022	2021
	£	£
Shares of £1 each Issued and Fully Paid		
At 1 April 2021	165	169
Issued in year	5	1
Cancelled in year	<u>(14)</u>	<u>(5)</u>
At 31 March 2022	<u>156</u>	<u>165</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:-	2022	2021
	No.	No.
General Needs - New Build	89	89
General Needs – Rehabilitation	1,087	1,083
Shared Ownership	37	39
Supported Housing	<u>8</u>	<u>8</u>
	<u>1,221</u>	<u>1,219</u>

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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:

- 2 Members are tenants of the Association
- 4 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 – £9,023
- Factoring income due from Owner Occupiers in the Committee - £1,937
- 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 - £468
- Rent due from Committee members' close family - £5,247
- At the year-end total rent arrears owed by the close family of Committee members were – £nil

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.

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24. RETIREMENT BENEFIT OBLIGATIONS (continued)

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 2019. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2020 to 29 February 2021 inclusive. Similarly, an actuarial valuation of the scheme was carried out as at 30 September 2020 to inform the liabilities for accounting year ends from 31 March 2021 to 28 February 2022 inclusive.

The liabilities are compared, at the relevant accounting date, with the associations fair share of the Scheme's total assets to calculate the associations net deficit or surplus.

Pension Scheme Liability movements:

	<u>2021</u>	<u>2020</u>
	(£000s)	(£000s)
As at 1 April 2021	697	118
De-recognition of deficit funding liability	-	-
Recognition of defined benefit obligation	-	-
Current Service	-	-
Net Interest expense	13	-
Expenses	6	9
Deficit Contributions Paid	(194)	(192)
Impact of change in assumptions	(461)	762
As at 31 March 2022	<u>61</u>	<u>697</u>

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24. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

	31 March 2022 (£000s)	31 March 2021 (£000s)
Fair value of plan assets	6,372	6,249
Present value of defined benefit obligation	6,433	6,946
Surplus (deficit) in plan	(61)	(697)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(61)	(697)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	-	-

RECONCILIATION OF THE IMPACT OF THE ASSET CEILING

	Period ended 31 March 2022 (£000s)	Period ended 31 March 2021 (£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	-	-

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RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2022 (£000s)	Period ended 31 March 2021 (£000s)
Defined benefit obligation at start of period	6,946	5,932
Current service cost	-	-
Expenses	6	9
Interest expense	149	139
Member contributions	-	-
Actuarial losses (gains) due to scheme experience	17	(118)
Actuarial losses (gains) due to changes in demographic assumptions	22	-
Actuarial losses (gains) due to changes in financial assumptions	(540)	1,153
Benefits paid and expenses	(167)	(169)
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	6,433	6,946

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

	Period ended 31 March 2022 (£000s)	Period ended 31 March 2021 (£000s)
Fair value of plan assets at start of period	6,249	5,814
Interest income	136	139
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(40)	273
Contributions by the employer	194	192
Contributions by plan participants	-	-
Benefits paid and expenses	(167)	(169)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Exchange rate changes	-	-
Fair value of plan assets at end of period	6,372	6,249

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2022 was £412,000.

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24. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

	Period ended 31 March 2022 (£000s)	Period ended 31 March 2021 (£000s)
Current service cost	-	-
Expenses	6	9
Net interest expense	13	-
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 (SoCl)	19	9

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period ended 31 March 2022 (£000s)	Period ended 31 March 2021 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(40)	273
Experience gains and losses arising on the plan liabilities - gain (loss)	(17)	118
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(22)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	540	(1,153)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	461	(762)
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)	461	(762)

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24. RETIREMENT BENEFIT OBLIGATIONS (continued)

ASSETS	31 March 2022 (£000s)	31 March 2021 (£000s)
Global Equity	1,260	967
Absolute Return	292	308
Distressed Opportunities	228	214
Credit Relative Value	204	180
Alternative Risk Premia	263	254
Fund of Hedge Funds	-	-
Emerging Markets Debt	237	252
Risk Sharing	208	223
Insurance-Linked Securities	134	131
Property	165	112
Infrastructure	398	349
Private Debt	160	147
Opportunistic liquid Credit	211	160
High Yield	62	164
Opportunistic Credit	22	171
Cash	18	2
Corporate Bond Fund	403	471
Liquid Credit	41	108
Long Lease Property	184	145
Secured Income	340	343
Over 15 Year Gilts	3	3
Index Linked All Stock Gilts	-	-
Liability Driven Investment	1,542	1,502
Currency Hedging	(23)	-
Net Current Assets	20	46
Total assets	6,372	6,249

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.

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24. RETIREMENT BENEFIT OBLIGATIONS (continued)

KEY ASSUMPTIONS		
	31 March 2022 % per annum	31 March 2021 % per annum
Discount Rate	2.79%	2.17%
Inflation (RPI)	3.57%	3.28%
Inflation (CPI)	3.19%	2.86%
Salary Growth	4.19%	3.86%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2019	21.6
Female retiring in 2019	23.9
Male retiring in 2039	22.9
Female retiring in 2039	25.4

CONTINGENT LIABILITY

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is not recognised that this could potentially impact the value of the Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

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25. CAPITAL COMMITMENTS

	2022	2021
	£	£
Expenditure contracted but not provided for in accounts	<u>2,727,968</u>	<u>7,673,575</u>
Expenditure authorised by the management committee not contracted for	<u>-</u>	<u>1,074,024</u>
Funded by:		
Social Housing Grant	-	3,638,720
Other grants and contributions	982,129	3,283,185
Reserves	<u>1,745,839</u>	<u>1,825,695</u>
	<u>2,727,968</u>	<u>8,747,600</u>