



**LINC CYMRU HOUSING ASSOCIATION LIMITED
ANNUAL REPORT & FINANCIAL STATEMENTS**

for the year ended 31 March 2020



Creating the right environment for people to flourish



www.linc-cymru.co.uk

**Linc-Cymru Housing Association Limited
Annual Report and Financial Statements
For the year ended 31st March 2020**

Linc-Cymru Housing Association Limited Annual Report and Financial Statements For the year ended 31st March 2020

Contents	Page
Strategic Report	1
Board and Governance Report	8
Financial and Performance Review	20
Independent Auditors' Report	29
Consolidated Statement of Comprehensive Income	32
Association Statement of Comprehensive Income	33
Consolidated Statement of Financial Position	34
Association Statement of Financial Position	35
Consolidated Statement of Changes in Reserves	36
Association Statement of Changes in Reserves	36
Consolidated Statement of Cash Flows	37
Notes to the Financial Statements	38
Operating and Financial Review 7 Year Summary	67



Linc-Cymru Housing Association Limited

Strategic Report

For the year ended 31st March 2020

The Board of Management present their strategic report on the affairs of Linc-Cymru Housing Association Limited (Linc), together with the financial statements and auditors' report, for the year ended 31st March 2020.

Linc is an independent business providing housing for rent and sale, together with the provision of care and support services for people in need. We are a non-profit distributing business with all surpluses being reinvested to further expand our activities. The Shareholding Members of Linc have no entitlement to any income or capital distribution.

The homes that we provide include homes for rent at social rents and at market level rents. We have developed shared ownership properties which provide the opportunity for home ownership. We provide a range of properties catering for people with support needs including supported and sheltered housing, extracare accommodation and registered nursing homes across South Wales.

Legal Status and Structure of Linc-Cymru Housing Association Group

Linc is a Registered Society under the Co-operative and Community Benefit Societies Act 2014.

Linc is registered as a Registered Social Landlord with the Welsh Government, Registration Number L109 and with the Financial Conduct Authority, Registration Number 25555R. Linc is registered under Charitable Rules.

At 31st March 2020, the Linc-Cymru Housing Association Group comprised of Linc-Cymru Housing Association Limited and its 100% owned subsidiary Tarbed Limited. Tarbed Limited is a limited company registered under the Companies Acts and undertakes development activity solely on behalf of Linc-Cymru Housing Association Limited.

Linc and its subsidiary Tarbed Limited are members of Community Housing Cymru Limited.



Linc-Cymru Housing Association Limited

Strategic Report

For the year ended 31st March 2020 (continued)

Going Concern

Linc's activities, together with the factors likely to affect its future development, its financial position, risk management, details of its financial instruments, and its exposure to credit, liquidity and cash flow risk are detailed in this Annual Report.

The financial statements have been prepared on a going concern basis. The Board has reviewed cashflow forecasts and other financial projections and in particular has considered the impact of Covid 19 on the going concern basis of the business. The implications and Linc's response to Covid 19 is detailed below.

Linc has considerable financial resources and, as a consequence, the Board believes that Linc is well placed to manage its business risks successfully despite current uncertainties in the social housing sector including the impact of Covid 19.

After making enquiries, the Board has a reasonable expectation that Linc has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board has concluded that it can continue to adopt the going concern basis in preparing the financial statements.

Covid 19

The pace and spread of Covid-19 has demanded that society and businesses rapidly adapt, and the Coronavirus Act 2020 gave the government emergency powers not used since the Second World War. Unlike many other RSLs, Linc is firmly rooted in the health, social care and housing sectors, which has resulted in the need to create a more multi layered response.

Creating a consistent and reliable governance framework for Covid-19 was critical in the response. A Business Continuity Team was formed at the start of the pandemic, and met daily to share key policy updates, agree decisions to safeguard staff, tenants, residents and ensure business critical functions could continue. Challenges faced included staff resource in our nursing homes due to high levels of staff absence through self-isolations, sourcing appropriate Personal Protective Equipment (PPE) and keeping up to date with the fast pace of changing government guidance.

The Welsh Government has a requirement for the continued governance framework including risk mapping and assessment. Covid-19 has applied additional pressures across the business, and the assessment of risk, along with trend analysis, is forming part of our efforts to mitigate the worst of the impacts. Informing the Welsh Government on the evolving situation across Linc's services and keeping up to date with regulatory requirements, supports safeguarding Linc into the post Covid-19 phase and beyond.

Our nursing homes have experienced increased voids during the pandemic. We have received significant financial support from the Welsh Government via the Local Authorities in meeting the lost income. In the three months to 30th June 2020 the Welsh Government provided funding for 100% of the void losses incurred as a result of COVID 19 and has confirmed funding at 90% of the void losses for the three months July 2020 to September 2020. More recently the Welsh Government has confirmed that this financial support will continue until March 2021. The level of support for this extended period is yet to be confirmed. The funding is paid at the Local Authority fee rate.

Whilst restrictions have been eased by the Welsh Government due to the lower levels of transmission, Linc has continued its planning for any future second waves of the pandemic. A Covid-19 Business Continuity plan has been developed, considering the lessons learnt from the first wave of the pandemic, and work is underway to ensure that our core services can continue in light of any future waves.

Linc-Cymru Housing Association Limited

Strategic Report

For the year ended 31st March 2020 (continued)

Strategic Business Objectives

Linc makes a significant contribution to the development, and management of a wide range of housing solutions in South East Wales. These include general needs housing, sheltered and supported housing, extracare housing and nursing care. The Board in conjunction with the Executive Team has growth aspirations which cover all areas of operations. The Welsh Government has set a target for affordable homes for the current term of Government at 20,000 homes. This is an ambitious target and one that Linc is committed in helping to achieve.

Each new business proposal is carefully evaluated with appropriate due diligence. Not all opportunities are pursued. If a scheme does not meet our stringent criteria it is not progressed.

We continue to evolve our housing management and asset management strategies ensuring that we offer appropriate support to our tenants as further welfare reform changes occur, while maintaining our properties to acceptable standards and maintaining compliance with Welsh Homes Quality Standard.

Strategic Corporate Objectives

We continue to adopt our approach, simplifying what we do as a business and focussing on what matters. We use data and ensure that we spend our energy on actions which drive our purpose and create the biggest impact. The OneLinc Business Plan launched in 2019 has the key purpose of 'Creating the right environment for people to flourish'. To create the right environment for people to flourish, is underpinned by our values which are Passionate, Ambitious and Respectful. Each year, we develop an action plan in order to progress our OneLinc Business Plan.

The Coronavirus COVID-19 pandemic created unprecedented challenges to our services, what was delivered and the way in which it was delivered. The working day for most changed dramatically. Assumptions in terms of what matters and the way in which we achieve our goals have shifted.

Whilst the way in which we worked changed, our Purpose and our Values remained central. These remained at the core as did our key themes of a 'Prosperous Business', 'Wellbeing & Personal Development', 'Modern & Excellent Services' and 'New Business & Growth'. Our ambition remains strong and aligned to the priorities of the Welsh Government and Local Authorities. Below are the strategic goals under the four themes of our Business Plan.

1. New Business and Growth

Our OneLinc goals:

- Creating 1,700 new homes by 2026 that support a good quality of life.
- Providing homes for sale to support our ongoing investment in affordable housing.
- Extending our use of modern methods of construction to create environmentally conscious and sustainable developments.
- Partnering to deliver solutions that meet health, housing, leisure and workplace needs.

Linc-Cymru Housing Association Limited Strategic Report For the year ended 31st March 2020 (continued)

2. Wellbeing and Personal Development

Our OneLinc goals:

- Designing work environments and practices that support wellbeing.
- Investing in staff and residents to maximise their talents.
- Learning and improving through research and innovation.
- Building skills that support Linc as a modern business.

3. Modern and Excellent Services

Our OneLinc goals:

- Delivering digital services to meet the changing needs of our customers.
- Investing in systems that support our staff to work efficiently.
- Using data and insight to support intelligent decision making.
- Learning and improving through research and partnership.

4. Prosperous Business

Our OneLinc goals:

- Supporting the social and economic ambition of customers.
- Involving our customers, listening, learning and acting on their views.
- Value for Money leading improvements to create capacity.
- Delivering a modern governance framework.



Linc-Cymru Housing Association Limited

Strategic Report

For the year ended 31st March 2020 (continued)

During 2019, the Board reiterated:

1. The principle of building up to 1,700 new homes. Development schemes for 1,055 of these new homes have been identified and the homes will be constructed in the five year period 2020/21 to 2024/25.
2. That the focus on growth should remain in our traditional areas whilst not discounting windfall opportunities that arise from time to time in other parts of Wales that add value to our core business.
3. That the Board should examine how even greater financial capacity can be achieved without undermining the ongoing ability of Linc to secure a sustainable future for its current assets.

Risk Management

Linc has a well-developed approach to the identification and evaluation of Risk. Linc's Risk Management Group (RMG) which comprises of Heads of Service from across the organisation meets quarterly to review existing risks and to identify any new risks that may have emerged. Risk Registers are maintained for all operational parts of the Business and each quarter the RMG reports to the Senior Leadership Team which considers the recommendations from the RMG and reviews the Corporate Risk Register in light of these recommendations. The Corporate Risk Register contains those risks which are judged by the Senior Leadership Team to be the strategic risks facing the organisation. The Senior Leadership Team reports to the Board quarterly on the key Corporate Risks and the Corporate Risk Register.

The key strategic risks which could impact on our ability to deliver on our strategic vision are described below.

Welfare Reform

The risk associated with welfare reform in particular the impact of Universal Credit is non-payment of rent. This will reduce our income and increase our costs as we deploy additional resource in collecting arrears.

We have a Welfare Reform Action Plan and Strategy and have an experienced Money Advice Team in place. We have an ongoing tenant profiling review in place, and we identify vulnerable tenants in order to advise and support them.

The Introduction of the National Living Wage

The introduction of the National Living Wage to at least £9 per hour, has and will continue to impact significantly on Linc's cost base. We employ large numbers of carers in the nursing homes and staff in our facilities management teams who benefit from these increasing hourly rates of pay.

We continue to model the ongoing impact of these increases and our financial forecasts are robust enough to meet the additional costs.

Health and Safety Failure

Health & Safety failure which causes bodily injury, loss of life or serious ill health is one that applies to all parts of the business. The safety of our tenants, residents and staff is taken extremely seriously and we have put in place a range of controls and safeguards to maintain and improve our high standards. We review on a monthly basis key health & safety performance indicator and we have developed an extensive learning and development programme so that all of our staff are aware of their responsibilities in this area. We report to the Board monthly on our health and safety performance and the Board receives health and safety learning and development training at least annually. During the year, we recruited additional resource to our Health and Safety team.

Linc-Cymru Housing Association Limited

Strategic Report

For the year ended 31st March 2020 (continued)

Nursing Homes

There are a number of risks associated with our nursing homes. These include:

- The issuing of a non-compliance notice from Care Inspectorate Wales (CIW), which may lead to action to de-register a home.
- Death, injury or abuse as a result of poor practice at a home. In addition to the detrimental impact on the individual, this may lead to reputational damage and impact on the viability of the home.
- Exposure to money saving strategies adopted by commissioners in health and social care resulting in a pressure to the financial viability of services in Linc Care.

We have in place robust controls to address these risks which are confirmed by the very low level of incidents and extremely positive CIW reports on each of the homes.

We have numerous controls in place to address money saving strategies including ensuring our contracts with commissioners are financially robust, demonstrating value for money in the services that we provide to our residents and ensuring that there is an income/fee raising environment.

In July 2019 we appointed Richard Davies, Linc's Executive Director Care as Linc's Responsible Individual (RI). In order to satisfy the requirements of CIW, Linc's Board approved the appointment of Richard as a co-opted Non-Executive Director the appointment being for a period of six months. This appointment has been renewed on two occasions since then, each period being for six months. The appointment will again be reviewed by the Board in January 2021.

A significant additional risk within the nursing homes became apparent in the first quarter of 2020 with the emergence of COVID-19. The pandemic caused us to evaluate and respond to the risks faced by our residents, our staff and the financial impact on occupancy levels. As noted elsewhere in this report our staff responded in a way which both protected our residents, themselves and put us in a positive position should a second wave of the pandemic emerge.

Regulatory Engagement

The risk is that Linc does not take appropriate action in respect of the areas of Regulatory Engagement. We have a meaningful regulatory engagement that is accurately recorded and a positive relationship which is open and transparent.

Financial Risk Management Objectives and Policies

Linc's activities expose it to a number of financial risks including cash flow risk, liquidity risk and credit risk. The use of financial derivatives is governed by Linc's policies approved by the Board, which provide written principles on the use of financial derivatives to manage these risks. Linc does not use derivative financial instruments for speculative purposes. There were no derivative financial instruments in place at the year end.

Cash Flow and Liquidity Risk

Linc's activities expose it to the financial risks of changes in interest rates. Linc has a diversified loan portfolio which includes both variable interest rate, fixed interest rate and index linked loans. Linc does not enter into complex derivative contracts.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, Linc uses a mixture of long-term and short-term debt finance.

There are examples of failure in the sector which have been brought about by cash flow failures with the organisation unable to meet contractual payments. Linc has treasury management policies in place, including borrowing and investment policies with regular monitoring of our cash position, current and forecasting ahead, so that we minimise the risk of exposure.

Linc-Cymru Housing Association Limited

Strategic Report

For the year ended 31st March 2020 (continued)

Credit Risk

Linc's principal financial assets are bank balances and cash, rent arrears and other receivables. Linc's credit risk is primarily attributable to its rent arrears. The amounts presented in the Statement of Financial Position are net of allowances for bad debts. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Linc has no significant concentration of credit risk, with exposure spread over a large number of counterparties and tenants.

Future Prospects

The Welsh Government has set a target for affordable homes for the current term of Government at 20,000 homes. This is an ambitious target and one that Linc is committed in helping to achieve.

We have an identified development programme of over 1,000 social housing properties which will come into management during the next five years. Our thirty year financial models indicate that we have significant additional capacity for development.

We operate ten extracare schemes in Cardiff, Newport, Ebbw Vale, Bridgend and Aberdare. These schemes which are developed with Social Housing Grant are let on our standard tenancy lease. Our first extracare scheme with Rhondda Cynon Taff Council (RCT) located in Aberdare opened in May 2020. Our current development programme includes an additional 4 extra care schemes in RCT with the next scheme in Pontypridd currently under construction. With our existing operations, financial stability and resources we consider that the future prospects for Linc in meeting the growing housing and care needs continue to be positive.

Baneswell Housing Association Limited

In October 2018 Housing Associations in Wales were invited by Baneswell Housing Association (BHA) to submit expressions of interest to enter into a transfer of engagement. BHA were seeking a partner to safeguard their successful business due to the economy becoming more unpredictable, uncertainties surrounding Welfare Reform and the move towards digitalisation. BHA owned 70 homes in central Newport which are in good condition with no outstanding mortgage debt. BHA was making annual surpluses, was financially strong and had an excellent community presence. Linc was chosen by BHA to be their preferred partner and following extensive due diligence the transfer of engagement between BHA and Linc was registered with the Financial Conduct Authority on 4th October 2019. The assets and liabilities of BHA were transferred to Linc and the gain on the transfer of undertakings which amounted to £2,363,000 has been included in the financial results for the year ended 31st March 2020 and is disclosed in note 2(a) in the financial statements. On transfer, all of the shareholding members of BHA at the date of transfer had the legal right to become shareholding members in Linc. Seven BHA shareholders decided to exercise this right and have become shareholding members in Linc.

Approved by the Board and signed on its behalf by:



Richard Norton
Chair



Julia Attwell
Vice Chair

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2020

Principal Objectives and Activities

The principal objectives and activities of Linc are the provision of rented accommodation and care and support services for people in need.

Registered Office

387 Newport Road, Cardiff CF24 1GG

Professional Advisors

Internal Auditors:

TIAA Ltd
Artillery House
Newgate Lane
Fareham
PO14 1AH

External Auditors:

Grant Thornton UK LLP
Sixth Floor
3, Callaghan Square
Cardiff
CF10 5BT

Bankers:

HSBC Bank PLC
56 Queen Street
Cardiff
CF10 2PX

Solicitors:

Blake Morgan LLP
One Central Square
Cardiff
CF10 1FS

Solicitors:

Hugh James LLP
Two Central Square
Cardiff
CF10 1FS

Board Members



Richard Norton, Chair

With over 25 years in senior financial roles in manufacturing, Richard joined Linc's Board in May 2014 and became Chair of the Board in March 2018. Richard is also Chair of the Development Committee and Chair of the Nominations Committee.



Julia Attwell, Vice Chair

Julia works in Business Development for a mental health charity and is Managing Director of Ffocws Consulting Ltd. Julia sits on several Boards in South Wales and joined Linc's Board in June 2016. She became Vice Chair of the Board in June 2018 and is a Member of the Audit Committee, Development Committee and Remuneration Committee.

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2020 (continued)



Richard Miles

Richard is Head of Savings/Area Manager at the Swansea Building Society. He has over 27 years financial services experience gained within the banking/ building society sector mainly in Midlands and Wales. Richard joined Linc's Board in April 2019 as a co-opted member. He is a Member of the Audit Committee, Nomination Committee, Remuneration Committee and a Director of Tarbed Limited, a subsidiary of Linc. He will join the Pensions Governance Committee in September 2020.



Bev Mills

Following a 30 year career in social care and housing Bev retired in 2013 but has been active in governance positions both in the Third and housing sectors since. Her latter professional years were spent in strategic positions in housing and social services, improving and developing services for vulnerable adults, children and families. Bev Mills joined Linc's Board in June 2018 and is Member of the Audit Committee, Pension Governance Committee, Development Committee and Nomination Committee. As well as serving on the Board, she runs a small lettings business and mentors adults setting up in business for the first time or returning after a break. Her interests within the Linc Board remain focused on service improvement and development, particularly improving housing options and alleviating homelessness across south Wales.



Mandy Newton

Mandy is a proven leader in driving operational excellence and business growth in the IT and Customer Service Sectors. She is a leader that has worked at board level for over 20 years, with outstanding stakeholder management skills and the ability to build dynamic teams, with extensive experience in business change. Mandy has worked in the government and private sectors, leading and implementing digital and business transformation programmes with Fujitsu Services Ltd and the Hyder Group. Mandy joined Linc's Board in April 2019 as a co-opted member and she is a member of the Audit, Development, Remuneration and Care Committee, also, Mandy is the Board Sponsor for Corporate Social Responsibility (CSR).



Gerraint Oakley

Gerraint is Executive Director – Growth and Development at Platform Housing Group, a 47,000 home housing association in England. His recent previous roles include Regional Managing Director of Keepmoat Homes South West and Managing Director of Curo's house building business in Bath. He has over 30 years' experience in property, estate and asset management, development and urban regeneration. Prior to joining Curo he held the role of Director of Development for Coastal Housing Group and MD of Pennant Homes. Gerraint joined Barratt Developments Plc in 2008 where he worked throughout the UK in Barratt and David Wilson Homes Divisions. Prior to joining Barratt, he worked for Vodafone for 10 years where he was a Global Property Strategy Manager. Gerraint joined Linc's Board in April 2019 as a co-opted member and is a Member of the Development Committee.

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2020 (continued)



Jonathan Pearce

Jonathan is a Chartered Accountant and is employed as Commercial Finance Director for Warner Surveys, an international land and engineering surveying business. Jonathan is also a Fellow of the Chartered Institution of Civil Engineering Surveyors. He has over 20 years financial management experience gained within the construction sector. Jonathan joined Linc's Board in June 2016 and is Chair of both the Audit Committee and the Pensions Governance Committee. Jonathan is also the Chair of Tarbed Ltd, a subsidiary of Linc.



Alan Sinclair

Alan is retired after working for 38 years in social housing. During that time, he covered all aspects of housing, from being a Director of Operations at a Welsh housing association to working in housing strategy for a local authority. He has a particular commitment to housing for older people. Alan joined Linc's Board in June 2018 and is a Member of the Development Committee, the Care Committee and the Nomination Committee.



Brian Thomas

Brian has been a tenant of Linc since February 2009. He is currently on the Tenant Strategy Panel (formerly the Tenant Panel) and also attends Scrutiny Boot Camps when required. Brian was Chair of the Tenant Panel from October 2014 until August 2017. He joined Linc's Board in September 2017 and is also a Member of the Audit Committee. Brian is looking forward to taking up the role of Linc's Board Ambassador from September 2020.



Lynda Williams

Lynda is retired after 40 years working in the health service. As a Registered Nurse Lynda has worked as a Clinician and Senior Manager across a range of Care sectors. The last 15 years of her career were as Executive Director of Nursing and Midwifery in NHS Wales. Lynda's areas of specific interest are governance, care standards and safeguarding. She joined Linc's Board in September 2018 and is Chair of the Remuneration Committee, Chair of the Care Committee and she is also a Member of the Audit Committee. Lynda also sits as a Trustee on a number of Boards in the Charitable sector.



Richard Davies

Richard is responsible for the leadership and performance of our care business including our three directly run nursing homes and our diverse range of Independent Living accommodation. Richard joined Linc's Board in July 2019 as a co-opted member. Richard is Linc's Responsible Individual (RI) for our three nursing homes.

Former Board Member

Keith Shankland left the Board on 26th September 2019 following nine years' service.

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2020 (continued)

Executive Officers



Scott Sanders
Chief Executive

Scott concentrates on strategic business planning, corporate communications and governance. He leads on Linc's New Business Strategy and is a Director of Tarbed Ltd.



Campbell Bardo
Executive Director
Corporate Services

Campbell concentrates on strategic finance, corporate services and the role of Company Secretary. He is Deputy Chief Executive and a Director of Tarbed Ltd.



Nicola Smith
Executive Director
Linc Homes

Nicola is responsible for all aspects of our Homes business including our Customer Contact Centre and is the lead Director for tenant engagement.



Louise Attwood
Executive Director
Property

Louise Attwood and her team are responsible for delivering the organisation's new business and growth strategy across our social and market rental products as well as our independent living business.



Richard Davies
Executive Director
Linc Care

Richard is responsible for the leadership and performance of our care business including our three directly run nursing homes and our diverse range of Independent Living accommodation.

The Executive Officers of Linc hold no interest in Linc's share capital and although not having the legal status of Directors they act as Executives within the authority delegated by the Board.

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2020 (continued)

Board and Corporate Governance

The activities of Linc are overseen by the Board which meets once every two months. There are five Committees that report directly to the Board and these oversee specific areas of activity:

Audit Committee

The Audit Committee meets at least three times a year. The objectives and purpose of the Audit Committee are to support and advise the Board in fulfilling its duty to ensure that:

1. The necessary systems, controls and procedures are established and maintained in order to safeguard the interests of all stakeholders in Linc's activities.
2. Systems and procedures are established to ensure the most efficient and effective use of Linc's resources.

The Audit Committee recommends the appointment of the internal and external auditors to the Board and considers all audit and governance issues arising from both the internal and external auditors. The Committee approves the annual internal audit programme and audit risk assessment.

Development Committee

The Development Committee meets at least three times a year. The objectives and purpose of the Committee are to support and advise the Board on new development to ensure that:

1. The viability and risk associated with new development proposals is in line with the Board approved business plan.
2. New developments are in line with the Board approved assumptions.
3. The cumulative risk profile of the development programme remains in line with the Board approved parameters.
4. Significant variances against approved feasibilities are reported to the Board

Pension Governance Committee

The Pension Governance Committee meets at least once a year. The objectives and purpose of the Pension Governance Committee are to support and advise the Board in fulfilling its duty to:

1. Ensure that the necessary systems and procedures are established and maintained to safeguard the interests of Linc's Aegon pension scheme members.
2. Promote the efficient and effective use of Linc's resources in all matters pertaining to the Aegon pension scheme.
3. Ensure that the necessary systems and procedures are established and maintained to safeguard the interests of Linc's Employees automatically enrolled into the NEST pension scheme.

Remuneration Committee

The Remuneration Committee meets at least once a year. The objectives and purpose of the Remuneration Committee are to support and advise the Board on all matters relating to the remuneration and terms and conditions of service of:

1. The Non-Executive Directors
2. The Chief Executive Officer (CEO) and the Executive Directors, who together form the Executive Team.
3. All other Linc employees

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2020 (continued)

Nomination Committee

The objective and purpose of the Nomination Committee is to support and advise the Board in fulfilling its Governance responsibilities and under the Rules in ensuring that the Board is comprised of individuals who are best able to fulfil the responsibilities of Board Members as laid out in the Rules and Regulatory Requirements issued by the Welsh Assembly Government.

Statement of the Board Members' Responsibilities

The board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society legislation requires the board to prepare financial statements for each financial year. Under that law the board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under the Co-operative and Community Benefit Society legislation the board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the association and group for that period. In preparing these financial statements, the board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Requirements of Registered Social Landlords General Determination (2015). It is 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.

The board are responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of Information to Auditors

Each of the Board Members at the date of approval of this report has confirmed that:

- As far as the Board Members are aware, there is no relevant audit information of which Linc's auditor is unaware, and
- The Board Members have taken all the steps that they ought to have taken as Board Members in order to make themselves aware of any relevant audit information and to establish that Linc's auditor is aware of that information.

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2020 (continued)

Internal Financial Control

The Welsh Government requires Registered Social Landlords (RSLs) to report on internal controls (Welsh Government Circular RSL 02/10).

The Board acknowledges its overall responsibility for establishing and maintaining the system of internal financial control and for reviewing its effectiveness. The system of internal financial control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

The Board has reviewed the effectiveness of Linc's internal financial control system for the period from 1st April 2019 to 3rd September 2020, the date of this report.

The following mechanisms are in place and are designed to provide effective internal control:

- Standing Orders and Financial Regulations which detail the delegated authority from the Board of Management to Officers.
- Management information and accounting systems with monthly reporting of financial results and other performance indicators compared with forecasts and budgets.
- Rolling five year strategic plans, forecasts and development plans.
- A business model forecasting Linc's financial position over the next 30 years.
- Monitoring of the control system by the Audit Committee, internal auditors and external auditors.
- Ensuring that formal policies and procedures are in place, including the documentation of key systems.
- Linc has in place a process for identifying, evaluating and managing the significant risks it faces. The Corporate Risk Register which is supported by individual Departmental Risk Registers is reviewed at each meeting of the Audit Committee, by the Senior Leadership Team and the Board quarterly. This process has been in place for the whole of the period covered by these financial statements up to and including 3rd September 2020.
- The Board has approved the introduction of a Board Assurance Framework (BAF) and during the year we have aligned and incorporated the BAF into the Corporate Risk Register.
- Linc has policies and procedures to safeguard its assets and to prevent and detect fraud and other irregularities. The Board has general responsibility for taking such steps as are reasonably open to it for the prevention and detection of fraud and recovery of assets.

Governance Review

The Linc Board meets formally seven times a year and is responsible for the strategy and policy framework, delegating the day to day management and the implementation of the strategy to the Chief Executive and the Executive Team members.

During 2019/20 we continued to build on our governance framework to ensure that Linc remains dynamic, focused, and fit to face future challenges.

- The Care Committee was established to provide additional Linc scrutiny and assurance around our nursing homes.
- A new in-house governance team were established to support the Board and Executive Team.
- A Board Assurance Framework was introduced, containing key business risks and assurances.
- Established a new online governance diary developed highlight key dates for regulatory returns and relevant governance compliance information.
- Improved the self-evaluation framework and moved from six monthly self-evaluations to annual self-evaluations.

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2020 (continued)

- Reviewed the composition of the Board, and concluded that whilst the Board continues to have the appropriate mix of skills and experience to enable it to lead Linc and to deliver its strategy, the next phase of recruitment would focus on the additional skills that may be required in order to future proof Linc.
- Worked in partnership with Chwarae Teg and joined the 'Step to Non-Exec' programme to improve the diversity of our Board. This programme is aimed at encouraging young women into Non-Executive Director roles.

Board Portal

The Board portal forms an important part of maintaining strong governance through Non-Executive Directors self-service. The portal contains information of the following nature:

- Monthly reporting on finance, Health & Safety and Nursing Home Governance.
- Constitutional documents including Linc's Rules, the Memorandum and Articles of Linc's subsidiary Tarbed Limited, Statutory Accounts, Committee/Board papers and minutes.
- Regulatory documents including Judgements, Performance Standards, Compliance Statement, Self-Evaluation.
- Business strategies including the Business Plan, Asset Management and Treasury.
- Calendar of community events.
- Continuing Professional Development.
- Sector News.

Compliance with the Revised CHC (Community Housing Cymru) Code of Governance

The CHC Code of Governance set the principles and recommended practice for good governance. The code is seen to be a tool for continuous improvement towards the highest standards in governance. The Board considers and reflects on the Linc's compliance against the seven principles set out in the code on an annual basis.

The Board agreed that Linc's compliance with the code had been demonstrated, and that it had demonstrated a range of improvements from the 2018/19 position. The Board is continuing to consider how we attract diverse talent in future Board recruitment campaigns.

Board Membership

Linc aims to ensure a diverse Board Membership which is representative of the areas in which it provides housing, health and social care schemes and services and to recruit members to serve on its Board of Management. Board Membership shall be open to all who:

- Meet the requirements of membership as laid down in Linc's Rules.
- Openly and genuinely support the principle of delivering the strategic plans and priorities of Linc in respect of housing, health and social care.
- Have no business interest in Linc.

The Board as a whole, benefits by having members, all of whom are drawn from the private and public sectors, with the following skills, knowledge and experience:

- Governance, business and strategic management.
- Commercial experience.
- Treasury management, funding and risk management.

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2020 (continued)

- Social enterprise and community development.
- Media, public relations and marketing.
- Business transformation in a digital era.
- Human resources, training and development.
- Asset management, the construction industry including related professional services, property development, climate change and carbon neutral development.
- Legal.
- Social and affordable housing, health and social care activities.
- Customer Service.
- Equality and diversity.
- Technology and Robotics

The Board is supported and advised by an Executive Team led by the Chief Executive. The Team comprise people with considerable knowledge and experience of both the strategic environment and the operational requirements of Linc.

Existing Non-Executive Directors are encouraged to provide the Board with up to 6 months' notice of their intention to leave the Board (except where a Member is completing the maximum of 9 years' term). This aids succession planning and mitigates against big changes at any one time.

At least annually, the Nomination Committee reviews the membership of the Board taking into account succession planning and identifies skills, knowledge and experience gaps. The Committee reports on its findings to the Board.

Care Inspectorate Wales

Care inspectorate Wales (CIW), the statutory body that regulates care standards in nursing homes in Wales, requires all providers of nursing homes in Wales to appoint a Responsible Individual (RI). The RI must be an individual who has either a financial interest in the business or is in a position of authority to direct the care delivered. In order to satisfy this requirement, Linc appointed Richard Davies, Linc's Executive Director Care as a co-opted Board Member. Richard's appointment as Linc's RI was approved by CIW.



Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2020 (continued)

Tenant and Resident Involvement and Engagement

Tenants played a significant role in scrutinising and shaping services across Linc and in developing more socially and economically viable communities. The launch of a new Tenant and Community Engagement Strategy, including a new framework for gathering more insight and engaging communities has been central to our work moving forward.

Listening, acting, and learning from Tenants and Residents has been key and some highlights include:

- Launching a new partnership with the Open University (OU) and Aberbeeg Community Group, funded by UKRI (UK Research and Innovation). Set up to reach a community historically blighted by social and economic decline, the place based initiative has successfully signed up tenants to OU Taster Courses, will create digital stories recorded by young people but told by residents living in our Llys Glyncod, extracare scheme in Ebbw Vale and will involve co-hosting a national exhibition showcasing community achievements.
- Two Scrutiny Bootcamps were organised together with tenants to review our approach in terms of Anti-Social Behaviour, Reducing Evictions and Design standards of new homes. These not only enabled us to gather insight, but also provided a great experience for all. A series of recommendations were delivered to and endorsed by our Board and we won the Chartered Institute of Housing National Diversity Award for our work.
- Our Loving the Lysaght Project funded by NLHF (Heritage Fund) co-produced outstanding outcomes. Engagement with schools, innovative audio memory boxes, research to hear the voices of the BAME community, support for over 12 volunteers and the creation of a Musical with Operasonic. Over 30 digital stories capture the voices of residents and will form part of a digital timeline.
- Together with tenants we set up the new Tenant and Resident Strategy Group that will be operating with a new remit and via a digital platform to ensure effective scrutiny takes place and to make sure the voices of tenants are heard on strategic matters.
- Several new and existing community groups were set up or revived to improve community wellbeing. They are independently constituted and able to raise their own funds to meet their own aspirations. Already the groups are experiencing great outcomes which range from accessing new resources right through to working together to ensure that younger and older people have a better future.

Co-production and togetherness have been key and when the Covid 19 pandemic hit, great relationships enabled us to act quickly to deliver wellbeing services. Working across teams, with local organisations and community groups, we supported a range of initiatives including food parcel projects delivered for and by the community, we fast tracked community grants to focus on the reduction of loneliness and isolation and engaged over 2,000 residents in safe and distanced VE Day celebrations. We also produced key information, working with tenants and partners to mitigate financial hardship. Finally, in 2019/20 we said goodbye to our Tenant Panel, which had successfully worked with us for over 7 years. We would like to say a huge thanks to the Panel members for all their fabulous work and for supporting us to take forward our new arrangements.

Social Value

In the Linc Value for Money Register for 2019-2020 our tenants and residents benefitted from over £232,000 worth of funded projects from ourselves and partners to work directly with them.

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2020 (continued)

Employee Involvement and Participation

We have always been extremely proud of our employees and the excellent work they undertake for the benefit of our tenants, residents and each other. The services we deliver with professionalism, kindness and care has been the trademark of Linc's staff and is key to our financial success. At the start of 2020, we embraced the new decade with our restated values, Ambitious, Respectful and Innovative and with a purpose to Create the Right Environment for People to Flourish. By February we realised that 2020 was going to be a year like no other and together we all faced the challenges head on as One Linc.

Volunteering

Very early on in the Coronavirus pandemic, we prioritised our services and focussed on caring for our most vulnerable residents and tenants, looking after our colleagues and protecting our income streams and managing costs. As the virus spread throughout the community, we needed to maintain safe numbers in our nursing homes and independent living schemes as their staff became ill or unable to attend work. We put out a call to our Head Office staff to see if they could volunteer to provide critical help, this help was needed in a part of the business that was unfamiliar to them and the work somewhat daunting. We received an amazing response, and staff from across all areas of Linc worked tirelessly, day and night to maintain the highest standards of care, 24 hours per day throughout the crisis period. The feedback from the volunteers was so positive, we will look for ways to promote further volunteering opportunities in the future.

Communication

Effective communication is key in driving employee engagement and involvement as well as imparting key information. During the COVID-19 situation, having good communication processes and platforms had never been more important to us. As guidelines and legislation changed, sometimes with little or no notice, we developed a number of communication methods to share critical information and work through changes in working practices and policies. Keeping everyone informed, as well as collating and reporting on vital information was only possible due to the up-to-date, responsive and flexible communication approach.

Agile Working

During the last year or so we had made some significant progress in becoming a more agile workforce, not only from a location perspective but also in streamlining processes and driving technical solutions to improve efficiency. Almost overnight the vast majority of office based staff were required to work from home. There were times when decisions were needed to be made quickly and our tech systems enabled this to happen with the right people, with the right information and data and with the appropriate governance in place.

Health & Safety and Wellbeing

Our Wellbeing Strategy was well developed and key actions underway when the COVID-19 situation caused us to rethink our approach. Our four pillars of wellbeing, Financial, Physical, Emotional & Environmental/Social, continued to be a key focus. During this difficult time, along with legislative health and safety measures, our Wellbeing Officer provided considerable support to our key workers who were self-isolating or unwell providing emotional and practical advice to support their wellbeing and to return to work. We also introduced a mental health wellbeing survey identify staff who might be struggling emotionally with the effects of lockdown and to ensure we could provide the most appropriate support and help to our colleagues when they needed it most.

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2020 (continued)

Remuneration of Non-Executive Directors and Senior Staff

Linc uses local market intelligence to set the Non-Executive Directors and senior staff remuneration levels, which is set at mid-market point. This includes the Community Housing Cymru annual benchmarking remuneration data, and housing sector comparison information. The Board agrees senior staff remuneration packages on an annual basis, and the Non-Executive Director remuneration is set in line with housing sector comparators.

Employee Acknowledgement

The Board wishes to thank all Linc employees for their commitment to our tenants, residents and stakeholders. During the past six months when we have faced unprecedented challenges with the pandemic, our employees have responded in a way that has demonstrated their commitment, empathy, kindness and respect for those for whom we provide homes and care. In particular our nurses, carers and domestic staff in our nursing homes, extracare and sheltered schemes deserve particular mention for the commitment they showed and continue to show in these difficult times. The Board does appreciate all that you do for the Association. Thank you.

Regulatory Judgement

The last Regulatory Judgement was published by the Welsh Government on 20th December 2019. Linc received the following judgement:

December 2019

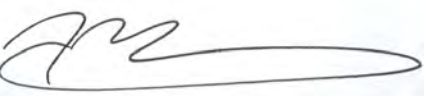
Governance and Service Delivery - Standard Financial Viability - Standard

The Board welcomed this judgement noting that 'Standard' is the highest category that the Welsh Government can award.

Auditors

A resolution to re-appoint Grant Thornton UK LLP as auditors of Linc will be proposed at the Annual General Meeting.

By the order of the Board



Scott Sanders
Chief Executive

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2020

Financial Review

In summary, the Association's financial results for the year ended 31st March 2020 are considered satisfactory. The surplus for the year amounted to £2.5 million compared to the budgeted surplus of £2.09 million. The Board receives monthly finance reports, which detail any trends as they emerge. All surpluses are retained by the Association in accordance with the Rules with no distributions made to Shareholders. The significant variances in the year compared to that budgeted are:

1. The transfer of undertakings of Baneswell Housing Association Ltd into Linc at nil consideration gave a £2.36 million gain at the date of transfer of the net assets of Baneswell.
2. Following the impairment review a £1.18 million impairment of land that the Association plans to sell in 2020/21 and £0.3 million impairment of properties identified for future re-development has been recognised.
3. Additional turnover of £0.5 million from the higher than budget fee levels achieved at Linc's Nursing Homes and additional grant income in relation to adaptation works in Linc's tenanted properties.
4. Additional expenditure on maintenance/asset management of £0.8 million. The Board was fully informed on this additional expenditure throughout the year and approved specific additional costs. The additional costs included fire prevention works, health and safety repairs, reactive and cyclical works and electrical safety checks.

Significant Management Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant Management Judgements

The following are management judgements in applying the accounting policies of Linc that have the most significant effect on the amounts recognised in the financial statements. In making these judgements, management has considered the detailed criteria set out in the SORP.

Operating Surplus

Linc has to make an assessment of those items that are considered within operating surplus. Following this assessment, it is considered that the following are conducted in the normal course of operating activity and should be included with operating surplus:

- The gain on transfer of undertaking of Baneswell Housing Association Ltd.
- The change in value of investment properties (Note f).
- The impairment of housing properties.

Impairment of Social Housing Properties

Linc has to make an assessment as to whether an indicator of impairment exists on any of its properties.

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2020 (continued)

As part of the assessment, management identified any properties that have increasing void losses, have a change of use, are impacted by policy changes or where the decision has been made to dispose of the properties. Additional consideration was given to the wider impact of COVID-19 on the carrying value of properties in management and those in the course of construction. These factors are considered to be an indication of impairment.

Property Classifications

Linc has to make an assessment as to the classification of properties and whether the properties fall into Property Plant and Equipment (PPE) or are treated as Investment Properties.

Financial Instruments

Linc has to make an assessment as to the classification of its loan portfolio between Basic Financial Instruments and Other/Non Basic Financial Instruments.

Estimation Uncertainty

Linc makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Useful lives of property, plant and equipment (fixed assets)

Freehold Offices	25 years
Office Improvements	5 years
Office Furniture and Equipment	3 to 10 years
Computer Equipment	4 to 5 years
Motor Vehicles	4 years

The main components of housing properties and their useful lives

	Housing Properties	Care Properties
Structure	150 years	50 years
Roofs	75 years	50 years
Windows and doors	35 years	35 years
Bathrooms	30 years	30 years
Boilers and heating systems	20 years	20 years
Kitchens	15 years	15 & 20 years
Lifts	15 years	15 years

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2020 (continued)

Fair Value Measurement

Management uses valuation techniques to determine the fair value of assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual process that would be achievable in an arm's length transaction at the reporting date.

Provisions

Provision is made for bad debts. This provision requires management's best estimate of the costs that will be incurred based on legislative and contractual requirements and Linc's ability to collect rents and service charges as they fall due.

Consolidated Statement of Comprehensive Income

	2020	2019
	£000	£000
Turnover	40,944	38,278
Operating expenditure	(35,432)	(31,938)
Gain on disposal of property, plant and equipment	2	316
Gain on transfer of undertakings	2,363	0
Other Income	30	455
Operating Surplus	7,907	7,111
Interest receivable	261	135
Interest and financing costs	(5,705)	(4,395)
Total Comprehensive income for the year	2,463	2,851

Turnover

Turnover for the year ended 31st March 2020 rose by £2.6 million (7.00%) from £38.3 million to £40.9 million. This increase derived from four sources:

- the increase in rents from social housing lettings from 1st April 2019. We increased our rents by 2.4% the maximum amount permitted under the rent policy of the Welsh Government.
- Additional units coming into management from developments. During the year, an additional 140 social housing homes came into management.
- The transfer of undertakings of Baneswell Housing Association Ltd on the 4th October 2019. Rental income in relation to the 70 properties on transfer since this date is reflected in Turnover.
- Service charge income has increased by £0.676 million (17.8%) due to 2 new extracare schemes coming into management one at the end of 2018/19 and the other at the beginning of 2019/20. This increase in service charge income has also contributed to the reduction in operating margin.

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2020 (continued)

Operating Expenditure

Net operating costs increased by £3.5 million (10.9%) to £35.4 million. The following items account for the increase:

- A £1.18 million impairment of land that the Association plans to sell in 2020/21 and a £0.3 million impairment of properties identified for future re-development.
- A £0.9 million increase in service charges due to 2 new extracare schemes in Bridgend coming into management as detailed above, and the inflation effect on all service costs.
- An increase in maintenance/asset management costs of £0.8 million. The increase included additional expenditure on health and safety, fire safety prevention works and electrical safety checks as well as an increase in reactive repair costs.
- Increasing staff costs arising from:
 - The 2019/20 annual pay award.
 - The increase in the National Minimum Wage.

Interest and Financing Costs

Interest payable at £5.705 million was a £1.3 million (29.5%) increase on the preceding year. During 2019 the Association received £20 million in April 2019 and £20 million in December 2019 from the private placement financing that was arranged in 2018.

Total loans at 31st March 2020 amounted to £168.5 million a net increase of £29.4 million during the year. A high proportion (67.9%) of the loan portfolio continues to be held in fixed interest rate facilities. The average cost of borrowing for the year ended 31st March 2020 was 3.4% compared to 3.2% for the year ended 31st March 2019. The average rate increase is due to the additional placement financing that is on a long term fixed rate.

Disposal of Property Plant and Equipment

A net surplus of £219,000 was recorded on the disposal of property plant and equipment. During the year, 11 property transactions took place and included 4 shared ownership stair casing transactions, 4 home buy option transactions, 2 right to acquire and 1 voluntary sale. The voluntary sale was made in accordance with the Board approved Property Sustainability Strategy.

Surplus on Revaluation of Investment Properties

Linc owns and manages a number of market rent properties, which under FRS 102 are included as investment properties, these being non-social housing properties held for letting. These investment properties are valued annually in accordance with the requirements of FRS 102 and the 2018 SORP and the surplus on the valuation carried out in 2020 resulted in an increase in the value of the properties of £30,000.

The independent expert's valuation included a 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the valuation of investment property than would normally be the case. The Board has considered the material valuation uncertainty included in the independent expert's report, and while less certainty and a higher degree of caution needs to be attached to the valuation, the valuation can still be relied upon. The Board therefore consider the valuation included in the independent expert's report to be an accurate reflection of the investment property fair value. Linc has no intention of disposing of these housing properties and the increase in value will only be realised should these properties be sold.

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2020 (continued)

Linc Care Performance Review

Linc is committed to ensuring that the service it offers to frail, elderly and vulnerable adults continues to evolve and adapt to meet the needs of the people who use our services as well as the political and financial environment in which we operate.

The people who live in our nursing homes have high levels of social and care needs. We have embraced the focus on wellbeing, dignity and control described in the Social Services and Wellbeing Act and are proactive in the design and delivery of care that meets the needs of each individual. We put the people we care for at the centre of all we do focusing on what is important for people to achieve a good quality of life and with the opportunity to make choices and maintain control.

Our nursing homes are in high demand from people looking for good quality care. Our focus on quality of service, governance and financial management provides a triangulated approach to the management of our services and assurance to customers, commissioners, the regulator and our board. Linc believes that the quality of care is paramount, and the board scrutinises the performance of the business to ensure that financial focus is in balance with the focus on quality of care.

The independent living housing options we provide in Linc Care continue to be in high demand. We have invested in the things that matter most to our tenants, ensuring that they feel safe whilst enabling them to maximise and maintain their independence. We have retained our scheme managers in our sheltered schemes, which have also benefited from a proactive programme of planned maintenance and refurbishment making them a desirable and positive life choice for people who benefit from the supportive and adapted environment. Our extra care schemes are also designed and built around the people who want to live in them ensuring that, wherever possible, people do not have to move home because their environment failed them. People want to stay in their own home and by offering appropriate physical adaptations; we are very successful in supporting people to achieve this goal.

The next few years will continue to present financial and operational challenges to associations delivering housing, care and support for vulnerable and older people. We will continue to work hard to ensure that the financial pressures on public funding and the impact of changes to legislation do not compromise our focus on delivering a high standard of accommodation, care and support to the people who use our services. Linc has a track record of being innovative and positively adapting to new challenges, seizing the opportunities that they present.

Consolidated Statement of Financial Position

	2020 £m	2019 £m
Fixed Assets	339.0	303.6
Current Assets	59.9	48.1
Total Assets	398.9	351.7
Housing Loans	168.6	139.2
Government Grant	171.0	157.3
All other Liabilities	8.3	6.6
Total Liabilities	347.9	303.1
Net assets as represented by reserves	51.0	48.6

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2020 (continued)

Reserves Statement

Total reserves at 31st March 2020 were £51.0 million, an increase of £2.4 million (5.0%) on 2019. £48.6 million (restated as detailed in note 33) of the reserves were income & expenditure reserves with the remaining £2.1 million being designated reserves that have been established for the replacement of service equipment at specific schemes.

The income and expenditure reserves represent the accumulated annual surpluses (and deficits) since Linc was formed in 1977. The reserves are not always cash backed and have been invested in housing properties, which are not funded, by grant or loans. The reserves are used for the following purposes:

- To invest in the development of existing and new schemes.
- To enable Linc to raise finance to continue to invest in existing and new schemes.
- To provide a reserve against future risks and unplanned budget deficits.

Working Capital and Treasury Management

The working capital position of Linc at 31st March 2020 was satisfactory. Net current assets amounted to £42.9 million compared to net current assets of £32.2 million at 31st March 2019, an increase of £10.7 million. Two reasons account for the increase in net current assets. The first is the increase of £6.9 million in cash and cash equivalents as a result of the drawdown of £40 million from the Private Placement facility less the expenditure on new developments. The second is the increase in deferred grants £2.7 million for Housing finance grant that are payable over 30 years (note 16) and £1.6 million in Care related grants.

Cash and cash equivalents at £46.5 million reflect the drawdown of private finance from the £75 million Private Placement. We will continue to arrange new finance in advance to ensure that we have the cash resources to fund new Board approved schemes.

Capital Expenditure on New Homes

During the year, capital expenditure of £35.7 million was incurred in developing new schemes. At the end of the year capital commitments relating to ongoing development amounted to £49.0 million, which will be funded by a combination of Social Housing Grant, Housing Finance Grant, Innovative Housing Programme and private finance.

Depreciation

Linc depreciates the major components of its properties over the following useful economic lives:

Freehold land is not depreciated. Leasehold land is depreciated over the remaining term of the leases.

Housing properties

Structure	150 years
Roofs	75 years
Windows and doors	35 years
Bathrooms	30 years
Boilers and heating systems	20 years
Kitchens	15 years
Lifts	15 years

Care properties

Structure	50 years
Roofs	50 years
Windows and doors	35 years
Bathrooms	30 years
Boilers and heating systems	20 years
Kitchens	15 & 20 years
Lifts	15 years

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2020 (continued)

Funding

Housing properties which have an historic cost of £377 million at 31st March 2020 are financed as follows:

Social Housing Grant (£194m)	51%
Private finance (£169m)	45%
Reserves and working capital (£14m)	4%

Linc has ten funders who provide private finance. The funding provided by each at 31st March 2020 was:

Funder	Facility Amount (£)
Dexia Credit Local	30.5m
HBOS Plc	1.1m
M&G Investments Ltd.	5.3m
Nationwide Building Society	18.9m
Orchardbrook Ltd.	1.8m
Principality Building Society	8.6m
Private Placement	75.0m
RBS Plc	22.2m
Welsh Government	5.6m

Undrawn Facilities

A revolving credit facility for £20 million with an Accordion Option for a further £5 million is in place with Svenska Handelsbanken. At 31st March 2020, no amounts had been drawn from this facility leaving £20 million available.

Financial Covenants

Compliance with loan covenants is monitored and reported to the Board each month. Linc met all of the requirements of the financial covenants contained within the loan documentation of its private funders during the year ended 31st March 2020.

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2020 (continued)

Property Stock

Property stock in management at 31st March 2020 was as follows:

General Needs	2,966
Extra Care	359
Sheltered and Supported Housing	578
Shared Ownership	140
Home Buy Option	86
Intermediate / Market Rent	351
Nursing Care	210
Retail units	9
Total Units	4,699

Employees

The average number of employees during the year was 654 (2019, 662 employees) with 446 full time equivalents (2019, 491 full time equivalents). Our continuing strategy for our nursing homes is to be less dependent on costly agency staff used to cover planned and unplanned absences. With this strategy aligned with a full review of staff rotas we have successfully reduced our staffing costs within our nursing homes during 2019/20.

Learning and Development

We place great emphasis on the learning, development and wellbeing of our employees so that they keep up to date with legislation and emerging technology, are able to adopt new approaches and enhance their skills. Learn and grow sessions are provided for those wishing to develop their career and we are regularly able to retain employees by promoting from within.

The Board have an annual Learning and Development plan with a blended offering of opportunities consisting of training courses, webinars, project updates and conferences.

Welsh Homes Quality Standard

Linc achieved compliance with the Welsh Homes Quality Standard (WHQS) back in 2012/13 and we are committed to maintaining our stock to this standard. The financial projections contained in our thirty year financial model confirm that Linc can afford to fund the maintenance works required to maintain the WHQS standard over the next thirty years from annual revenue streams. The programme of works is ongoing.

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2020 (continued)

Performance Indicators

Targets are set for published Key Performance Indicators (KPI's) and they are used in the management of performance and in setting the strategies for continuous improvement. All indicators are derived from internal data and are calculated in accordance with published KPI's. Performance against these indicators is reported to the Board quarterly. A seven year summary of the operating and financial results of Linc is detailed on pages 67 and 68 of the financial statements.

Group Financial Statements and Subsidiary Company

In August 2009 Linc formed a subsidiary company Tarbed Limited to undertake development work on behalf of Linc in order to maximise the financial viability of new developments. The subsidiary is 100 per cent owned by Linc and the results of Tarbed are included in the consolidated group financial statements of Linc-Cymru Housing Association.

Tarbed made an annual profit before tax in the year ended 31st March 2020 of £183,547 and the whole of this profit was remitted to Linc-Cymru Housing Association under the Corporate Gift Aid provisions. A Deed of Covenant dated 30th November 2017 is in place between Linc-Cymru Housing Association and Tarbed, which stipulates that all profits in Tarbed are to be paid over to Linc. Copies of the financial statements of Tarbed are available from Linc's Company Secretary.

Property Sustainability Strategy

Linc has a Board approved long term Property Sustainability Strategy. The strategy addresses the sector risk which identified that there may be properties in areas where current demand is not as strong as it once was, with the ensuing risks of low demand, voids and impairment. Linc's strategy has identified specific areas and properties where we have evaluated that these risks will develop in the future. When one of the properties in the strategy becomes vacant, a decision is made on whether to dispose of the property. The Board reviews the strategy every year as part of the business planning process. In the 2019/20 financial year 1 property included in the strategy was sold.

Development

During 2019/20 a net 210 additional social housing homes came into management including the 70 homes transferred from Baneswell Housing Association Ltd, one additional extracare scheme in Bridgend, sheltered homes and 45 intermediate rented homes.

Developments Planned for 2020/21 to 2024/25

The Board approved budget and forward indicators include a development programme of identified schemes for the next five years which amounts to 1,055 social housing homes coming into management in this period. The development programme includes an additional four extracare schemes for Rhondda Cynon Taff County Borough Council. A number of these schemes are currently on site with completions and handovers on a number of new social housing homes to take place during 2020/2021 although some schemes will be later than budgeted due to site closures as a result of COVID-19. These schemes will be funded by Social Housing Grant, Housing Finance Grant, Innovative Housing Programme and private finance loans. The schemes are in Bridgend, Blaenau Gwent, Caerphilly, Cardiff, Newport and RCT.

Progress on the development programme is reviewed by the Development Committee.

At 31st March 2020, the Association had £4.0 million in the Recycled Capital Grant Fund and Disposals Proceeds Fund, which will be allocated to new schemes as they are developed during 2020/21 and later years.

Independent auditor's report to the members of Linc-Cymru Housing Association

Opinion

We have audited the financial statements of Linc-Cymru Housing Association (the 'parent society') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the consolidated statement of comprehensive income, the association statement of comprehensive income, the consolidated statement of financial position, the association statement of financial position, the consolidated statement of changes in reserves, the association statement of changes in reserves, the consolidated statement of cash flows and the related notes to the financial statements, 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 Financial Reporting Standard 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 group's and parent society's affairs as at 31 March 2020 and of the group's and parent society's income and expenditure for the year then ended;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015.

Basis for opinion

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with regulations made under that Act. 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 society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance. Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Emphasis of matter – property valuation

We draw attention to Note 1f to the financial statements, which describes the basis for valuing investment property. Management engaged an expert to value their investment property portfolio. The expert's valuation included a 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to management's valuation than would normally be the case. Our opinion is not modified in respect of this matter.

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 board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

The board is responsible for the other information. The other information comprises the information included in the Annual Report, set out on pages 2 to 28 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material 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 parent society has not kept proper accounting records;
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the board for the financial statements

As explained more fully in the Statement of Board's Responsibilities set out on page 13, the board is 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 board determines 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 board is responsible for assessing the group's and parent society'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 board either intend to liquidate the group or parent society 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Opinion on other matters prescribed by the Housing Association Circular 02/10 Internal Controls and Reporting ("the Circular")

With respect to the Board's statement on internal controls on page 14, in our opinion the Board has provided the disclosures required by the Circular and the statement is not inconsistent with the information of which we are aware from our audit work on the Financial statements.

Who we are reporting to

This report is made solely to the society's members, as a body, in accordance with regulations made under Sections 87 and 98(7) of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society'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 society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.



Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cardiff

24 September 2020

Linc-Cymru Housing Association Limited
Consolidated Statement of Comprehensive Income
For the year ended 31st March 2020

	Notes	March 2020 £000	Restated March 2019 £000
Turnover	2	40,944	38,278
Operating expenditure	2	(35,432)	(31,938)
Gain on disposal of property, plant and equipment (fixed assets)	3	2	316
Gain on transfer of undertakings	3	2,363	0
Other Income	3	30	455
Operating surplus	2	7,907	7,111
Interest receivable	4	261	135
Interest and financing costs	6	(5,705)	(4,395)
Surplus for the year		2,463	2,851
Total Comprehensive income for the year		2,463	2,851

Continuing Operations

The results for the year ending 31st March 2020 and the year ended 31st March 2019 relate wholly to continuing activities.

The financial statements were approved by the Board of management and authorised on 3rd September 2020 and signed on their behalf by:

.....  Richard Norton (Chair)

.....  Julia Attwell (Vice Chair)

.....  Campbell Bardo (Secretary)

Linc-Cymru Housing Association Limited
Association Statement of Comprehensive Income
For the year ended 31st March 2020

	Notes	March 2020 £000	Restated March 2019 £000
Turnover	2	40,854	38,114
Operating expenditure	2	(35,331)	(31,775)
Gain on disposal of property, plant and equipment (fixed assets)	3	2	316
Gain on transfer of undertakings	3	2,363	0
Other Income	3	214	644
Operating surplus	2	8,102	7,299
Interest receivable	4	277	145
Interest and financing costs	6	(5,705)	(4,395)
Surplus for the year		2,674	3,049
Total Comprehensive income for the year		2,674	3,049

Continuing Operations

The results for the year ending 31st March 2020 and the year ended 31st March 2019 relate wholly to continuing activities.

The financial statements were approved by the Board of management and authorised on 3rd September 2020 and signed on their behalf by:

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Linc-Cymru Housing Association Limited
Consolidated Statement of Financial Position
For the year ended 31st March 2020

	Notes	March 2020 £000	Restated March 2019 £000
Fixed Assets			
Tangible Fixed Assets			
Housing properties	10	325,141	290,108
Other fixed assets	11	2,620	2,142
Investment Properties	12	10,690	10,660
Homebuy loans receivable	13	561	661
Investment in subsidiaries	14	0	0
Total Fixed Assets		339,012	303,571
Current Assets			
Trade and other debtors	16	13,452	8,567
Cash and cash equivalents	17	46,475	39,570
		59,927	48,137
Creditors: amounts falling due within one year	18	(17,052)	(15,939)
Net current assets		42,875	32,198
Total Assets less Current Liabilities		381,887	335,769
Creditors: amounts falling due after more than one year	19	(330,838)	(287,183)
Total Net Assets		51,049	48,586
Capital and Reserves			
Designated Reserve		2,145	2,281
Income & Expenditure Reserve		48,904	46,305
Total Reserves	33	51,049	48,586

The financial statements were approved by the Board of management and authorised on 3rd September 2020 and signed on their behalf by:

.....  Richard Norton (Chair)

.....  Julia Attwell (Vice Chair)

.....  Campbell Bardo (Secretary)

Linc-Cymru Housing Association Limited
Association Statement of Financial Position
For the year ended 31st March 2020

	Notes	March 2020 £000	Restated March 2019 £000
Fixed Assets			
Tangible Fixed Assets			
Housing properties	10	325,923	290,679
Other fixed assets	11	2,620	2,142
Investment Properties	12	10,690	10,660
Homebuy loans receivable	13	561	661
Investment in subsidiaries	14	0	0
Total Fixed Assets		339,794	304,142
Current Assets			
Trade and other debtors	16	13,570	8,655
Cash and cash equivalents	17	46,383	39,503
		59,953	48,158
Creditors: amounts falling due within one year	18	(17,085)	(15,967)
Net current assets		42,868	32,191
Total Assets less Current Liabilities		382,662	336,333
Creditors: amounts falling due after more than one year	19	(330,838)	(287,183)
Total Net Assets		51,824	49,150
Capital and Reserves			
Designated Reserve		2,145	2,281
Income & Expenditure Reserve		49,679	46,869
Total Reserves	33	51,824	49,150

The financial statements were approved by the Board of management and authorised on 3rd September 2020 and signed on their behalf by:

.....  Richard Norton (Chair)

.....  Julia Attwell (Vice Chair)

.....  Campbell Bardo (Secretary)

Linc-Cymru Housing Association Limited
Consolidated Statement of Changes in Reserves
For the year ended 31st March 2020

	Supported Housing £000	Service Equipment £000	Total Designated £000	Revenue £000
Balance at 1st April 2018 (restated note 33)	376	1,863	2,239	43,496
Surplus for the year (restated note 33)	0	0	0	2,851
Transfer to reserves	(23)	(250)	(273)	273
Transfer from reserves	42	273	315	(315)
Balance at 31st March 2019 (restated note 33)	395	1,886	2,281	46,305
Surplus for the year	0	0	0	2,463
Transfer to reserves	(0)	(444)	(444)	444
Transfer from reserves	0	308	308	(308)
Balance at 31st March 2020	395	1,750	2,145	48,904

Linc-Cymru Housing Association Limited
Association Statement of Changes in Reserves
For the year ended 31st March 2020

	Supported Housing £000	Service Equipment £000	Total Designated £000	Revenue £000
Balance at 1st April 2018 (restated note 33)	376	1,863	2,239	43,862
Surplus for the year (restated note 33)	0	0	0	3,049
Transfer to reserves	(23)	(250)	(273)	273
Transfer from reserves	42	273	315	(315)
Balance at 31st March 2019 (restated note 33)	395	1,886	2,281	46,869
Surplus for the year	0	0	0	2,674
Transfer to reserves	0	(444)	(444)	444
Transfer from reserves	0	308	308	(308)
Balance at 31st March 2020	395	1,750	2,145	49,679

Linc-Cymru Housing Association Limited
Consolidated Statement of Cash Flows
For the year ended 31st March 2020

	March 2020 £000	Restated March 2019 £000
Surplus for the year	2,463	2,851
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	4,676	4,342
(Increase) in debtors	(3,164)	(410)
Increase in creditors	1,193	47
Gain on transfer of undertakings	(2,363)	0
Impairment loss on property, plant and equipment	1,486	0
(Increase) in fair value of investment property	(30)	(455)
Adjustments for investing or financing activities:		
Profit / (loss) from the sale of property, plant and equipment	(2)	(316)
Government grants utilised in the year	(1,571)	(1,486)
Interest payable	5,705	4,395
Interest received	(261)	(135)
Cash received on transfer of undertakings	822	0
Net cash generated from operating activities	8,954	8,833
Cash flows from investing activities		
Purchase of property, plant and equipment	(36,681)	(29,877)
Works to existing properties	(2,980)	(2,107)
Proceeds from sale of property, plant and equipment	769	1,535
Grants received	12,450	15,980
Interest received	261	135
Net cash flows from investing activities	(26,181)	(14,334)
Cash flows from financing activities		
Interest paid	(5,257)	(3,832)
New loans	42,742	58,963
Repayments of borrowings	(13,353)	(28,236)
Net cash flows from financing activities	24,132	26,895
Net increase in cash and cash equivalents	6,905	21,394
Cash and cash equivalents at beginning of year	39,570	18,176
Cash and cash equivalents at end of year	46,475	39,570

Free cash flow for the year ended 31st March 2020

	March 2020 £000	March 2019 £000
Net cash generated from operating activities	8,954	8,833
Interest paid	(5,257)	(3,832)
Interest received	261	135
Adjustments for reinvestment in existing properties		
Works to existing properties	(2,980)	(2,107)
Free cash generated before loan repayments	978	3,029
Loans repaid	(13,353)	(28,236)
Free cash generated after loan repayments	(12,375)	(25,207)

Linc-Cymru Housing Association Limited

Notes to the Financial Statements

For the year ended 31st March 2020

1. Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for Registered Social Housing Providers 2018 (SORP), the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015. The financial statements have been prepared under the accruals basis except for the statement of cashflows. Linc is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

The preparation of the financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying Linc's accounting policies (see page 20).

The 2018 SORP is more descriptive in the items included within operating surplus and therefore Linc has reflected this within the financial statements. This has created a presentational change to the prior period operating surplus (see page 20).

Going Concern

Linc's activities, together with the factors likely to affect its future development, its financial position, risk management, details of its financial instruments, and its exposure to credit, liquidity and cash flow risk are detailed in this Annual Report.

The financial statements have been prepared on a going concern basis. The Board has reviewed cashflow forecasts and other financial projections and in particular has considered the impact of Covid 19 on the going concern basis of the business. The Group's forecasts and projections, taking account of reasonably possible changes in the operating performance show that the Group will be able to operate within the level of its facilities and their associated covenants for a forecast period of at least 12 months from the approval date of these financial statements. The implications and Linc's response to Covid 19 is detailed below.

Linc has considerable financial resources and, as a consequence, the Board believes that Linc is well placed to manage its business risks successfully despite current uncertainties in the social housing sector including the impact of Covid 19 (see page 2).

After making enquiries, the Board has a reasonable expectation that Linc has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board has concluded that it can continue to adopt the going concern basis in preparing the financial statements.

Prior Period Adjustment

A prior period adjustment in respect of the depreciation of Linc's leasehold properties has been identified. This has been corrected retrospectively in the first financial statements after its discovery by restating the opening balances of assets, liabilities and equity for the earliest accounting period presented. The prior period adjustment explanation is included in Note 33 to the Financial Statements.

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2020 (continued)

b) Basis of Consolidation

Linc's financial statements consolidate the financial statements of Linc and its subsidiary undertaking Tarbed Limited drawn up to 31st March each year.

c) Property, Plant and Equipment - Housing Properties

Housing properties are stated at cost less depreciation less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs and borrowing costs directly attributable to the construction of new housing properties during the development. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

When Linc purchases a new property as part of a section 106 agreement between the Local Authority and a developer the amount capitalised to fixed assets is the purchase price paid for the property. The purchase price is normally a discounted price which reflects the position that Linc does not normally receive grant towards the cost of acquiring a property under a section 106 agreement. Depreciation is charged on the purchase price paid for the property.

Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight line basis, over their useful economic lives. Freehold land is not depreciated.

Major Components

Major components of housing properties, which have significantly different patterns of consumption of economic benefits, are treated as separate assets and depreciated over their expected useful economic lives at the following annual rates:

Housing Properties	Structure	150 years
	Roofs	75 years
	Windows and doors	35 years
	Bathrooms	30 years
	Boilers and heating systems	20 years
	Kitchens	15 years
	Lifts	15 years
Care Properties	Structure	50 years
	Roofs	50 years
	Windows and doors	35 years
	Bathrooms	30 years
	Boilers and heating systems	20 years
	Kitchens	15 & 20 years
	Lifts	15 years

Properties held on long leases are depreciated over their estimated useful economic lives or the lease duration if shorter.

Linc-Cymru Housing Association Limited

Notes to the Financial Statements

For the year ended 31st March 2020 (continued)

Improvements

Where there are improvements to housing properties that are expected to provide incremental future benefits, these are capitalised and added to the carrying amount of the property. Any works to housing properties which do not replace a component or result in an incremental future benefit are charged as expenditure in surplus or deficit in the Statement of Comprehensive Income.

Leaseholders

Where the rights and obligations for improving a housing property reside with the leaseholder or tenant, any works to improve such properties incurred by Linc is recharged to the leaseholder and recognised in surplus or deficit in the Statement of Comprehensive Income along with the corresponding income from the leaseholder or tenant.

d) Shared Ownership Properties

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first time tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover, and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

e) Non-Housing Property, Plant and Equipment

Non-housing property, plant and equipment is stated at historic cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all non-housing property, plant and equipment, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold offices	25 years
Office improvements	5 years
Office Furniture and Equipment	3 to 10 years
Computer Equipment	4 to 5 years

f) Investment Properties

The classification of properties as investment property or property plant and equipment is based upon the intended use of the property. Properties held to earn market rentals or for capital appreciation or both are classed as investment properties. Properties that are used for administrative purposes or that are held for the provision of social housing are treated as property plant and equipment.

Investment properties are measured at fair value annually with any change recognised in surplus or deficit in the statement of comprehensive income.

Investment properties were valued as at 31st March 2020. Linc's investment properties have been valued by Savills (UK) Limited, Chartered Surveyors, professional external valuers. The valuation report was prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2020 together, where applicable, with the UK National Supplement effective 14 January 2019, together the "Red Book".

Linc-Cymru Housing Association Limited

Notes to the Financial Statements

For the year ended 31st March 2020 (continued)

In arriving at current market value:

For Cwrt Pen y Bryn properties in Cardiff a net yield of 6.0% on Savills opinion of the net Market Rent (assuming operating costs of 25%), before deducting standard purchaser's costs of 7.55%.

For the remaining 16 properties Savills have primarily had regard to capital values based on comparables and then applied target gross yields of 6.0% based on their opinion of Market Rent which reflects a range of discounts of 3% - 21% from the VP values, and an average blended discount of 6.1%.

The Board have used the independent expert's report to determine the fair value of the investment property as at the year end.

The independent expert's valuation included a 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the valuation of the investment property than would normally be the case. The Board has considered the material valuation uncertainty included in the independent expert's report, and while less certainty and a higher degree of caution needs to be attached to the valuation, the valuation can still be relied upon. The Board therefore considers the valuation included in the independent expert's report to be an accurate reflection of the investment property fair value.

g) Homebuy Loans Receivable

The loan to the purchaser of a property purchased under the Homebuy initiative or LCHO scheme is treated as a fixed asset investment. Linc retains equity shares in homes purchased under the Homebuy and LCHO schemes.

In accordance with FRS 102 these are treated as concessionary loans.

Where a property has been acquired by Linc at below market value (e.g. through a section 106 agreement), the difference between cost and market value at the point of purchase is deemed as grant. The investment in Homebuy and LCHO is held on the Statement of Financial Position at cost (the initial value of Linc's equity share).

On sale of the property Linc will receive a proportion of the sale proceeds equal to Linc's (percentage) equity share in the property. Grant received on Homebuy and LCHO schemes is recyclable on sale of these properties.

h) Impairment of Social Housing Properties

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in surplus or deficit in the Statement of Comprehensive Income.

Linc-Cymru Housing Association Limited

Notes to the Financial Statements

For the year ended 31st March 2020 (continued)

i) Social Housing Grant and Housing Finance Grant

All government grants initially appear as creditors in the Statement of Financial Position at the fair value of the sum receivable. Grants are amortised on a straight line basis over the life of the asset whose purchase they support, unless they are received in respect of the provision of properties under the Homebuy or Low Cost Home Ownership schemes, in which case grants are only taken to the Statement of Comprehensive Income at the point the loan is redeemed.

Social Housing Grant

Social Housing Grant (SHG) is receivable from the Welsh Government. SHG is received in full when a property is developed or acquired.

Housing Finance Grant

Housing Finance Grant (HFG) is paid by the Welsh Government towards the costs of housing assets over a period of 30 years to subsidise the capital and interest costs for the provision of affordable housing. The net present value of the HFG receivable over the agreed payment term is recognised as a capital grant and a deferred debtor.

Upon receipt of the grant payments, the debtor decreases by the capital element and the difference between this and the amount of grant received is credited to surplus or deficit in the Statement of Comprehensive Income as a contribution towards the financing cost of that scheme. The discount rate used for the net present value calculations is the same rate that applies to the associated borrowing to fund the housing assets.

Recycled Grant

The capital grant element of SHG and HFG previously received is deemed to be repayable upon disposal of a related housing asset. This is treated as Recycled Capital Grant in the Recycled Capital Grant Fund and included in the Statement of Financial Position as a creditor.

Where land or buildings are acquired at below market value e.g. as part of a s106 agreement, the carrying value reflects the fair value of the asset received, with the subsidy implicit in the arrangement deemed as grant and added to the grant creditor.

j) Adaptations Grants

Adaptation Grants are paid by the Welsh Government towards the cost of adaptation works for disabled individuals. The grants are expensed to revenue in the same year as the adaptation costs are incurred. The expenditure on adaptations is essentially adapting the room/property for individuals with disabilities and is not actually improving or enhancing the property or the property's value.

k) Home Ownership Grants

Linc is responsible for monitoring Home Ownership Grants. Under these grants the Welsh Government advanced 30% of the value of our cost of a property to a purchaser introduced by Linc. The advance is secured by a charge on the property in Linc's name with a sub-charge in the name of the Welsh Government. Linc is responsible for ensuring that at the time of sale 30% of the sales proceeds or the grant (whichever is lower) is returned to the Welsh Government.

Linc-Cymru Housing Association Limited

Notes to the Financial Statements

For the year ended 31st March 2020 (continued)

l) Investment in Subsidiary

These financial statements are for Linc and its subsidiary Tarbed Limited. Copies of the financial statements of Tarbed Limited, Linc's 100% owned and only subsidiary are available from Tarbed's Company Secretary.

m) Housing and Other Loans are Classified as Basic Financial Instruments

Loans are advanced by Banks and Building Societies under the terms of individual mortgage deeds in respect of each property or housing scheme.

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest bearing loans are stated at amortised cost using the effective interest method, less any impairment losses.

Loans received from Government sources with interest below market rate are treated as concessionary loans.

n) Designated Reserve for Future Repairs and Maintenance to Special Needs Properties

A designated reserve has been established to recognise the cost of future maintenance being Linc's liability to maintain these properties in accordance with the agreement between Linc and the managing agents.

o) Designated Reserve for Replacement of Service Equipment

A designated reserve has been established to recognise funds received from tenants as part of the service charge to replace equipment.

p) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

q) Turnover

Turnover represents rent and service charges receivable (net of rent and service charge losses from voids) and fee income from nursing homes. Service charge income is recognised when expenditure is incurred as this is considered to be the point at which the service has been performed and the revenue recognition criteria met.

r) Sales of Housing Properties

The surplus or deficit on the sales of all types of property is included within the Statement of Comprehensive Income in the year of disposal. When the owners of shared ownership properties exercise the right to increase the equity proportion in their property, the surplus or deficit is calculated on the proportion of the property sold at current market value.

Linc-Cymru Housing Association Limited

Notes to the Financial Statements

For the year ended 31st March 2020 (continued)

s) Revenue Grants

Revenue grants are credited to income over the financial years to which the grant relates.

t) Repairs to Existing Housing Properties

Repairs and maintenance expenditure to existing housing properties is charged to the Statement of Comprehensive Income in the year in which the repairs are undertaken. This includes day to day repairs, cyclical repairs and those planned maintenance works which are not capitalised to the Statement of Financial Position.

Planned maintenance expenditure incurred on the replacement or enhancement of seven specific categories of components is capitalised to the Statement of Financial Position in the year in which the expenditure is incurred.

u) Apportionment of Administration Costs

Direct administration and operating costs have been charged to the relevant sections of the Statement of Comprehensive Income on the basis of actual expenditure. Indirect management, finance and administration costs are further apportioned to Linc's specific activities on the basis of the number of units in management.

v) Pension Costs

Linc operates a defined contribution pension scheme for staff. The assets of the scheme are held separately from those of Linc in independently administered funds. The retirement benefits to employees of Linc are funded by contributions from Linc and employees. Payments are made to a money purchase scheme operated by AEGON Plc. The costs are expensed as paid.

Linc also provides a pension scheme to comply with the UK Government's auto enrolment pension legislation. Auto enrolment requires all employers to enrol their employees into a qualifying workplace pension scheme if they are not already in one. The Linc auto enrolment scheme is open to all employees who are not eligible to join the AEGON pension scheme. All pension payments under Linc's auto enrolment scheme are paid into NEST, a pension scheme set up and operated by the UK Government.

w) Leased Assets

At inception Linc assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Finance Leased Assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at the commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

Linc-Cymru Housing Association Limited

Notes to the Financial Statements

For the year ended 31st March 2020 (continued)

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Operating Leased Assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to surplus or deficit in the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

x) Interest Payable

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are calculated using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined on the basis of the carrying amount of the financial liability at initial recognition.

Under the effective interest method, the amortised cost of a financial liability is the present value of future cash payments discounted at the effective interest rate and the interest expense in a period equals the carrying amount of the financial liability at the beginning of a period multiplied by the effective interest rate for the period.

y) VAT

The majority of Linc's rental and fee income is exempt from VAT. No VAT is charged on tenants' rents nor on nursing home fees. Linc has commercial tenants that rent office accommodation and VAT at the standard rate – currently 20% is levied on the rental income. Due to the exempt nature of the rental income, Linc is only able to recover very small amounts of input VAT.

z) Financial Instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model.

Basic financial instruments are recognised at amortised historical cost.

aa) Business Combination: Linc-Cymru Housing Association Limited and Baneswell Housing Association Limited

The Transfer of Engagements is a business combination that is in substance a gift in line with the SORP 2018. A combination that is in substance a gift is defined as "a combination carried out at nil or nominal consideration that is not a fair value exchange but in substance the gift of one entity to another."

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2020 (continued)

2. (a) Particulars of turnover, operating expenditure and operating surplus

Group

		March 2020				Restated March 2019			
	Notes	Turnover £000	Other Income £000	Operating Expenditure £000	Operating Surplus £000	Turnover £000	Other Income £000	Operating Expenditure £000	Operating Surplus £000
Social housing lettings	2b	28,206	0	(24,128)	4,078	25,777	0	(20,611)	5,166
Other social housing activities	3								
Gain on disposal of property, plant and equipment		0	2	0	2	0	316	0	316
Gain on transfer of undertakings		0	2,363	0	2,363	0	0	0	0
Other		0	0	0	0	0	0	0	0
Sub total non-social housing activities		28,206	2,365	(24,128)	6,443	25,777	316	(20,611)	5,482
Non-social housing activities									
Registered nursing homes		11,407	0	(10,288)	1,119	11,147	0	(10,429)	718
Lettings		701	30	(292)	439	695	455	(258)	892
Other		630	0	(724)	(94)	659	0	(640)	19
Sub total non-social housing activities		12,738	30	(11,304)	1,464	12,501	455	(11,327)	1,629
Total		40,944	2,395	(35,432)	7,907	38,278	771	(31,938)	7,111

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2020 (continued)

2. (a) (continued) Particulars of turnover, operating expenditure and operating surplus

Association						Restated March 2019			
		March 2020							
	Notes	Turnover £000	Other Income £000	Operating Expenditure £000	Operating Surplus £000	Turnover £000	Other Income £000	Operating Expenditure £000	Operating Surplus £000
Social housing lettings	2b	28,206	0	(24,132)	4,074	25,776	0	(20,616)	5,160
Other social housing activities	3								
Gain on disposal of property, plant and equipment		0	2	0	2	0	316	0	316
Gain on transfer of undertakings		0	2,363	0	2,363	0	0	0	0
Other - Gift aid from subsidiary		0	184	0	184	0	189	0	189
Sub total non-social housing activities		28,206	2,549	(24,132)	6,623	25,776	505	(20,616)	5,665
Non-social housing activities									
Registered nursing homes		11,407	0	(10,289)	1,118	11,147	0	(10,430)	717
Lettings		701	30	(292)	439	695	455	(258)	892
Other		540	0	(618)	(78)	496	0	(471)	25
Sub total non-social housing activities		12,648	30	(11,199)	1,479	12,338	455	(11,159)	1,634
Total		40,854	2,579	(35,331)	8,102	38,114	960	(31,775)	7,299

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2020 (continued)

2. (b) Particulars of turnover, operating expenditure and operating surplus from social housing lettings

Group

	March 2020				Restated March 2019
	General needs housing £000	Supported housing and housing for older people £000	Low cost home ownership £000	Total £000	Total £000
Income					
Rent Receivable	15,885	4,915	267	21,067	19,629
Service Charge Income	428	4,046	0	4,474	3,798
Income for support services	23	17	0	40	71
Amortised government grants	731	840	0	1,571	1,487
Other revenue grants	844	210	0	1,054	792
Turnover from social housing lettings	17,911	10,028	267	28,206	25,777
Expenditure					
Management costs	3,606	1,465	153	5,224	5,363
Service charge costs	428	4,265	0	4,693	3,764
Routine maintenance	5,521	1,027	0	6,548	6,766
Planned maintenance	2,022	335	0	2,357	1,063
Bad debts	0	0	0	0	195
Depreciation of housing properties	2,278	1,543	0	3,821	3,460
Impairment of housing properties	1,485	0	0	1,485	0
Operating expenditure on social housing activities	15,340	8,635	153	24,128	20,611
Operating surplus on social housing lettings	2,571	1,393	114	4,078	5,166
Rent loss due to voids (memorandum note)	217	91	0	308	269

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2020 (continued)

2. (b) (continued) Particulars of turnover, operating expenditure and operating surplus from social housing lettings

Association

	March 2020				Restated March 2019
	General needs housing £000	Supported housing and housing for older people £000	Low cost home ownership £000	Total £000	Total £000
Income					
Rent Receivable	15,885	4,915	267	21,067	19,629
Service Charge Income	428	4,046	0	4,474	3,798
Income for support services	23	17	0	40	71
Amortised government grants	731	840	0	1,571	1,486
Other revenue grants	844	210	0	1,054	792
Turnover from social housing lettings	17,911	10,028	267	28,206	25,776
Expenditure					
Management costs	3,605	1,465	153	5,223	5,363
Service charge costs	428	4,265	0	4,693	3,764
Routine maintenance	5,521	1,027	0	6,548	6,766
Planned maintenance	2,022	335	0	2,357	1,063
Bad debts	0	0	0	0	195
Depreciation of housing properties	2,283	1,543	0	3,826	3,465
Impairment of housing properties	1,485	0	0	1,485	0
Operating expenditure on social housing activities	15,344	8,635	153	24,132	20,616
Operating surplus on social housing lettings	2,567	1,393	114	4,074	5,160
Rent loss due to voids (memorandum note)	217	91	0	308	269

3. Other Income

	Group		Association	
	March 2020 £000	March 2019 £000	March 2020 £000	March 2019 £000
Surplus on the sale of housing properties	219	424	219	424
Loss on the disposal of plant and equipment	(217)	(108)	(217)	(108)
Gain on transfer of undertakings	2,363	0	2,363	0
Gift aid from subsidiary	0	0	184	189
Surplus on revaluation of investment properties	30	455	30	455
	2,395	771	2,579	960

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2020 (continued)

4. Interest Receivable

	Group		Association	
	March 2020 £000	March 2019 £000	March 2020 £000	March 2019 £000
Bank interest receivable	261	134	277	144
Other interest receivable	0	1	0	1
	261	135	277	145

5. Operating surplus

	Group		Association	
	March 2020 £000	Restated March 2019 £000	March 2020 £000	Restated March 2019 £000
The operating surplus is stated after charging:				
Depreciation on housing properties	4,206	3,843	4,212	3,850
Impairment of housing properties	1,486	0	1,486	0
Depreciation on non-housing assets	471	499	471	499
	6,163	4,342	6,169	4,349
Auditor remuneration:				
In their capacity as auditor	41	34	31	29
Non audit fees	7	25	7	25

6. Interest and financing costs

	Group		Association	
	March 2020 £000	March 2019 £000	March 2020 £000	March 2019 £000
On Housing Loans repayable in instalments	5,691	4,387	5,691	4,387
Bank charges	14	8	14	8
	5,705	4,395	5,705	4,395

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2020 (continued)

7. Employee information

Group and Association	March 2020	March 2019
The average number of employees during the year was	654	662
The average number of full time equivalent employees during the year was	446	491

The average number of employees is calculated from employees paid. There are a number of employees retained on a contractual basis that work for the Association when required.

Group and Association	March 2020	March 2019
	£000	£000
Staff costs (for the above persons):		
Wages and salaries	12,781	12,069
Social security costs	993	877
Pension costs (Note 9)	852	857
Termination payments	0	172
Termination pension payments	0	5
	14,626	13,980

8. Emoluments of officers and senior executives

Group and Association	March 2020	March 2019
	£000	£000
The emoluments exclude contributions to pension schemes:		
Remuneration of highest paid director (Chief Executive)	137	134
Aggregate remuneration of Senior Executives	382	327
Aggregate remuneration of Board Members	51	17
	570	478
Pension contributions paid on their behalf		
Chief Executive's pension contributions	29	28
Senior Executives' pension contributions	104	102
	133	130

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2020 (continued)

8. (continued) Emoluments of officers and senior executives

Linc consider that the Key management personnel as defined under FRS102 are consistent with the officers and senior executives of the organisation. The Employer's National Insurance paid in the year in relation to the Key management personnel totals £64,515 (2019: £57,025).

These are the emoluments excluding pension costs paid to officers and senior executives within the following ranges:

Group and Association	March 2020 No. of staff	March 2019 No. of staff
Between £80,001 and £85,000	1	0
Between £85,001 and £90,000	0	1
Between £90,001 and £95,000	1	2
Between £95,001 and £100,000	1	0
Between £100,001 and £105,000	0	1
Between £110,001 and £115,000	1	0
Between £130,001 and £135,000	0	1
Between £135,001 and £140,000	1	0
	5	5

The Chief Executive is a member of the group personal pension defined contribution scheme. The Chief Executive receives an enhanced employer contribution compared to ordinary members. Linc does not make any further contributions to an individual pension arrangement for the Chief Executive.

9. Pensions

The Association operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Association in an independently administered fund. The pension charge represents contributions payable by the Association to the fund and amounted to £852,000 (2019: £862,000).

The Association contributes to a money purchase pension for all eligible staff and no further disclosure in respect of that scheme is required under FRS 102.

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2020 (continued)

10. Tangible fixed assets - housing properties

Group	Social Housing Properties £000	Shared Ownership £000	Nursing Homes £000	Non-Social Other £000	Properties Under Construction £000	Total £000
Cost						
At beginning of year (restated note 33)	279,102	3,295	18,665	2,792	32,902	336,756
Schemes completed	18,252	0	0	0	(18,252)	0
Additions	413	41	0	0	35,276	35,730
Transfer In	2,759	0	0	0	0	2,759
Works to existing properties	2,961	0	19	0	0	2,980
Disposals	(857)	(110)	(14)	0	0	(981)
At 31st March 2020	302,630	3,226	18,670	2,792	49,926	377,244
Depreciation & Impairment						
At beginning of year (restated note 33)	42,863	314	2,266	455	750	46,648
Impairment	304	0	0	0	1,182	1,486
Charge for the year	3,808	14	347	37	0	4,206
Schemes completed	458	0	0	0	(458)	0
Transfer In	271	0	0	0	0	271
Disposals	(490)	(16)	(2)	0	0	(508)
At 31st March 2020	47,214	312	2,611	492	1,474	52,103
Net Book Value						
At 31st March 2020	255,416	2,914	16,059	2,300	48,452	325,141
At beginning of year (restated note 33)	236,239	2,981	16,399	2,337	32,152	290,108

					Restated March 2020 £000	March 2019 £000
Housing properties comprise:						
Freeholds					280,470	250,776
Leaseholds					44,671	39,332
					325,141	290,108

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2020 (continued)

10. (continued) Tangible fixed assets - housing properties

Association	Social Housing Properties £000	Shared Ownership £000	Nursing Homes £000	Non-Social Other £000	Properties Under Construction £000	Total £000
Cost						
At beginning of year (restated note 33)	279,395	3,295	18,714	2,792	33,151	337,347
Schemes completed	18,374	0	0	0	(18,374)	0
Additions	413	41	0	0	35,493	35,947
Transfer In	2,759	0	0	0	0	2,759
Works to existing properties	2,961	0	19	0	0	2,980
Disposals	(857)	(110)	(14)	0	0	(981)
At 31st March 2020	303,045	3,226	18,719	2,792	50,270	378,052
Depreciation & Impairment						
At beginning of year (restated note 33)	42,878	314	2,271	455	750	46,668
Impairment	304	0	0	0	1,182	1,486
Charge for the year	3,813	14	348	37	0	4,212
Schemes completed	458	0	0	0	(458)	0
Transfer In	271	0	0	0	0	271
Disposals	(490)	(16)	(2)	0	0	(508)
At 31st March 2020	47,234	312	2,617	492	1,474	52,129
Net Book Value						
At 31st March 2020	255,811	2,914	16,102	2,300	48,796	325,923
At beginning of year (restated note 33)	236,517	2,981	16,443	2,337	32,401	290,679

	March 2020 £000	Restated March 2019 £000
Housing properties comprise		
Freeholds	281,153	251,252
Leaseholds	44,770	39,427
	325,923	290,679

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2020 (continued)

10. (continued) Tangible fixed assets - housing properties

Group and Association

Transfer of fixed assets:

The Strategic Report on page 7 details the background for the Transfer of Engagements between Linc-Cymru Housing Association Limited and Baneswell Housing Association Limited. The Transfer of Engagements was registered with the Financial Conduct Authority on 4th October 2019.

Linc acquired 70 homes under the business combination. The book cost of the properties acquired was £2,759,000 with accumulated depreciation of £271,000, giving a net book value for the properties of £2,488,000. The acquisition is detailed in note 10 to the Financial Statements - Tangible fixed assets and is included under the heading 'Transfer In'. Other net liabilities of £125,000 were acquired on the business combination providing a net gain on the business combination of £2,363,000, which is included in note 2(a).

	March	March
	2020	2019
	£000	£000
Expenditure on works to existing properties:		
Improvement works capitalised	0	0
Components capitalised	2,980	2,107
Amounts charged to income and expenditure	9,698	8,576
	12,678	10,683
Social housing assistance		
Total accumulated social housing grant received or receivable at 31st March:		
Capital Grant	15,635	16,006
Revenue Grant	1,059	792
	16,694	16,798

Finance costs:

Linc does not capitalise finance costs within the cost of its housing properties.

Impairment:

Linc considers individual schemes to be separate Cash Generating Units (CGU's) when assessing for impairment, in accordance with the requirements of Financial Reporting Standard 102 and SORP 2018.

During the year to 31st March 2020 Linc assessed that there was an impairment of £303,417 to recognise in relation to properties that will be subject to future redevelopment and an impairment of £1,181,720 to recognise in relation to two land holdings. The reason for the land holdings impairment was due to a change in the intended use of the land. There was no impairment to recognise during the year ended 31st March 2019. The accumulated impairment at 31st March 2020 was £1,485,137, and the whole of the accumulated impairment arose in the financial year ended 31st March 2020.

The assessment of the wider impact of COVID-19 on the carrying value of properties in management and those in the course of construction indicated that there was no impairment to recognise due to the effect of the pandemic.

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2020 (continued)

11. Fixed assets - other

Group and Association	Office premises £000	Furniture and equipment £000	Computer equipment £000	Motor Vehicles £000	Computer Software £000	March 2020 £000
Cost						
At beginning of year	2,800	2,655	1,241	67	273	7,036
Additions	12	539	124	0	276	951
Disposals	(8)	(57)	(5)	(9)	0	(79)
At 31st March 2020	2,804	3,137	1,360	58	549	7,908
Depreciation						
At beginning of year	1,669	1,924	1,006	39	256	4,894
Charge for the year	133	194	128	10	6	471
Disposals	(8)	(56)	(4)	(9)	0	(77)
At 31st March 2020	1,794	2,062	1,130	40	262	5,288
Net Book Value						
At 31st March 2020	1,010	1,075	230	18	287	2,620
At beginning of year	1,131	731	235	28	17	2,142

Office Premises	4% - 10% per annum on cost
Office Improvements	20% per annum on cost
Computer Equipment	20% - 25% per annum on cost
Furniture and Equipment	10% - 33% per annum on cost
Motor Vehicles	25% per annum on cost
Computer Software	20% - 25% per annum on cost

12. Investment properties. Non-social housing properties held for letting

Group and Association	March 2020 £000	March 2019 £000
At beginning of the year	10,660	10,205
Additions	0	0
Disposals	0	0
Increase in value	30	455
At 31st March 2020	10,690	10,660

13. Homebuy loans receivable

Group and Association	March 2020 £000	March 2019 £000
At beginning of the year	661	769
New loans issued	0	0
Interest receivable	0	0
Loans repaid	(100)	(108)
Loans provided against	0	0
At 31st March 2020	561	661

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2020 (continued)

14. Investment in subsidiaries

Subsidiary undertakings

Company Name	Country	Class of shares	Percentage Shareholding
Tarbed Limited	UK	Ordinary	100%

Company	Investments in subsidiary companies
Cost or valuation at 1st April 2019 and 31st March 2020	£ 1
Net book value at 31st March 2020	1
Net book value at 31st March 2019	1

Description

The principal activity of the company during the year was the provision of design and build services for Linc.

15. Operating leases in relation to assets other than land and buildings are set out below:

Operating lease payments amounting to £52,581 (2019: £94,607) are due within one year. The leases to which these relate expire as follows:

Group and Association

			March 2020 £000	March 2019 £000
Operating leases which expire:				
Within 1 year			44	44
Within 1 to 2 years			9	42
Within 2 to 5 years			0	9
At 31st March 2020			53	95

Commencing in 2020 and ending in 2112 the Association has a contingent ground rent commitment for 288 of its leasehold properties. The yearly rent will be a variable sum assessed annually and will be 15% of the net rents received for the relevant preceeding year.

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2020 (continued)

16. Trade and other debtors

	Group March 2020 £000	Group March 2019 £000	Association March 2020 £000	Association March 2019 £000
Arrears of rent and service charges	1,767	1,119	1,767	1,119
Less: Provision for bad and doubtful debts	(974)	(994)	(974)	(994)
	793	125	793	125
Other grants and loans receivable	750	236	750	236
Cash in transit	521	584	521	584
Insurance prepayment	190	287	190	287
Sales ledger	2,872	1,273	2,872	1,273
Amounts owed by group companies	0	0	1,091	644
Housing Finance Grant	6,420	3,722	6,420	3,722
Social Housing Grant in Transit	282	1,357	282	1,357
Other debtors and prepayments	1,624	983	651	427
	13,452	8,567	13,570	8,655

Housing Finance Grant is an award of funding by the Welsh Government to assist with the delivery of affordable housing. The funding will be payable over 30 years, the first instalment was received in September 2014.

17. Cash and cash equivalents

	Group March 2020 £000	Group March 2019 £000	Association March 2020 £000	Association March 2019 £000
Cash at bank and in hand	46,475	39,570	46,383	39,503
Bank Overdraft	0	0	0	0
	46,475	39,570	46,383	39,503

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2020 (continued)

18. Creditors: amounts falling due within one year

	Group	Group	Association	Association
	March	March	March	March
	2020	2019	2020	2019
	£000	£000	£000	£000
Prepayments of rents and service charges	1,221	1,339	1,221	1,339
Housing loan principal instalments	8,693	9,333	8,693	9,333
Housing loan interest instalments	1,338	890	1,338	890
Recycling Capital Grant Fund	0	0	0	0
PAYE/National Insurance	274	253	274	253
Pension	33	78	33	78
Due to Customs and Excise - VAT	46	71	46	71
Income in advance	690	81	690	81
Cyclical maintenance	72	72	60	72
Payments to contractors	1,490	92	283	92
Planned repairs	257	257	167	257
Reactive maintenance	306	306	531	306
Service charge costs	204	204	265	204
Purchase ledger	584	215	317	215
Amounts owed to group companies	0	0	1,717	1,398
Other creditors and accruals	1,844	2,748	1,450	1,378
	17,052	15,939	17,085	15,967

19. Creditors: amounts falling due after more than one year

Group and Association

	March	Restated
	2020	March
	£000	2019
	£000	£000
Housing loans	159,876	129,847
Social Housing Grant (note 21)	166,920	152,091
Home Ownership Grants (note 22)	49	149
Recycled capital grant fund (note 23)	3,576	4,245
Disposal proceeds fund (note 24)	417	851
	330,838	287,183

	March	March
	2020	2019
	£000	£000
Housing loans are secured by fixed charges on housing properties and are repayable in instalments as follows:		
One year or less	8,693	9,333
Between one and two years	5,335	8,386
Between two and five years	25,141	26,718
In five years or more	129,400	94,743
	168,569	139,180

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2020 (continued)

19. (continued) Creditors: amounts falling due after more than one year

The interest rates are fixed at between 2.0% and 12.19% or vary with the market rate. The loans are repayable in the years 2020 to 2054. During 2016/17 a concessionary interest free loan of £494,022 was received from the Welsh Government and this loan was repaid in June 2019. During 2018/19 and 2019/20 concessionary interest free loans totalling £5,605,525 were received from the Welsh Government under the land for housing loan scheme. These loans are repayable at the earliest of practical completion of the last property developed or the fifth anniversary of the land purchase.

20. Commitments under finance leases

Neither Linc or Tarbed Limited had any commitments under finance leases at 31st March 2020 or at 31st March 2019.

21. Deferred income - social housing grants

Group and Association	Social Housing Properties £000	Shared Ownership £000	Properties Under Construction £000	Total £000
Cost				
At beginning of year	151,942	2,077	23,073	177,092
Schemes completed	7,890	0	(7,890)	0
Additions	0	0	15,635	15,635
Transfer In	1,529	0	0	1,529
Disposals	(121)	(75)	0	(196)
At 31st March 2020	161,240	2,002	30,818	194,060
Amortisation				
At beginning of year (restated note 33)	24,666	335	0	25,001
Charge for the year	1,558	14	0	1,572
Transfer In	596	0	0	596
Disposals	(16)	(13)	0	(29)
At 31st March 2020	26,804	336	0	27,140
Net book value				
At 31st March 2020	134,436	1,666	30,818	166,920
At beginning of year (restated note 33)	127,276	1,742	23,073	152,091

The grants are amortised as follows:

			March 2020 £000	Restated March 2019 £000
Amounts falling due:				
One year or less			1,572	1,472
Between one and two years			1,572	1,472
Between two and five years			6,288	5,888
In five years or more			157,488	143,259
			166,920	152,091

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2020 (continued)

22. Deferred income - home buy grants

Group and Association	March 2020 £000	March 2019 £000
At beginning of year	149	197
Grants received in the year	0	0
Disposals	(100)	(48)
At 31st March 2020	49	149

Linc is responsible for monitoring Home Ownership Grants. Under these grants the Welsh Government advanced 30% of the value of our cost of a property to a purchaser introduced by Linc. The advance is secured by a charge on the property in Linc's name with a sub-charge in the name of the Welsh Government.

Linc is responsible for ensuring that at the time of sale 30% of the sales proceeds or the grant (whichever is the lower) is returned to the Welsh Government. As at 31st March 2020 the value of these grants amounted to £48,910 (31st March 2019: £148,806).

23. Recycled capital grant fund

Group and Association	March 2020 £000	March 2019 £000
At beginning of year	4,245	3,540
Grants recycled	349	754
Withdrawals	(1,018)	(49)
At 31st March 2020	3,576	4,245

Withdrawals from the recycled capital grant fund are used for the purchase and development of new housing schemes for letting.

24. Disposal proceeds fund

Group and Association	March 2020 £000	March 2019 £000
At beginning of year	851	671
Grants recycled	110	180
Withdrawals	(544)	0
At 31st March 2020	417	851

Withdrawals from the disposals proceeds fund are used for the purchase and development of new housing schemes for letting.

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2020 (continued)

25. Financial instruments

Linc-Cymru Housing Association Limited has assessed financial instruments utilised in the year which include debtors, creditors, grants and loan instruments. All such financial instruments have been classed as basic with no fair value adjustment applied.

	Group March 2020 £000	Group March 2019 £000	Association March 2020 £000	Association March 2019 £000
Financial assets measured at amortised cost comprise of the debtors as detailed in Note 16 (excluding prepayments), cash and home buy loans (Note 13)	60,299	48,511	60,325	48,533
Financial liabilities measured at amortised cost comprise creditors included in Notes 18 and 19 (excluding VAT, PAYE, NI and income in advance)	345,659	301,378	345,692	301,406

26. Share capital

Group and Association

	March 2020 £000	March 2019 £000
Shares of £1 each fully paid		
At beginning of year	26	26
Issued during the period for cash	7	5
Cancelled during the period	(3)	(5)
At 31st March 2020	30	26

The shares provide members with the right to vote at General Meetings, but do not provide any rights to dividends or to distributions on winding-up.

27. Capital funding and commitments

Group and Association

	March 2020 £000	March 2019 £000
Expenditure contracted for but not provided in the accounts	39,170	29,590
Expenditure authorised by the Board, but not contracted	9,830	30,530
	49,000	60,120

The above commitments will be financed through available funds, Social Housing Grant and Housing Finance Grant, existing and future borrowing.

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2020 (continued)

28. Homes and properties in management

Group and Association

	March 2020	Movement	March 2019
Social housing			
General Needs	2,966	73	2,893
Extra Care	359	22	337
Sheltered	425	74	351
Supported	153	4	149
Intermediate Rent	265	45	220
Shared Ownership	140	(4)	144
Home Buy Option	86	(4)	90
Sub-Total Social Housing	4,394	210	4,184
Non-social housing			
Care Home	210	0	210
Market Rent	86	0	86
Retail	9	0	9
Total in management	4,699	210	4,489

29. Establishment of the Association

Linc-Cymru Housing Association Limited is a Registered Society under the Co-operative and Community Benefit Societies Act 2014. The Association is also registered with The Welsh Government as a Registered Social Landlord.

30. Related party transactions

In accordance with the exemptions offered by the Financial Reporting Standard 102 - Related Party Transactions, the Association has not disclosed within these financial statements any transactions with entities that are wholly owned subsidiaries of Linc.

Board Members

During the year, Mr Brian Thomas, a tenant of Linc served as a Board Member. Mr Thomas rents his property from the Association on the same terms as other tenants. The Board is not aware of any other transactions with related parties, which need to be disclosed in the financial statements.

	Rent Charged for the year	Rent prepaid at 31st March 2020
Mr B Thomas	£8,103	£1,966

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2020 (continued)

30. (continued) Related party transactions

Transactions with close family members of Key Management Personnel

In total, the amount remunerated to close family members of the key management personnel was £Nil (2019 £135,080).

Analysis of Subsidiary undertakings

Linc has one directly owned 100% subsidiary undertaking, Tarbed Limited (Registered number: 06995481).

During the year, Tarbed generated turnover in respect of construction management services under design and build contracts on behalf of Linc of £21,901,561 (2019: £20,723,921). At the year-end £1,717,030 (2019: £1,397,951) was due from Linc to Tarbed in relation to these contracts.

During the year, Linc charged Tarbed £530,561 (2019: £794,752) in respect of administration and project management services. At the year end £107,667 (2019: £175,678) was outstanding. Linc was due £183,548 (2019: £188,902) in respect of Gift Aid at the year end.

Linc has made a loan of £800,000 (2019: £280,000) to provide working capital in relation to its design and build contracts. The loan is based on commercial terms with interest charged at 2% above the Bank of England Base Rate. There is no fixed repayment date under the terms of this loan agreement.

31. Contingent liabilities

There were no contingent liabilities at 31st March 2020, or at the 3rd September 2020, the date the financial statements were approved by the Board of Management.

32. Analysis of changes in net debt

	March 2019 £000	Cash Flows £000	Fair Value Movements £000	Other Non- Cash Movements £000	March 2020 £000
Cash	514	414	0	0	928
Money markets deposits, at call and notice	39,056	6,491	0	0	45,547
	39,570	6,905	0	0	46,475
Loans due within one year	(9,333)	13,353	0	(12,713)	(8,693)
Loans due greater than one year	(129,847)	(42,742)	0	12,713	(159,876)
Total	(99,610)	(22,484)	0	0	(122,094)

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2020 (continued)

33. Prior period adjustment

The Association has identified a depreciation and grant amortisation error in relation to its housing properties that are held on leasehold basis. This adjustment is to correct the depreciation and amortisation of these properties where the remaining lease term is less than the estimated economic life of the assets. The Association considers this to have a material effect on the financial statements and has corrected this retrospectively through a prior period.

Prior period adjustment to leasehold property depreciation and amortisation

Restated consolidated statement of financial position	31st March 2019 £000	1st April 2018 £000
Original reserves	50,178	47,254
Extra depreciation related to leasehold properties	(1,951)	(1,864)
Extra grant amortisation related to leasehold properties	359	345
Reserves	48,586	45,735
Restated association statement of financial position	31st March 2019 £000	1st April 2018 £000
Original reserves	50,742	47,620
Extra depreciation related to leasehold properties	(1,951)	(1,864)
Extra grant amortisation related to leasehold properties	359	345
Reserves	49,150	46,101
Restated consolidated net book value of housing properties	31st March 2019 £000	1st April 2018 £000
Original net book value of housing properties comprise:		
Freeholds	290,554	263,549
Leaseholds	1,505	1,350
Original net book value	292,059	264,899
Transfer from freehold	(39,778)	(34,839)
Transfer to leasehold	39,778	34,839
Extra depreciation related to leasehold properties	(1,951)	(1,864)
Restated net book value of housing properties comprise:		
Freeholds	250,776	228,710
Leaseholds	39,332	34,325
Revised net book value	290,108	263,035

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2020 (continued)

33. (continued) Prior period adjustment

Restated deferred income - social housing grants	31st March 2019 £000	1st April 2018 £000
Original net book value of social housing grants	152,450	138,535
Extra grant amortisation related to leasehold properties	(359)	(345)
Revised net book value of social housing grants	152,091	138,190
Restated consolidated surplus for the year ended 31st March 2019	31st March 2019 £000	
Original surplus for the year	2,924	
Extra depreciation related to leasehold properties	(87)	
Extra grant amortisation related to leasehold properties	14	
	2,851	
Restated association surplus for the year ended 31st March 2019	31st March 2019 £000	
Original surplus for the year	3,122	
Extra depreciation related to leasehold properties	(87)	
Extra grant amortisation related to leasehold properties	14	
	3,049	

Linc-Cymru Housing Association Limited

Operating and Financial Review 7 Year Summary

For the year ended 31st March 2020

The following page does not form part of the statutory financial statements which are the subject of the independent auditors' report on pages 29-31.

For the year ended 31st March	2020	2019	2018	2017	2016	2015 Restated*	2014
Statement of Comprehensive Income (£000)		Restated **					
Total turnover	40,854	38,114	37,437	33,152	30,834	28,310	25,113
Income from Lettings	28,907	26,471	25,803	25,149	24,381	23,254	21,020
Operating surplus	8,102	7,299	6,615	8,147	7,579	6,238	5,828
Gain/(deficit) on disposal of Property, Plant and Equipment (fixed assets)	2	316	86	65	157	84	(119)
Maintenance expenditure	8,639	7,784	7,961	6,340	5,644	5,623	5,488
Interest and financing costs	5,705	4,395	4,994	4,196	4,155	4,424	4,364
Surplus on Property Revenue Account	2,397	2,904	1,621	3,951	3,424	1,814	1,464
Surplus for the year	2,674	3,049	2,207	4,794	3,923	2,118	1,532
Statement of Financial Position (£000)							
Total fixed assets	339,794	304,142	278,723	266,221	260,037	256,558	261,249
SHG	(166,920)	(152,091)	(138,535)	(131,611)	(129,348)	(130,458)	(150,021)
Tangible fixed assets net of capital grants and depreciation	172,874	152,051	140,188	134,610	130,689	126,100	111,228
Net current assets / (liabilities)	42,868	32,191	2,893	13,464	7,355	11,387	21,401
Borrowings - Housing Loans	168,569	139,180	108,452	102,664	97,739	101,966	104,135
Reserves							
: designated	2,145	2,281	2,239	2,174	2,002	1,965	1,711
: revenue	49,679	46,869	45,381	43,239	38,617	34,731	28,816
: total	51,824	49,150	47,620	45,413	40,619	36,696	30,527
Accommodation figures							
Total housing stock owned at year end (number of dwellings):							
Housing	4,489	4,279	4,216	4,222	4,182	4,077	4,063
Nursing Home	210	210	211	147	147	147	102
Total	4,699	4,489	4,427	4,369	4,329	4,224	4,165
Statistics							
Surplus for the year as a percentage of turnover	6.5%	8.0%	5.9%	14.4%	12.7%	7.5%	6.1%
Surplus for the year excluding the gain/(deficit) on disposal of Property, Plant and Equipment, excluding the revaluation surplus on investment properties, excluding the gain on transfer of undertakings and excluding impairment, as a percentage of turnover	4.3%	6.2%	6.0%	12.31%	11.6%	7.2%	6.5%
Rent losses (voids and bad debts as percentage of rent and service charges receivable)	1.2%	2.0%	1.5%	1.0%	0.7%	0.9%	1.4%

Linc-Cymru Housing Association Limited
Operating and Financial Review 7 Year Summary
For the year ended 31st March 2020

For the year ended 31st March	2020	2019	2018	2017	2016	2015 Restated*	2014
Rent arrears (gross arrears as a percentage of rent, service charges and care home fees receivable)	4.7%	3.2%	3.2%	3.4%	4.8%	4.8%	4.4%
Borrowing costs as a percentage of turnover	14.0%	11.5%	13.3%	12.7%	13.5%	15.6%	17.4%
Revenue maintenance costs as a percentage of turnover	21.1%	20.4%	21.3%	19.1%	18.3%	19.9%	21.9%
Interest cover (surplus before interest payable divided by interest payable and capitalised interest)	1.5	1.7	1.4	2.1	1.9	1.5	1.3
Liquidity (current assets divided by current liabilities)	3.5	3.0	1.1	2.5	2.0	2.5	4.0
Total reserves per unit (£)	£11,050	£10,970	£10,778	£10,415	£9,402	£8,687	£7,329

*The financial statements for the year ended 31st March 2016 and onwards have been prepared in accordance with Financial Reporting Standard (FRS) 102 and in accordance with the 2014 Statement of Recommended Practice (SORP) Accounting by Registered Landlords. The comparatives for 2015 have been restated to reflect the introduction of these new financial reporting requirements.

**The financial statements for the year ended 31st March 2019 and onwards have been restated to reflect the prior year adjustment as detailed in note 33 to the financial statements.

