



LINC CYMRU HOUSING ASSOCIATION LIMITED ANNUAL REPORT & FINANCIAL STATEMENTS

for the year ended 31 March 2021



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 2021**

Linc-Cymru Housing Association Limited

Annual Report and Financial Statements

For the year ended 31st March 2021

Contents	Page
Strategic Report	1
Board and Governance Report	8
Financial and Performance Review	22
Independent Auditors' Report	31
Consolidated Statement of Comprehensive Income	35
Association Statement of Comprehensive Income	36
Consolidated Statement of Financial Position	37
Association Statement of Financial Position	38
Consolidated Statement of Changes in Reserves	39
Association Statement of Changes in Reserves	39
Consolidated Statement of Cash Flows	40
Notes to the Financial Statements	42
Operating and Financial Review 7 Year Summary	71



Linc-Cymru Housing Association Limited

Strategic Report

For the year ended 31st March 2021

The Board of Management present their strategic report on the affairs of Linc-Cymru Housing Association Limited (Linc), together with the financial statements and auditor's report, for the year ended 31st March 2021.

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 2021, 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 2021 (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 in 2020 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. The Team continued to meet during 2020/21 to resolve the on-going challenges faced, including 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 received significant financial support from the Welsh Government via the Local Authorities in meeting the lost income during 2019/20 and that support continued into the 2020/21 financial year. The Welsh Government has confirmed that this financial support will continue during the 2021/22 financial year, albeit at a reducing level, until March 2022. The funding is paid at the Local Authority fee rate.

Whilst restrictions have now been eased by both the UK and the Welsh Governments and with the economy starting to open up, Linc has continued its planning for any future waves of the pandemic. A COVID-19 Business Continuity plan continues to be in place and is continually reviewed and updated 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 2021 (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 new term of Government (2021–2026) 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 Housing Quality Standard.

The Welsh Government has set out ambitious proposals for the Decarbonisation of existing homes and this is a key objective for Linc in the coming years and will form part of Linc's Environmental Sustainability Strategy.

Strategic Corporate Objectives

We continue to adopt our approach, simplifying what we do as a business and focusing 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 has the key purpose of 'Creating the right environment for people to flourish'. This 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, in terms of 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. In 2021/22 we are on track to deliver 293 new homes.
- Providing homes for sale to support our ongoing investment in affordable housing. In 2021/22 we will be establishing a property sales subsidiary.
- Enhance the number and range of social care and support developments.
- 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 2021 (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.
- During 2021/22 we will be launching our wellbeing strategy & action plan, our colleague experience initiatives, and embedding the tenancy sustainability strategy throughout the organisation. We will also be working towards ISO45001.

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.
- During 2021/22 we will be replacing our Omni IT system with Dynamics 365, a modern housing management platform and a new finance system. We will be replacing our existing HR platform and modernising the recruitment function. We will also be developing a new Customer Portal and a new Contractor Portal.

4. Prosperous Business

Our OneLinc goals:

- Supporting the social and economic ambition of customers.
- Involving our customers and listening, learning and acting on their views.
- Value for Money leading improvements to create capacity.
- Delivering a modern governance framework.
- During 2021/22 we will be progressing objectives in the following areas:
 - Equality and Diversity
 - Strategic Environmental Improvements
 - Decarbonisation
 - Delivery of Value for Money
 - Rent Affordability and Rent Setting
 - Service Charges
 - Nursing Home Recruitment and Retention
 - Procurement Efficiency and Effectiveness
 - Safeguarding
 - Delivery of Internal and External Strategic Communications

Linc-Cymru Housing Association Limited

Strategic Report

For the year ended 31st March 2021 (continued)

During 2020/21, the Board reiterated:

1. The principle of building up to 1,700 new homes. Development schemes for 857 of these new homes have been identified and included in the 2021/22 budget and forward indicators for the four following years ending March 2026. The homes will be constructed in the five-year period 2021/22 to 2025/26.
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 as outlined in our Risk Management Framework. Linc's Risk Management Group (RMG) which comprises of Heads of Service from across the organisation meet quarterly to review existing risks and to identify any new risks that may have emerged. Linc maintains a Corporate Risk Register, which contains those risks which are judged by the Business Leadership Group to be the strategic risks facing the organisation and Operational Risk Registers for all parts of the business. Each quarter the RMG reports to the Business Leadership Group, which considers the recommendations from the RMG and reviews the Corporate Risk Register in light of these recommendations. The Executive Team reports to the Audit Committee three times a year and to the Board quarterly on the key strategic risks within 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 an experienced housing team in place to support tenants to sustain their tenancies and continue to pay the rent. Our offer includes signposting and supporting to access Money Advice.

The Introduction of the National Living Wage

The National Living Wage 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 key health & safety performance indicators on a monthly basis, 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 2020/21, we recruited additional resource to our Health and Safety team.

Linc-Cymru Housing Association Limited

Strategic Report

For the year ended 31st March 2021 (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 People and Places as Linc's Responsible Individual (RI). To satisfy the requirements of CIW, Linc's Board approved the appointment of Richard as a co-optee Non-Executive Director for a period of six months. This appointment has been renewed on four occasions since then, each period being for six months. The latest six month appointment was in July 2021. It is anticipated that during 2021/22 Linc's Director of Nursing will become the Association's RI.

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. This work continued during the whole of 2020/21 and is still relevant today even as the Covid restrictions begin to relax.

Regulatory Engagement

The risk is that if 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.

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 a strategic treasury management strategy 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 2021 (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 new target for affordable homes for the new term of Government (2021-2026) 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 850 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 scheduled to open during 2021/22. The site for the third scheme has been identified in Porth. 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.

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 2021

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 sits on several Boards in South Wales. She joined Linc's Board in June 2016 and became Vice Chair of the Board in June 2018. Julia 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 2021 (continued)



Richard Miles

Richard is Head of Savings/Area Manager at the Swansea Building Society. He has over 28 years financial services experience gained within the banking/ building society sector mainly in Midlands and Wales. Richard joined Linc's Board in April 2019. He is Chair of the Pensions Governance Committee is a Member of the Audit Committee, Nomination Committee, Remuneration Committee and is a Director of Tarbed Limited, a subsidiary of Linc.



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 and she is a Member of the Audit, Development, Remuneration, Nomination and Care Committees. Mandy is also 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 is a Member of the Development Committee.



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 the Audit Committee and a Member of the Pensions Governance Committee. Jonathan is also the Chair of Tarbed Ltd, a subsidiary of Linc.

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2021 (continued)



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.



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 housing and care business including our three directly run nursing homes and our diverse range of Independent Living accommodation. Richard remains a Co-optee Member and is Linc's Responsible Individual (RI) for our three nursing homes.



Willow Smallbone

Willow is the Data and Analytics Manager at Dŵr Cymru Welsh Water, where she manages the Data Science Team. Willow is a Chartered Scientist with a Ph.D. in Biology. She joined the Board through the Chwarae Teg Step to Non-Executive programme in 2019 where she was a shadow Board Member, to help improve her skills and increase her understanding of Board governance before joining Linc's Board in March 2021 as a Co-optee Member.

Former Board Members

Beverley Mills left the Board in February 2021 following 2 years and 7 months service.
Brian Thomas left the Board in September 2020 following 3 years' service.

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2021 (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.



Louise Attwood

Executive Director Property & Commercial

Louise is responsible for delivering new business and growth across our social, market and Independent Living accommodation. She is also responsible for the leadership and performance of the Asset Management, Health & Safety and Community Regeneration Teams



Richard Davies

Executive Director People and Place

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 2021 (continued)

Board and Corporate Governance

The activities of Linc are overseen by the Board which meets once every two months. There are six 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.

Care Committee

The Care Committee meets at least four times a year. The objectives and purpose of the Care Committee are to support and advise the Board in the following areas:

1. Provide assurance to the Board that Linc's registered Nursing Home services are compliant with the regulations as set out in the Statutory Guidance to the Regulation and Inspection of Social Care (Wales) Act 2016 and operate effective Clinical Governance.
2. Provide assurance to the Board that Linc's registered Nursing Home services are compliant with standards and reporting requirements of Health Board and Local Authority Commissioners.
3. Ensure appropriate quality indicators are in place for the effective monitoring of the service and to provide the necessary assurance to the Board.
4. Review the Corporate Risks that are relevant to the operation of the Nursing Homes.

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.

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2021 (continued)

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.

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.

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2021 (continued)

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 is 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 to make themselves aware of any relevant information and to establish that Linc's auditor is aware of that information.

Internal Financial Control

The Welsh Government requires Registered Social Landlords (RSLs) to report on internal controls. 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 2020 to 9th September 2021, 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 Operational Risk Registers, is reviewed by the Risk Management Group and Business Leadership Group quarterly, and at each meeting of the Audit Committee and by the Board quarterly. This process has been in place for the whole of the period covered by these financial statements up to and including 9th September 2021.
- 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.

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2021 (continued)

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 2020/21 we continued to build on our governance framework to ensure that Linc remains dynamic, focused, and fit to face future challenges. The major governance challenge this year was the COVID-19 pandemic, and our efforts were shaped around maintaining effective governance and safe services.

During 2020/21 we progressed the following initiatives:

- Further developed the in-house governance team providing support to the Board and Executive Team.
- Introduced 'In Depth' Corporate Risk reviews, which are scrutinised and challenged by the Audit Committee.
- Completed our annual Self Evaluation and Value for Money Statement.
- Demonstrated compliance with the CHC Code of Governance.
- Undertook an external Governance Review led by Altair.
- Set up a weekly compliance review chaired by the Executive Director Property and Commercial.
- Undertook Business Continuity meetings to mitigate the risk of COVID-19, involving senior staff across the business. These meetings were initially held daily, reduced to twice weekly and eventually a weekly meeting.
- Produced regular Board Bulletins highlighting the impact of COVID-19 on finances and performance.
- Moved all Board and Committee meetings to virtual, ensuring Business Continuity and good governance.
- Held our first Virtual AGM.
- Signed the Tai Pawb Deeds not Words Pledge, committing to tackling racial inequality.

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.

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2021 (continued)

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. 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.
- Social enterprise and community development.
- Media, public relations, communication 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, nursing and social care activities.
- Customer Service.
- Equality and diversity.
- Technology and Robotics.
- Financial management and audit control.
- Construction design, development and procurement.
- Health and Safety.

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

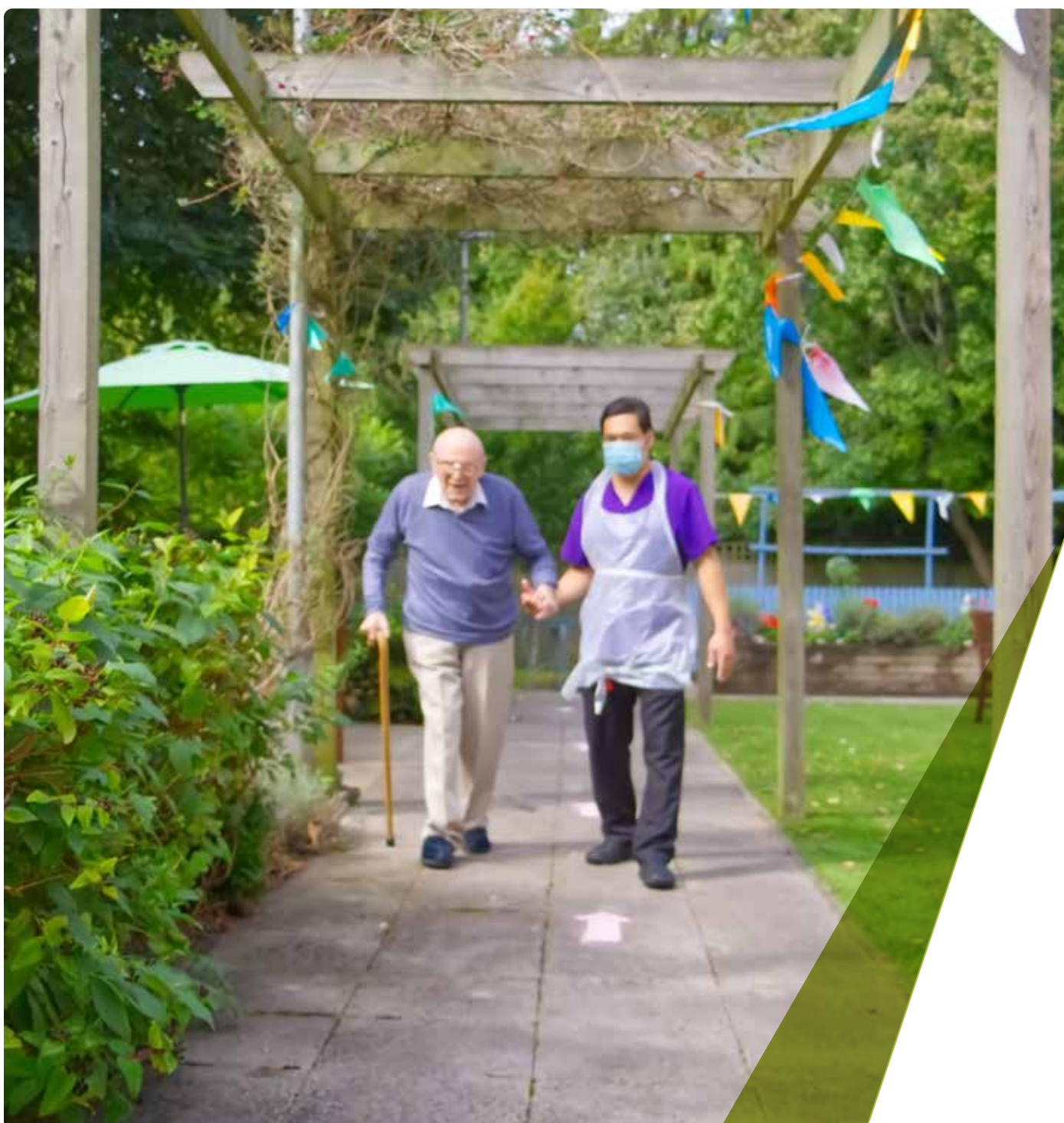
Existing Non-Executive Directors are encouraged to provide the Board with up to 6 months' notice of their intention to leave the Board (except where a Member is completing the maximum of 9 years' term). This aids succession planning and mitigates against big changes at any one time.

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.

Linc-Cymru Housing Association Limited Board and Governance Report For the year ended 31st March 2021 (continued)

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. To satisfy this requirement, Linc appointed Richard Davies, Linc's Executive Director People and Place as a co-optee 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 2021 (continued)

Tenant and Resident Involvement and Engagement

2020/21 was a strong year for engagement with tenants. We increased our focus on health and wellbeing and poverty reduction in view of and in addition to listening, acting, and learning from tenants and residents. We received feedback from over 800 tenants, meeting our ambition to hear more tenant voices.

- Our Blaenau Gwent Reach Project with the Open University (OU) Wales and Aberbeeg Community Group, funded by UK Research and Innovation was an outstanding success delivering positive outcomes across the community.
- Over 500 tenants responded to our survey on affordability and rent setting. 61% of tenants said they could afford their rent, 12% said they could not. The remainder said 'sometimes' or yes or no answers together with comments. 76% of tenants agreed our rents were set in fair ways. This was put together with other key research along with further analysis to understand customer needs. Rents were raised this year by 1.5%
- In light of tenant feedback, we developed a Poverty Reduction Plan. With this as a backdrop, we worked with Children in Wales to support their 'whole school approach' to tackling poverty. We became the first housing association to pilot this approach and successfully linked this project with the University of South Wales who are now carrying out a 'group dissertation' evaluation of the project.
- We successfully secured £26,000 of funds from the Welsh Government via Bridgend Association of Voluntary Organisations (BAVO) to reduce loneliness and isolation as part of our Magical Moments Project. We were able to extend our reach from Maesteg to Cwrt Gwalia and Lewistown in Bridgend. Outcomes included a Community Pantry, community volunteers, greening spaces, socially distanced events, links with schools and therapeutic music initiatives.
- We finalised our Loving the Lysaght Project delivering well received outcomes. In our final year, pupils from Lliswerry High school wrote Lysaght the Musical and we created a Lysaght Digital Timeline. Our project evaluation was well received.
- Our Tenant and Resident Strategy Group (TRSG) continued its online activity, whilst at the same time developing the group and strengthening its links to the Board with regular reporting. We worked closely with the TRSG to develop the Tenancy Sustainability Strategy incorporating feedback from hundreds of other tenants and staff to inform practice and shape our plans. The strategy was adopted in January 2021.
- Tenant scrutiny progressed using online methods and hundreds of views were gained on a range of topics including a Contractor Code of Practice consultation, Environmental Strategy, service design in Assets, and around Policy changes.
- We developed a Baneswell Tenant/Resident Engagement Action Plan to support engagement with tenants during the process of decarbonising homes in Baneswell Newport via the Optimised Retrofit Programme (ORP). We shared our plans with the housing sector. Engagement so far has been very successful.
- Our Black History Month publication supporting the Black Lives Matter movement was co-produced with tenants and shared with local tenant groups and schools and received outstanding feedback from across a wide range of communities.

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2021 (continued)

Employee Involvement and Participation

We have always been very proud of our colleagues across Linc and in what has been the most difficult of years, this has never been more prevalent. We have consistently delivered our services with professionalism, and with the kindness and care that helps us to promote and fulfil our purpose to Create the Right Environment for People to Flourish. Throughout this last year the challenges we faced, helped us to come together stronger and with resilience and pride, as One Linc.

Fit 2 Flourish

We have recently launched our Fit 2 Flourish programme, which enables line managers and their teams to discuss, through regular check-ups and check-ins a range of key areas, to help enhance engagement. The five key areas are wellbeing, learn, insight, support and communication. The check-in and check-up discussions are employee led whilst at the same time enabling the line manager full scope to deliver praise, set objectives and progress on key priorities. The approach provides opportunities to address concerns or issues in a way that promotes confidence and motivation to improve.

Agile Working

During the last year we have 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 and have done so for almost 18 months. As we embark on coming out of the pandemic and returning to some normality, we launched an agile approach that embraced the benefits and key learnings whilst adopting some new ways. We are working towards a hybrid approach where the primary focus is on output and flexibility.

This approach is set against a backdrop of key principles which include excellent service delivery as a priority, wellbeing and consideration for colleagues are also a major priority. We will continue to embrace developments in technology and systems and utilise data to continuously improve and review how our agile approach is progressing.

Diversity & Inclusion

In addition to our Investors in Diversity Accreditation we have developed a strategic action plan detailing our commitment to take positive action to ensure a fully inclusive workforce, where everyone feels a sense of belonging. Specific action plans have been developed by our Racial Equality and LGBTQ+ working groups, which are made up of staff from across Linc. The working groups have input and influence in policy development where impact on all protected characteristics is considered. Progress is reported to our Board and Business Leadership Group on a regular basis.

Wellbeing

Our Wellbeing Strategy is well developed with key actions underway. Our four pillars of Wellbeing, Financial, Physical, Emotional & Environmental/ Social, continue to be a key focus. During this difficult year, along with legislative health and safety measures, our Wellbeing Officer has continued to provide considerable support to our key workers and those affected by the pandemic and other challenges. We continue to review our mental health and wellbeing data to identify and support staff who might be struggling emotionally with the effects of COVID-19 and the changes to their everyday life, this ensures we continue to provide the most appropriate support and help to our colleagues when they need it most.

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2021 (continued)

Remuneration of Non-Executive Directors and Staff

Non-Executive Directors

Linc believes that Non-Executive Director remuneration is an important tool in ensuring that the Board and its Committees are able to recruit and retain appropriately skilled, knowledgeable and experienced individuals to support the delivery of strategic objectives.

Remuneration levels are reviewed as a minimum every three years by the Remuneration Committee to ensure that they remain in line with sector norms. Any changes will be approved by the Board on a recommendation from the Remuneration Committee. No change to the level of Non-Executive Directors remuneration has been made since remuneration was introduced in 2018.

Remuneration levels are reviewed as necessary and benchmarked for guidance purposes only against relevant comparators (including but not limited to any available CHC benchmarking surveys, comparable practice in England and Scotland, other surveys of housing association Non-Executive Director remuneration, any other public, quasi-autonomous non-governmental organisation (quango), Welsh Government arm's length bodies and not-for-profit comparators available at the time). Linc aims to remunerate at levels +/- 5% of remuneration offered by similarly sized not-for-profit housing organisations. At no time will remuneration exceed 0.25% of our total turnover. Where appropriate, consideration will also be given to the use of an independent external adviser to support the Remuneration Committee's work on Non-Executive Directors' Remuneration.

Non-Executive Director Salary Structure

The annual remuneration paid to Linc's Non-Executive Directors is as follows:

The Chair of the Association £10,000

Non-Executive Directors £5,000

Non-Executive Directors who Chair one or more Committees £6,000

Linc Staff

In our commitment to create an environment for everyone to flourish, we recognise that pay and benefits are important to all of our employees, and we aim to provide a pay and benefits package which is market competitive. Linc classifies each job role by job families, this ensures an approach to reward which reflects the relevant job markets across the business.

A key part of this approach is to engage an external benchmarking specialist to review our salaries and terms and conditions of employment. This is undertaken against equivalent jobs in the local area, the whole of Wales, regional or national perspective as is appropriate for each role or family. On determining the appropriate salary for a post, Linc will normally use the mid-point as determined by the benchmark exercise.

We provide our data to be included Community Housing Cymru's, annual CEO pay and HR benchmarking surveys. These enable us to review our pay and conditions against other housing associations in Wales. We are able to review the data from a financial turnover and number of units perspective as well as the complexity of business, such as whether they have a care provision. In addition, we contribute to the National Care Forum, Social Care Reward survey which means we are able to review our data against other care providers. This regular review of our remuneration position ensures we provide sufficiently attractive remuneration packages to recruit, motivate, develop and retain an engaged and committed workforce.

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2021 (continued)

Employee Acknowledgement

The Board wishes to thank all Linc employees for their continued commitment to our tenants, residents and stakeholders. During the past year when we have continued to face 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 16th December 2020. Linc received the following judgement:

Governance - 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 appoint Bevan Buckland 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 2021

Financial Review

In summary, the Association's consolidated financial results for the year ended 31st March 2021 are considered satisfactory. The surplus for the year amounted to £2.8 million compared to the budgeted surplus of £2.6 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 COVID-19 pandemic had an impact on our turnover with a £1.7 million reduction compared to the budget. The main reasons for this variance are:
 - Delays in new developments being completed giving a £0.3 million variance in budgeted income.
 - A delay in the relet of empty properties due to restrictions on activities for repairs and letting during the lockdown periods. This increased lost rent thorough voids by £0.4 million.
 - A reduced occupancy at Linc's Nursing Homes creating an increase in lost fees of £2.3 million which has been offset by COVID support provided by Welsh Government of £1.9 million.
 - A reduction of in income in relation to meetings and functions at Linc's social enterprise venue of £0.3 million due to restrictions on the number of people who could gather indoors.
 - A reduction of £0.3 million in physical adaptation funding due to the volume of adaptations that could be completed during the year.
2. The COVID-19 pandemic also had an impact on operating costs, the restrictions during the lockdown periods meant that we were unable to complete the full programme of planned repairs and adaptations. Staffing costs were also reduced as a result of the lower occupancy within Linc's Nursing Homes. Overall, there was a £1.1 million operating cost improvement compared to budget.
3. Additional surplus on sale of properties of £0.2 million compared to budget was achieved from the sale of 16 properties.
4. Lower interest rates during the year contributed to a £0.6 million reduction in interest costs compared to budget.

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 change in value of investment properties (Note f).
- The impairment of housing properties.

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2021 (continued)

Impairment of Social Housing Properties

Linc has to make an assessment as to whether an indicator of impairment exists on any of its properties. 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 must 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 2021 (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

	2021 £000	Restated 2020 £000
Turnover	41,839	40,944
Operating expenditure	(33,731)	(35,186)
Gain on disposal of property, plant and equipment	131	2
Gain on transfer of undertakings	0	2,363
Other Income	60	30
Operating Surplus	8,299	8,153
Interest receivable	79	261
Interest and financing costs	(5,566)	(5,705)
Total Comprehensive income for the year	2,812	2,709

Turnover

Turnover for the year ended 31st March 2021 rose by £0.9 million (2.18%) from £40.9 million to £41.8 million. This increase derived from four sources:

- The increase in rents from social housing lettings from 1st April 2020. We increased our rents by 1.5% as permitted under the rent policy of the Welsh Government.
- Additional units coming into management from developments. During the year, an additional 205 social housing homes came into management.
- Service charge income has increased by £0.4 million (9.0%) due to 1 new extracare scheme coming into management.
- Rent loss due to voids increased by £0.3 million (94%) in social housing lettings. Reduced occupancy within Nursing Homes reduced fee income by £0.2 million (2.1%) due to the Covid-19 pandemic.

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2021 (continued)

Operating Expenditure

Net operating costs decreased by £1.5 million (4.2%) to £33.7 million. The following items account for the decrease:

- The 2019/20 operating expenditure included a £1.18 million impairment charge of land and a £0.3 million impairment charge of properties identified for future re-development. There was no impairment charge to recognise in 2020/21.
- A £0.3 million increase in service charges due to 1 new extracare scheme in Rhondda Cynon Taff coming into management, and the inflation effect on all service costs.
- A decrease in maintenance/asset management costs of £1.6 million. The decrease resulted in the level of activity that could be completed in the year due to restrictions in relation to the Covid-19 pandemic.
- A £0.5 million decrease in non-social housing activity costs due to reduced occupancy in Nursing Homes and the restriction on events and functions at Linc's facility Lysaght Institute.
- Increases in costs were incurred from:
 - The 2020/21 annual pay award.
 - The increase in the National Minimum Wage.
 - Enhanced cleaning regimes and Health and Safety.
 - Technology costs to enable remote working.
 - Depreciation on new properties coming into management.

Interest and Financing Costs

Interest payable at £5.566 million was a £0.139 million (2.4%) decrease on the preceding year. The Association benefited from the Bank Base Rate of 0.1% during the year on the variable interest rate loan facilities.

Total loans at 31st March 2021 amounted to £160.75 million a net decrease of £7.8 million during the year. A high proportion (68.7%) of the loan portfolio continues to be held in fixed interest rate facilities. The average cost of borrowing for the year ended 31st March 2021 was 3.5% compared to 3.4% for the year ended 31st March 2020.

Disposal of Property Plant and Equipment

A net surplus of £131,000 was recorded on the disposal of property plant and equipment. During the year, 17 property transactions took place to generate a surplus of £297,000 and included 5 shared ownership stair casing transactions, 1 home buy option transaction, 1 land sale and 10 voluntary sales. The voluntary sales were 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 2021 resulted in an increase in the value of the properties of £60,000.

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 2021 (continued)

Linc Care Performance Review

Linc delivers a diverse range of accommodation and care services to older people. These include three large Nursing Homes where Linc is the registered care provider, ten high quality Extra Care schemes where domiciliary care is provided by other agencies and a range of purpose built sheltered and older person accommodation. All of these services are run with a person-centred ethos and a strong commitment to dignity and respect in how people are treated.

Our three nursing homes provide high quality nursing and residential care to people with a range of needs including dementia. 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.

The last year has been very challenging because of COVID-19 but due to the dedication and professionalism of our staff we have ensured our residents have been safe and well. Our focus remains on delivering services to high standards, ensuring strong support to our staff and implementing effective systems of clinical governance to provide reassurance to the Board, Commissioners and the Regulator.

Linc's Extra Care schemes continue to lead the way in Wales in terms of the quality of the accommodation, surrounding environment and tenant experience. We ensure the food provided in our restaurants is of a high standard and a wide range of activities are available for people to socialise with each other. It is positive for tenants to see the relaxation of restrictions that were imposed due to COVID-19. 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. 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.

Linc continues to widen its range of accommodation and services to older people. The focus is always on quality of accommodation and promoting independence for people in a comfortable and safe environment. Linc will continue to learn from best practice in advancing the quality of older persons services and enhancing our reputation for excellence. By maintaining this positive approach, it will ensure we are best able to face the financial and strategic challenges that may emerge and allow us to successfully grow and develop the business.

Consolidated Statement of Financial Position

	2021 £m	Restated 2020 £m
Fixed Assets	357.3	340.1
Current Assets	48.2	59.9
Total Assets	405.5	400.0
Housing Loans	160.8	168.6
Government Grant	180.2	171.0
All other Liabilities	9.5	8.3
Total Liabilities	350.5	347.9
Net assets as represented by reserves	55.0	52.1

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2021 (continued)

Reserves Statement

Total reserves at 31st March 2021 were £55.0 million, an increase of £2.8 million (5.4%) on 2020. £54.4 million (restated as detailed in note 33) of the reserves were income & expenditure reserves with the remaining £0.6 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 2021 was satisfactory. Net current assets amounted to £33.4 million compared to net current assets of £42.9 million at 31st March 2020, a decrease of £9.5 million. The decrease in cash and cash equivalents of £9.7 million is due to property investment activity less grant, £13.4 million of loan and interest repayments less £14.8 million of cash generated from the operating activities.

Cash and cash equivalents at £36.7 million reflect the private finance arranged in prior years. 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 £22.7 million was incurred in developing new schemes. At the end of the year capital commitments relating to ongoing development amounted to £36.4 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 2021 (continued)

Funding

Housing properties which have an historic cost of £398 million at 31st March 2021 are financed as follows:

Social Housing Grant (£205m)	52%
Private finance (£161m)	40%
Reserves and working capital (£32m)	8%

Linc has ten funders who provide private finance. The funding provided by each at 31st March 2021 was:

Funder	Facility Amount (£)
Dexia Credit Local	26.1m
HBOS Plc	0.3m
M&G Investments Ltd.	5.1m
Nationwide Building Society	17.3m
Orchardbrook Ltd.	1.7m
Principality Building Society	8.3m
Private Placement	75.0m
RBS Plc	21.8m
Welsh Government	5.1m

Undrawn Facilities

A revolving credit facility for £25 million is in place with Svenska Handelsbanken. At 9th September 2021 and 31st March 2021, no amounts had been drawn from this facility.

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 2021.

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2021 (continued)

Property Stock

Property stock in management at 31st March 2021 was as follows:

General Needs	3,021
Extra Care	399
Sheltered and Supported Housing	653
Shared Ownership	135
Home Buy Option	85
Intermediate / Market Rent	392
Nursing Care	207
Retail units	9
Total Units	4,901

Employees

The average number of employees during the year was 663 (2020, 654 employees) with 491 full time equivalents (2020, 446 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 2020/21.

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 2021 (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 71 and 72 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 2021 of £125,172 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 2020/21 financial year 10 properties included in the strategy were sold.

Development

During 2020/21 a net 202 additional social housing homes came into management including our first extracare scheme in Rhondda Cynon Taff which has 40 homes, 75 properties for the Over 55's - sheltered homes, 41 intermediate rented homes and the balance general needs homes.

Developments Planned for 2021/22 to 2025/26

The Board approved budget and forward indicators include a development programme of identified schemes for the next five years which amounts to 857 social housing homes being developed in this period. 498 of these properties are currently on site and is a varied mix of tenure. The development programme includes an additional four extracare schemes for Rhondda Cynon Taff County Borough Council. The development programme will be funded by Social Housing Grant, Housing Finance Grant, Innovative Housing Programme, Section 106 allocation and private finance loans. The schemes are in Bridgend, Caerphilly, Cardiff, Neath Port Talbot, Newport and RCT.

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

At 31st March 2021, the Association had £3.3 million in the Recycled Capital Grant Fund and Disposals Proceeds Fund, which will be allocated to new schemes as they are developed during 2021/22 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 2021 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 2021 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or parent society to cease to continue as a going concern.

In our evaluation of the board's conclusions, we considered the inherent risks associated with the group's and parent society's business model including effects arising from macro-economic uncertainties such as Brexit and COVID-19, we assessed and challenged the reasonableness of estimates made by the board and the related disclosures and analysed how those risks might affect the board's financial resources or ability to continue operations over the going concern period.

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

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

The responsibilities of the board with respect to going concern are described in the 'Responsibilities of the board for the financial statements' section of this report.

Other information

The board is responsible for the other information. The other information comprises the information included in the Annual Report, 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, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of how the Group is complying with significant legal and regulatory frameworks through inquiries of management;
- The Group is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified Financial Reporting Standard 102 and the Companies Act 2006, along with legislation relating to employment, health & safety, data protection and environmental issues, as those most likely to have a material effect if non-compliance were to occur;
- We communicated relevant laws and potential fraud risks to all engagement team members and remained alert to any indicators of fraud or non-compliance with laws and regulations throughout the audit;
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur. We considered the opportunity and incentives for management to perpetrate fraud, and the potential impact on the financial statements;
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - o the Group's operations, including the nature of its revenue sources, products, and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
 - o the Group's control environment;
 - o the Group's relevant controls over areas of significant risks; and
 - o the Group's business processes in respect of classes of transactions that are significant to the financial statements.

- Audit procedures performed by the engagement team included:
 - o identifying the significant risk of fraud within revenue recognition and undertaking substantive testing to obtain sufficient and appropriate audit evidence;
 - o testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions; and
 - o identifying and testing related party transactions.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included:
 - o consideration of the engagement team's understanding of, and practical experience with, audit engagements of a similar nature and complexity;
 - o appropriate training, knowledge of the industry in which the Group operates; and
 - o understanding of the legal and regulatory requirements specific to the Group.
- We did not identify any material matters relating to non-compliance with laws and regulations or relating to fraud.

Use of our report

This report is made solely to the society, as a body, in accordance with sections 87(2) 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 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 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
Date:

Linc-Cymru Housing Association Limited
Consolidated Statement of Comprehensive Income
For the year ended 31st March 2021

	Notes	March 2021 £000	Restated March 2020 £000
Turnover	2	41,839	40,944
Operating expenditure	2	(33,731)	(35,186)
Gain on disposal of property, plant and equipment (fixed assets)	3	131	2
Gain on transfer of undertakings	3	0	2,363
Other Income	3	60	30
Operating surplus	2	8,299	8,153
Interest receivable	4	79	261
Interest and financing costs	6	(5,566)	(5,705)
Surplus for the year		2,812	2,709
Total Comprehensive income for the year		2,812	2,709

Continuing Operations

The results for the year ending 31st March 2021 and the year ended 31st March 2020 relate wholly to continuing activities.

The financial statements were approved by the Board of management and authorised on 9th September 2021 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 2021

	Notes	March 2021 £000	Restated March 2020 £000
Turnover	2	41,710	40,854
Operating expenditure	2	(33,577)	(35,085)
Gain on disposal of property, plant and equipment (fixed assets)	3	131	2
Gain on transfer of undertakings	3	0	2,363
Other Income	3	185	214
Operating surplus	2	8,449	8,348
Interest receivable	4	96	277
Interest and financing costs	6	(5,566)	(5,705)
Surplus for the year		2,979	2,920
Total Comprehensive income for the year		2,979	2,920

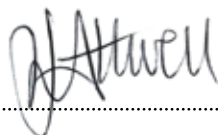
Continuing Operations

The results for the year ending 31st March 2021 and the year ended 31st March 2020 relate wholly to continuing activities.

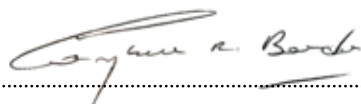
The financial statements were approved by the Board of management and authorised on 9th September 2021 and signed on their behalf by:



Richard Norton (Chair)



Julia Attwell (Vice Chair)



Campbell Bardo (Secretary)

Linc-Cymru Housing Association Limited
Consolidated Statement of Financial Position
For the year ended 31st March 2021

	Notes	March 2021 £000	Restated March 2020 £000
Fixed Assets			
Tangible Fixed Assets			
Housing properties	10	342,354	325,141
Other fixed assets	11	3,762	3,762
Investment Properties	12	10,750	10,690
Homebuy loans receivable	13	512	561
Investment in subsidiaries	14	0	0
Total Fixed Assets		357,378	340,154
Current Assets			
Trade and other debtors	16	11,400	13,452
Cash and cash equivalents	17	36,773	46,475
		48,173	59,927
Creditors: amounts falling due within one year	18	(14,759)	(17,052)
Net current assets		33,414	42,875
Total Assets less Current Liabilities		390,792	383,029
Creditors: amounts falling due after more than one year	19	(335,789)	(330,838)
Total Net Assets		55,003	52,191
Capital and Reserves			
Designated Reserve	33	579	865
Income & Expenditure Reserve	33	54,424	51,326
Total Reserves		55,003	52,191

The financial statements were approved by the Board of management and authorised on 9th September 2021 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 2021

	Notes	March 2021 £000	Restated March 2020 £000
Fixed Assets			
Tangible Fixed Assets			
Housing properties	10	343,303	325,923
Other fixed assets	11	3,762	3,762
Investment Properties	12	10,750	10,690
Homebuy loans receivable	13	512	561
Investment in subsidiaries	14	0	0
Total Fixed Assets		358,327	340,936
Current Assets			
Trade and other debtors	16	12,021	13,570
Cash and cash equivalents	17	36,205	46,383
		48,226	59,953
Creditors: amounts falling due within one year	18	(14,819)	(17,085)
Net current assets		33,407	42,868
Total Assets less Current Liabilities		391,734	383,804
Creditors: amounts falling due after more than one year	19	(335,789)	(330,838)
Total Net Assets		55,945	52,966
Capital and Reserves			
Designated Reserve	33	579	865
Income & Expenditure Reserve	33	55,366	52,101
Total Reserves		55,945	52,966

The financial statements were approved by the Board of management and authorised on 9th September 2021 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 2021

	Supported Housing £000	Service Equipment £000	Total Designated £000	Revenue £000
Balance at 1st April 2019	395	360	755	48,727
Surplus for the year (restated note 33)	0	0	0	2,463
Transfer to reserves (restated note 33)	0	0	0	444
Transfer from reserves (restated note 33)	0	110	110	(308)
Balance at 31st March 2020	395	470	865	51,326
Surplus for the year	0	0	0	2,812
Transfer to reserves	(395)	0	(395)	395
Transfer from reserves	0	109	109	(109)
Balance at 31st March 2021	0	579	579	54,424

Linc-Cymru Housing Association Limited
Association Statement of Changes in Reserves
For the year ended 31st March 2021

	Supported Housing £000	Service Equipment £000	Total Designated £000	Revenue £000
Balance at 1st April 2019	395	360	755	49,291
Surplus for the year (restated note 33)	0	0	0	2,920
Transfer to reserves (restated note 33)	0	0	0	0
Transfer from reserves (restated note 33)	0	110	110	(110)
Balance at 31st March 2020	395	470	865	52,101
Surplus for the year	0	0	0	2,979
Transfer to reserves	(395)	0	(395)	395
Transfer from reserves	0	109	109	(109)
Balance at 31st March 2021	0	579	579	55,366

Linc-Cymru Housing Association Limited
Consolidated Statement of Cash Flows
For the year ended 31st March 2021

	March 2021 £000	Restated March 2020 £000
Surplus for the year	2,812	2,709
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	5,408	4,874
Decrease / (increase) in debtors	1,617	(3,164)
Increase / (decrease) in creditors	1,180	1,193
Gain on transfer of undertakings	0	(2,363)
Impairment loss on property, plant and equipment	0	1,486
(Increase) in fair value of investment property	(60)	(30)
Adjustments for investing or financing activities:		
Profit / (loss) from the sale of property, plant and equipment	131	(2)
Government grants utilised in the year	(1,746)	(1,571)
Interest payable	5,566	5,705
Interest received	(79)	(261)
Cash received on transfer of undertakings	0	822
Net cash generated from operating activities	14,829	9,398
Cash flows from investing activities		
Purchase of property, plant and equipment	(23,421)	(37,125)
Works to existing properties	(1,694)	(2,980)
Proceeds from sale of property, plant and equipment	2,613	769
Grants received	11,278	12,450
Interest received	79	261
Net cash flows from investing activities	(11,145)	(26,625)
Cash flows from financing activities		
Interest paid	(5,567)	(5,257)
New loans	1,021	42,742
Repayments of borrowings	(8,840)	(13,353)
Net cash flows from financing activities	(13,386)	24,132
Net increase in cash and cash equivalents	(9,702)	6,905
Cash and cash equivalents at beginning of year	46,475	39,570
Cash and cash equivalents at end of year	36,773	46,475

Linc-Cymru Housing Association Limited
Consolidated Statement of Cash Flows
For the year ended 31st March 2021 (continued)

Free cash flow for the year ended 31st March 2021

	March 2021 £000	Restated March 2020 £000
Net cash generated from operating activities	14,829	9,398
Interest paid	(5,567)	(5,257)
Interest received	79	261
Adjustments for reinvestment in existing properties		
Works to existing properties	(1,694)	(2,980)
Free cash generated before loan repayments	7,647	1,422
Loans repaid	(8,840)	(13,353)
Free cash generated after loan repayments	(1,193)	(11,931)

Linc-Cymru Housing Association Limited

Notes to the Financial Statements

For the year ended 31st March 2021

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 22).

The 2018 SORP is more descriptive in the items included within operating surplus and therefore Linc has reflected this within the financial statements.

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 designated reserve for service equipment at Linc's properties has been identified by Linc's officers. This has been amended retrospectively in the first financial statements by restating the opening balances of assets, liabilities and equity for the earliest accounting period presented. The net effect of this adjustment is to transfer an element of the designated reserve for service equipment to the income and expenditure reserve. 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 2021 (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 2021 (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 2021. 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 2021 (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 3.25% - 27.5% from the VP values, and an average blended discount of 7.69%.

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

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 2021 (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 2021 (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 for equipment provided.

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 2021 (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 2021 (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 2019/20 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 2021 (continued)

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

Group

		March 2021				Restated 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	29,519	0	(22,984)	6,535	28,206	0	(23,882)	4,324
Other social housing activities									
Gain on disposal of property, plant and equipment	3	0	131	0	131	0	2	0	2
Gain on transfer of undertakings		0	0	0	0	0	2,363	0	2,363
Sub total non-social housing activities		29,519	131	(22,984)	6,666	28,206	2,365	(23,882)	6,689
Non-social housing activities									
Registered nursing homes		11,163	0	(10,010)	1,153	11,407	0	(10,288)	1,119
Lettings		715	60	(240)	535	701	30	(292)	439
Other		442	0	(497)	(55)	630	0	(724)	(94)
Sub total non-social housing activities		12,320	60	(10,747)	1,633	12,738	30	(11,304)	1,464
Total		41,839	191	(33,731)	8,299	40,944	2,395	(35,186)	8,153

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2021 (continued)

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

Association						Restated March 2020			
		March 2021							
	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	29,519	0	(22,992)	6,527	28,206	0	(23,886)	4,320
Other social housing activities									
Gain on disposal of property, plant and equipment	3	0	131	0	131	0	2	0	2
Gain on transfer of undertakings		0	0	0	0	0	2,363	0	2,363
Other - Gift aid from subsidiary		0	125	0	125	0	184	0	184
Sub total non-social housing activities		29,519	256	(22,992)	6,783	28,206	2,549	(23,886)	6,869
Non-social housing activities									
Registered nursing homes		11,163	0	(10,011)	1,152	11,407	0	(10,289)	1,118
Lettings		715	60	(240)	535	701	30	(292)	439
Other		313	0	(334)	(21)	540	0	(618)	(78)
Sub total non-social housing activities		12,191	60	(10,585)	1,666	12,648	30	(11,199)	1,479
Total		41,710	316	(33,577)	8,449	40,854	2,579	(35,085)	8,348

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2021 (continued)

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

Group	March 2021				Restated
	General needs housing £000	Supported housing and housing for older people £000	Low cost home ownership £000	Total £000	March 2020 Total £000
Income					
Rent Receivable	16,671	5,552	266	22,489	21,067
Service Charge Income	501	4,378	0	4,879	4,474
Income for support services	2	(15)	0	(13)	40
Amortised government grants	757	990	0	1,747	1,571
Other revenue grants	290	127	0	417	1,054
Turnover from social housing lettings	18,221	11,032	266	29,519	28,206
Expenditure					
Management costs	4,814	1,685	164	6,663	5,224
Service charge costs	510	4,208	0	4,718	4,447
Routine maintenance	4,538	1,328	0	5,866	6,548
Planned maintenance	1,022	367	0	1,389	2,357
Bad debts	0	3	0	3	0
Depreciation of housing properties	2,392	1,953	0	4,345	3,821
Impairment of housing properties	0	0	0	0	1,485
Operating expenditure on social housing activities	13,276	9,544	164	22,984	23,882
Operating surplus on social housing lettings	4,945	1,488	102	6,535	4,324
Rent loss due to voids (memorandum note)	255	344	0	599	308

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2021 (continued)

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

Association

	March 2021				Restated March 2020
	General needs housing £000	Supported housing and housing for older people £000	Low cost home ownership £000	Total £000	Total £000
Income					
Rent Receivable	16,671	5,552	266	22,489	21,067
Service Charge Income	501	4,378	0	4,879	4,474
Income for support services	2	(15)	0	(13)	40
Amortised government grants	757	990	0	1,747	1,571
Other revenue grants	290	127	0	417	1,054
Turnover from social housing lettings	18,221	11,032	266	29,519	28,206
Expenditure					
Management costs	4,814	1,685	164	6,663	5,223
Service charge costs	510	4,208	0	4,718	4,447
Routine maintenance	4,538	1,328	0	5,866	6,548
Planned maintenance	1,022	367	0	1,389	2,357
Bad debts	0	3	0	3	0
Depreciation of housing properties	2,400	1,953	0	4,353	3,826
Impairment of housing properties	0	0	0	0	1,485
Operating expenditure on social housing activities	13,284	9,544	164	22,992	23,886
Operating surplus on social housing lettings	4,937	1,488	102	6,527	4,320
Rent loss due to voids (memorandum note)	255	344	0	599	308

3. Other Income

	Group		Association	
	March 2021 £000	March 2020 £000	March 2021 £000	March 2020 £000
Surplus on the sale of housing properties	297	219	297	219
Loss on the disposal of plant and equipment	(166)	(217)	(166)	(217)
Gain on transfer of undertakings	0	2,363	0	2,363
Gift aid from subsidiary	0	0	125	184
Surplus on revaluation of investment properties	60	30	60	30
	191	2,395	316	2,579

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2021 (continued)

4. Interest Receivable

	Group		Association	
	March 2021 £000	March 2020 £000	March 2021 £000	March 2020 £000
Bank interest receivable	79	261	96	277
Other interest receivable	0	0	0	0
	79	261	96	277

5. Operating surplus

	Group		Association	
	March 2021 £000	Restated March 2020 £000	March 2021 £000	Restated March 2020 £000
The operating surplus is stated after charging:				
Depreciation on housing properties	4,734	4,206	4,743	4,212
Impairment of housing properties	0	1,486	0	1,486
Depreciation on non-housing assets	674	669	674	669
	5,408	6,361	5,417	6,367
Auditor remuneration:				
In their capacity as auditor	35	41	26	31
Non audit fees	15	7	15	7

6. Interest and financing costs

	Group		Association	
	March 2021 £000	March 2020 £000	March 2021 £000	March 2020 £000
On Housing Loans repayable in instalments	5,559	5,691	5,559	5,691
Bank charges	7	14	7	14
	5,566	5,705	5,566	5,705

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2021 (continued)

7. Employee information

<u>Group and Association</u>	March 2021	March 2020
The average number of employees during the year was	663	654
The average number of full time equivalent employees during the year was	491	446

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.

<u>Group and Association</u>	March 2021 £000	March 2020 £000
Staff costs (for the above persons):		
Wages and salaries	13,805	12,781
Social security costs	1,079	993
Pension costs (Note 9)	876	852
Redundancy payments	297	0
Redundancy pension payments	28	0
	16,085	14,626

Staff costs have been reduced by £137,433 (2020 £NIL) for claims under the Coronavirus Job Retention Scheme.

8. Emoluments of officers and senior executives

<u>Group and Association</u>	March 2021 £000	March 2020 £000
The emoluments exclude contributions to pension schemes:		
Remuneration of highest paid director	399	137
Aggregate remuneration of Senior Executives	444	382
Aggregate remuneration of Board Members	51	51
	894	570
Pension contributions paid on their behalf		
Chief Executive's pension contributions	32	29
Senior Executives' pension contributions	136	104
	168	133

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2021 (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 £105,964 (2020 £64,515).

The Remuneration of the highest paid director includes a redundancy payment of £297,393 and a redundancy related pension payment of £27,653 that is included within Senior Executives' pension contributions. The remuneration of the highest paid director in 2021 was the Executive Director Linc Homes and in 2020 was the CEO.

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

Group and Association	March 2021 No. of staff	March 2020 No. of staff
Between £80,001 and £85,000	0	1
Between £90,001 and £95,000	1	1
Between £95,001 and £100,000	1	1
Between £110,001 and £115,000	1	1
Between £135,001 and £140,000	1	1
Between £395,001 and £400,000	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 £904,000 (2020: £852,000).

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 2021 (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	302,630	3,226	18,670	2,792	49,926	377,244
Schemes completed	29,689	0	0	0	(29,689)	0
Additions	423	0	0	0	22,324	22,747
Transfer In	0	0	0	0	0	0
Works to existing properties	1,661	0	33	0	0	1,694
Disposals	(1,100)	(153)	(24)	0	(2,721)	(3,998)
At 31st March 2021	333,303	3,073	18,679	2,792	39,840	397,687
Depreciation & Impairment						
At beginning of year	47,214	312	2,611	492	1,474	52,103
Charge for the year	4,331	14	353	36	0	4,734
Schemes completed	(292)	0	0	0	292	0
Transfer In	0	0	0	0	0	0
Disposals	(627)	(15)	(11)	0	(851)	(1,504)
At 31st March 2021	50,626	311	2,953	528	915	55,333
Net Book Value						
At 31st March 2021	282,677	2,762	15,726	2,264	38,925	342,354
At beginning of year	255,416	2,914	16,059	2,300	48,452	325,141

	March 2021 £000	March 2020 £000
Housing properties comprise:		
Freeholds	298,646	280,466
Leaseholds	43,708	44,675
	342,354	325,141

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2021 (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	303,045	3,226	18,719	2,792	50,270	378,052
Schemes completed	29,897	0	0	0	(29,897)	0
Additions	423	0	0	0	22,500	22,923
Works to existing properties	1,661	0	33	0	0	1,694
Disposals	(1,100)	(153)	(24)	0	(2,721)	(3,998)
At 31st March 2021	333,926	3,073	18,728	2,792	40,152	398,671
Depreciation & Impairment						
At beginning of year	47,234	312	2,617	492	1,474	52,129
Charge for the year	4,339	14	354	36	0	4,743
Schemes completed	(292)	0	0	0	292	0
Transfer In	0	0	0	0	0	0
Disposals	(627)	(15)	(11)	0	(851)	(1,504)
At 31st March 2021	50,654	311	2,960	528	915	55,368
Net Book Value						
At 31st March 2021	283,272	2,762	15,768	2,264	39,237	343,303
At beginning of year	255,811	2,914	16,102	2,300	48,796	325,923

	March 2021 £000	March 2020 £000
Housing properties comprise		
Freeholds	299,496	281,153
Leaseholds	43,807	44,770
	343,303	325,923

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2021 (continued)

10. (continued) Tangible fixed assets - housing properties

	March	March
	2021	2020
	£000	£000
Expenditure on works to existing properties:		
Improvement works capitalised	0	0
Components capitalised	1,694	2,980
Amounts charged to income and expenditure	8,031	9,698
	9,725	12,678
	March	March
	2021	2020
	£000	£000
Social housing assistance		
Total accumulated social housing grant received or receivable at 31st March:		
Capital Grant	11,751	15,635
Revenue Grant	416	1,059
	12,167	16,694

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 2021 Linc-Cymru Housing Association has assessed that there is no impairment (2020 £303,417) to recognise in relation to properties that will be subject to future redevelopment and no impairment (2020 £1,181,720) to recognise in relation to land holdings.

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2021 (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 (restated note 33)	2,804	4,566	1,360	58	549	9,337
Additions	6	464	40	0	164	674
Disposals	(8)	(18)	(1)	0	0	(27)
At 31st March 2021	2,802	5,012	1,399	58	713	9,984
Depreciation						
At beginning of year (restated note 33)	1,794	2,349	1,130	40	262	5,575
Charge for the year	124	441	93	10	6	674
Disposals	(8)	(18)	(1)	0	0	(27)
At 31st March 2021	1,910	2,772	1,222	50	268	6,222
Net Book Value						
At 31st March 2021	892	2,240	177	8	445	3,762
At beginning of year (restated note 33)	1,010	2,217	230	18	287	3,762

Office Premises	4% 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 2021 £000	March 2020 £000
At beginning of the year	10,690	10,660
Additions	0	0
Disposals	0	0
Increase in value	60	30
At 31st March 2021	10,750	10,690

13. Homebuy loans receivable

Group and Association	March 2021 £000	March 2020 £000
At beginning of the year	561	661
New loans issued	0	0
Interest receivable	0	0
Loans repaid	(49)	(100)
Loans provided against	0	0
At 31st March 2021	512	561

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2021 (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 2020 and 31st March 2021	1
Net book value at 31st March 2021	1
Net book value at 31st March 2020	1

Description

The principal activity of the company during the period was the provision of design and build services for Linc-Cymru Housing Association Limited.

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

At the 31st March 2021 total commitments under operating lease payments amounted to £59,044 (31st March 2020: £52,581). The leases to which these relate expire as follows:

Group and Association

			March 2020	March 2019
			£000	£000
Operating leases which expire:				
Within 1 year			50	44
Within 1 to 2 years			9	9
Within 2 to 5 years			0	0
At 31st March 2021			59	53

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 2021 (continued)

16. Trade and other debtors

	Group March 2021 £000	Group March 2020 £000	Association March 2021 £000	Association March 2020 £000
Arrears of rent and service charges	1,642	1,767	1,642	1,767
Less: Provision for bad and doubtful debts	(986)	(974)	(986)	(974)
	656	793	656	793
Other grants and loans receivable	294	750	294	750
Cash in transit	558	521	558	521
Insurance prepayment	333	190	333	190
Sales ledger	2,114	2,872	2,114	2,872
Amounts owed by group companies	0	0	982	1,091
Housing Finance Grant	6,218	6,420	6,218	6,420
Social Housing Grant in Transit	0	282	0	282
Other debtors and prepayments	1,227	1,624	866	651
	11,400	13,452	12,021	13,570

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 2021 £000	Group March 2020 £000	Association March 2021 £000	Association March 2020 £000
Cash at bank and in hand	36,773	46,475	36,205	46,383
Bank Overdraft	0	0	0	0
	36,773	46,475	36,205	46,383

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2021 (continued)

18. Creditors: amounts falling due within one year

	Group	Group	Association	Association
	March	March	March	March
	2021	2020	2021	2020
	£000	£000	£000	£000
Prepayments of rents and service charges	1,398	1,221	1,398	1,221
Housing loan principal instalments	5,221	8,693	5,221	8,693
Housing loan interest instalments	1,337	1,338	1,337	1,338
Recycling Capital Grant Fund	0	0	0	0
PAYE/National Insurance	281	274	281	274
Pension	37	33	37	33
Due to Customs and Excise - VAT	70	46	70	46
Income in advance	648	690	648	690
Cyclical maintenance	72	72	137	60
Payments to contractors	1,490	1,490	106	283
Planned repairs	257	257	695	167
Reactive maintenance	306	306	835	531
Service charge costs	204	204	305	265
Purchase ledger	484	584	483	317
Amounts owed to group companies	0	0	1,055	1,717
Other creditors and accruals	2,954	1,844	2,211	1,450
	14,759	17,052	14,819	17,085

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

Group and Association

	March	March
	2021	2020
	£000	£000
Housing loans	155,529	159,876
Social Housing Grant (note 21)	176,583	166,920
Home Ownership Grants (note 22)	49	49
Recycled capital grant fund (note 23)	3,309	3,576
Disposal proceeds fund (note 24)	319	417
	335,789	330,838

	March	March
	2021	2020
	£000	£000
Housing loans are secured by fixed charges on housing properties and are repayable in instalments as follows:		
One year or less	5,221	8,693
Between one and two years	5,178	5,335
Between two and five years	47,121	25,141
In five years or more	103,230	129,400
	160,750	168,569

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2021 (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 2021 to 2054. During 2018/19 & 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

The Association did not have any commitments under finance leases at 31st March 2021 or at 31st March 2020.

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	161,240	2,002	30,818	194,060
Schemes completed	14,019	0	(14,019)	0
Additions	0	0	11,751	11,751
Transfer In	0	0	0	0
Disposals	(415)	(16)	0	(431)
At 31st March 2021	174,844	1,986	28,550	205,380
Amortisation				
At beginning of year	26,804	336	0	27,140
Charge for the year	1,733	13	0	1,746
Transfer In	0	0	0	0
Disposals	(73)	(16)	0	(89)
At 31st March 2021	28,464	333	0	28,797
Net book value				
At 31st March 2021	146,380	1,653	28,550	176,583
At beginning of year	134,436	1,666	30,818	166,920

The grants are amortised as follows:

	March 2021 £000	March 2020 £000
Amounts falling due:		
One year or less	1,746	1,572
Between one and two years	1,746	1,572
Between two and five years	6,984	6,288
In five years or more	166,107	157,488
	176,583	166,920

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2021 (continued)

22. Deferred income - home buy grants

Group and Association	March 2021 £000	March 2020 £000
At beginning of year	49	149
Grants received in the year	0	0
Disposals	0	(100)
At 31st March 2021	49	49

Linc-Cymru Housing Association Limited 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 the Association. The advance is secured by a charge on the property in the Association's name with a sub-charge in the name of the Welsh Government.

The Association 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 2021 the value of these grants amounted to £48,910 (31st March 2020: £48,910).

23. Recycled capital grant fund

Group and Association	March 2021 £000	March 2020 £000
At beginning of year	3,576	4,245
Grants recycled	592	349
Withdrawals	(859)	(1,018)
At 31st March 2021	3,309	3,576

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 2021 £000	March 2020 £000
At beginning of year	417	851
Grants recycled	0	110
Withdrawals	(98)	(544)
At 31st March 2021	319	417

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 2021 (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 2021 £000	Group March 2020 £000	Association March 2021 £000	Association March 2020 £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)	48,352	60,299	48,405	60,325
Financial liabilities measured at amortised cost comprise creditors included in Notes 18 and 19 (excluding VAT, PAYE, NI and income in advance)	348,150	345,659	348,210	345,692

26. Share capital

Group and Association

	March 2021 £000	March 2020 £000
Shares of £1 each fully paid		
At beginning of year	30	26
Issued during the period for cash	1	7
Cancelled during the period	(2)	(3)
At 31st March 2021	29	30

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 2021 £000	March 2020 £000
Expenditure contracted for but not provided in the accounts	34,280	39,170
Expenditure authorised by the Board, but not contracted	2,210	9,830
	36,490	49,000

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

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2021 (continued)

28. Homes and properties in management

Group and Association

	March 2021	Movement	March 2020
Social housing			
General Needs	3,021	55	2,966
Extra Care	399	40	359
Sheltered	500	75	425
Supported	153	0	153
Intermediate Rent	306	41	265
Shared Ownership	135	(5)	140
Home Buy Option	85	(1)	86
Sub-Total Social Housing	4,599	205	4,394
Non-social housing			
Care Home	207	(3)	210
Market Rent	86	0	86
Retail	9	0	9
Total in management	4,901	202	4,699

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-Cymru Housing Association Limited.

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. Mr Thomas left the board in September 2020. 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 2021
Mr B Thomas	£8,354	£803

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2021 (continued)

30. (continued) Related party transactions

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 £17,906,273 (2020: £21,901,561). At the year end £1,055,030 (2020: £1,717,030) was due from Linc to Tarbed in relation to these contracts.

During the year, Linc charged Tarbed £746,261 (2020: £530,561) in respect of administration and project management services. At the year end £56,861 (2020: £107,667) was outstanding. Linc was due £125,172 (2020: £183,547) in respect of Gift Aid at the year end.

Linc has made a loan of £800,000 (2020: £800,000) 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.

31. Contingent liabilities

There were no contingent liabilities at 31st March 2021, or at the 9th September 2021, the date the financial statements were approved by the Board of Management.

32. Analysis of changes in net debt

Group	March 2020 £000	Cash Flows £000	Fair Value Movements £000	Other Non- Cash Movements £000	March 2021 £000
Cash	928	1,119	0	0	2,047
Money markets deposits, at call and notice	45,547	(10,821)	0	0	34,726
	46,475	(9,702)	0	0	36,773
Loans due within one year	(8,693)	8,840	0	(5,368)	(5,221)
Loans due greater than one year	(159,876)	(1,021)	0	5,368	(155,529)
Total	(122,094)	(1,883)	0	0	(123,977)

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2021 (continued)

33. Prior period adjustment

The Association has reviewed the requirement for a designated reserve for service equipment within its properties. Legal advice confirms that the amounts charged to tenants for these items are in fact a depreciation charge of existing other fixed assets as opposed to a sinking fund held for future replacements. 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 other fixed assets

Restated consolidated statement of financial position	31st March 2020 £000	1st April 2019 £000
Original revenue reserves	48,904	46,305
Transfer to fixed asset additions	1,142	896
Transfer from designated reserves	1,280	1,526
Revenue Reserves	51,326	48,727
Original designated reserves	2,145	2,281
Transfer to revenue reserves	(1,280)	(1,526)
Designated reserves	865	755
Restated association statement of financial position	31st March 2020 £000	1st April 2019 £000
Original revenue reserves	49,679	46,869
Transfer to fixed asset additions	1,142	896
Transfer from designated reserves	1,280	1,526
Revenue Reserves	52,101	49,291
Original designated reserves	2,145	2,281
Transfer to revenue reserves	(1,280)	(1,526)
Designated reserves	865	755
Restated consolidated net book value of other fixed assets	31st March 2020 £000	1st April 2019 £000
Original net book value of other fixed assets comprise:	2,620	2,142
Plus fixed additions from reserves	1,429	985
Less accumulated depreciation from reserves	(287)	(88)
Original net book value	3,762	3,039

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2021 (continued)

33. (continued) Prior period adjustment

Restated consolidated surplus for the year ended 31st March 2020	31st March 2020 £000
Original surplus for the year	2,463
Plus fixed additions from reserves	444
Less depreciation restated assets	(198)
	2,709
Restated association surplus for the year ended 31st March 2020	31st March 2020 £000
Original surplus for the year	2,674
Plus fixed additions from reserves	444
Less depreciation restated assets	(198)
	2,920

Linc-Cymru Housing Association Limited

Operating and Financial Review 7 Year Summary

For the year ended 31st March 2021

The following page does not form part of the statutory financial statements which are the subject of the independent auditors' report on pages 31-34.

For the year ended 31st March	2021	2020	2019	2018	2017	2016	2015
Statement of Comprehensive Income (£000)		Restated **					Restated *
Total turnover	41,710	40,854	38,114	37,437	33,152	30,834	28,310
Income from Lettings	30,234	28,907	26,471	25,803	25,149	24,381	23,254
Operating surplus	8,449	8,348	7,299	6,615	8,147	7,579	6,238
Gain/(deficit) on disposal of Property, Plant and Equipment (fixed assets)	131	2	316	86	65	157	84
Maintenance expenditure	7,255	8,905	7,784	7,961	6,340	5,644	5,623
Interest and financing costs	5,566	5,705	4,395	4,994	4,196	4,155	4,424
Surplus on Property Revenue Account	2,883	2,643	2,904	1,621	3,951	3,424	1,814
Surplus for the year	2,979	2,920	3,049	2,207	4,794	3,923	2,118
Statement of Financial Position (£000)							
Total fixed assets	358,327	340,936	304,142	278,723	266,221	260,037	256,558
SHG	(176,583)	(166,920)	(152,091)	(138,535)	(131,611)	(129,348)	(130,458)
Tangible fixed assets net of capital grants and depreciation	181,744	174,016	152,051	140,188	134,610	130,689	126,100
Net current assets / (liabilities)	33,407	42,868	32,191	2,893	13,464	7,355	11,387
Borrowings - Housing Loans	160,750	168,569	139,180	108,452	102,664	97,739	101,966
Reserves							
: designated	579	865	2,281	2,239	2,174	2,002	1,965
: revenue	55,366	52,101	46,869	45,381	43,239	38,617	34,731
: total	55,945	52,966	49,150	47,620	45,413	40,619	36,696
Accommodation figures							
Total housing stock owned at year end (number of dwellings):							
Housing	4,694	4,489	4,279	4,216	4,222	4,182	4,077
Nursing Home	207	210	210	211	147	147	147
Total	4,901	4,699	4,489	4,427	4,369	4,329	4,224
Statistics							
Surplus for the year as a percentage of turnover	7.1%	7.1%	8.0%	5.9%	14.4%	12.7%	7.5%
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	6.6%	4.9%	6.2%	6.0%	12.31%	11.6%	7.2%
Rent losses (voids and bad debts as percentage of rent and service charges receivable)	2.2%	1.2%	2.0%	1.5%	1.0%	0.7%	0.9%

Linc-Cymru Housing Association Limited
Operating and Financial Review 7 Year Summary
For the year ended 31st March 2021 (continued)

For the year ended 31st March	2021	2020 Restated*	2019	2018	2017	2016	2015 Restated*
Rent arrears (gross arrears as a percentage of rent, service charges and care home fees receivable)	4.1%	4.7%	3.2%	3.2%	3.4%	4.8%	4.8%
Borrowing costs as a percentage of turnover	13.3%	14.0%	11.5%	13.3%	12.7%	13.5%	15.6%
Revenue maintenance costs as a percentage of turnover	17.4%	21.8%	20.4%	21.3%	19.1%	18.3%	19.9%
Interest cover (surplus before interest payable divided by interest payable and capitalised interest)	1.5	1.5	1.7	1.4	2.1	1.9	1.5
Liquidity (current assets divided by current liabilities)	3.2	3.5	3.0	1.1	2.5	2.0	2.5
Total reserves per unit (£)	£11,430	£11,290	£10,970	£10,778	£10,415	£9,402	£8,687

*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.



Creating the right environment for people to flourish