

Linc-Cymru Housing Association Limited Annual Report and Financial Statements for the year ended 31st March 2018



**Linc-Cymru Housing Association Limited
Annual Report and Financial Statements
For the year ended 31st March 2018**

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For the year ended 31st March 2018

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Linc-Cymru Housing Association Limited

Strategic Report

For the year ended 31st March 2018

The Board of Management present their strategic report on the affairs of Linc-Cymru Housing Association Limited (Linc), together with the financial statements and auditors' report, for the year ended 31st March 2018.

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 2018 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 under takes 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 2018 (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.

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.

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

Strategic Business Objectives

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

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

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

Strategic Corporate Objectives

We continue to adopt our approach of focussing on a limited number of Corporate Objectives with the objective of delivering continuous improvement. For the 2018/19 financial year, we have agreed eight Strategic Corporate Objectives.

1. Governance

Supports Performance Standard 1.0 "Effective Board and executive management with a clear and ambitious vision for the Registered Social Landlord".

- Recruitment/Election of a new Chair of the Board.
- Recruitment of new Board Members.
- Review Committee structure and composition.
- Consideration of payment of Board members in 2018.
- Review approach to Board Member appraisal framework.

Linc-Cymru Housing Association Limited

Strategic Report

For the year ended 31st March 2018

- CHC is undertaking a review of the present Code of Governance. Board to consider the revised CHC Code along with other UK Codes of Governance and decide which Code suits the business needs of Linc best.

2. Sustaining and Maintaining Tenancies and Communities

Supports Performance Standard 2.0 “Effective and appropriate tenant involvement and high quality and improving services”.

- Achieve the Customer Services Excellence Accreditation across Linc.
- Achieve revalidation with the Centre for Housing and Support (CHS).
- Market and promote respite and day services across all Extra Care schemes to support the wider health and social care agenda.
- To implement ‘web chat’ within our new website to allow more customers to digitally engage with Linc.
- To improve our social media presence.
- Contractor monthly meeting process needs to be improved to ensure timely issue of agenda and minutes and increased representation from tenants.
- Review and streamline all Linc Homes/Independent Living/Asset Management policies and procedures.
- Achieve RNIB accreditation in all new Extra Care developments.
- To develop a Power BI dashboard that reports and analyses complaints information to inform and improve services.
- Review/action/respond to tenant feedback on new build schemes.

3. Value for Money

Supports Performance Standard 6.0 “Delivering value for money in all areas of the business”.

- Board to agree and adopt a VFM Strategy in the 2018/19 financial year.

4. Sustaining our Nursing Home Services

Supports Care Inspectorate Wales (CIW) Performance Standards.

- Secure reregistration of our Homes under the Regulation and Inspection Act 2016.

5. Treasury Management Strategy to Support Delivery of the Growth Strategy

Supports Performance Standards:

- 01 – “Effective Board and executive management with a clear and ambitious vision for the Association”.
- 03 – “Comprehensive assessment of the business impacts of current and emerging risks, including new business and development opportunities, with robust risk management arrangements”.
- 9.0 – “Effective management of treasury operations ensuring sufficient liquidity at all times”.

- Successful implementation of the Private Placement (PP).
- Progress on the Board’s Growth Strategy to be considered by the Board during 2018/19.

Linc-Cymru Housing Association Limited

Strategic Report

For the year ended 31st March 2018 (continued)

6. Assets and Liabilities Strategy

Supports Performance Standard 10.0 “A clear understanding of liabilities and asset performance”.

- Develop knowledge base such that data on the financial and social performance of assets is accurate and used to make informed investment decisions.
- Ensure data on the condition of our assets is up to date and is able to demonstrate consideration of the short and long-term costs of maintenance, repair and renewal.
- Introduce ‘Essential Company Information’ to asset and liability register.
- Development of Power BI dashboard displaying performance.
- Net present value exercise planned for 2018/19.
- Asset and Liability Register to be included on the internal audit programme to provide continued assurance.

7. Business Transformation

Supports Performance Standard 6.0 “Delivering value for money in all areas of the business”.

- Full review by CEO and Board before specific decisions are made.

8. Talent and Leadership

Supports Performance Standard 01 – “Effective Board and executive management with a clear and ambitious vision for the Association”.

- The Talent and Leadership 2017/18 Strategic Corporate Priority (SCP) to be carried forward as SCP08 to 2018/19 for review by new CEO.
- Linc apprenticeships be considered under the Talent and Leadership 2018/19 SCP.



Linc-Cymru Housing Association Limited

Strategic Report

For the year ended 31st March 2018 (continued)

During 2018, the Board reiterated:-

1. The principle of building up to 1,700 new homes over the next 10 years.
2. That the focus on growth should remain in our traditional areas whilst not discounting windfall opportunities that arise from time to time in other parts of Wales that add value to our core business.
3. That the Board should examine how even greater financial capacity can be achieved without undermining the ongoing ability of Linc to secure a sustainable future for its current assets.

Risk Management

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

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



Linc-Cymru Housing Association Limited

Strategic Report

For the year ended 31st March 2018 (continued)

Welfare Reform

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

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

The Introduction of the National Living Wage

The introduction of the National Living Wage to at least £9 per hour by 2020, 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.

Negligent Health and Safety Failure

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

Linc's Fire Safety Strategy was approved by the Board in July 2017 and during 2017/18 we progressed works arising from the Strategy to further strengthen our controls in fire safety for our tenants and residents.



Linc-Cymru Housing Association Limited

Strategic Report

For the year ended 31st March 2018 (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.

Regulatory Engagement

The risk is that Linc does not take appropriate action in respect of the areas of Regulatory Engagement.

We have a meaningful regulatory engagement that is accurately recorded and a positive relationship which is open and transparent.

Financial Risk Management Objectives and Policies

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

Cash Flow and Liquidity Risk

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

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

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

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

Linc-Cymru Housing Association Limited

Strategic Report

For the year ended 31st March 2018 (continued)

Statement of Financial Position are net of allowances for bad debts. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Linc has no significant concentration of credit risk, with exposure spread over a large number of counterparties and tenants.

Future Prospects

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

We have an identified development programme of over 700 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 particularly following the successful renegotiation of our gearing covenant to one based on historic cost of properties.

We operate seven extracare schemes in Cardiff, Newport and Ebbw Vale. These schemes which are developed with Social Housing Grant and are let on our standard tenancy lease. Our current development programme includes 2 extra care schemes in Bridgend which will come into management early in 2019 and up to 5 extra care schemes in Rhondda Cynon Taff (RCT). 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 2018

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
Chartered Accountants
11-13 Penhill Road
Cardiff CF11 9UP

Bankers:

HSBC Bank PLC
114 St Mary Street
Cardiff
CF10 1LF

Solicitors:

Blake Morgan LLP
One Central Square
Cardiff
CF10 1FS

Hugh James LLP
Hodge House
114-116 St Mary Street
Cardiff CF10 1DY

Eversheds LLP
1 Callaghan Square
Cardiff
CF10 5BT

Peter Green

Linc's Chair Peter Green sadly passed away in November 2017 following a period of illness. Peter joined Linc's Board in June 2011 and was elected Chair of the Association in September 2012. Peter also served as Chair of the Executive Remuneration Committee and Chair of the Nominations Committee. A reliable and diligent member of the Board, Peter is missed for his positive and much appreciated contribution to the governance of Linc.

Board Members



Richard Norton, Chair

With over 25 years in senior financial roles in manufacturing, Richard joined Linc's Board in May 2014. Richard is Chair of the Association and in addition is Chair of both the Nominations Committee and the Remuneration Committee.



Julia Attwell, Vice Chair

Julia is Managing Director of Ffocws Consulting Ltd, providing business guidance on strategic planning, corporate governance and risk management. Julia sits on several Boards in South Wales, and joined Linc's Board in June 2016. She is a Member of the Audit Committee and is a Director of Tarbed Ltd.

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2018 (continued)



Jonathan Pearce

Jonathan is a Financial Director employed by a SME. He has over 20 years financial management experience. Jonathan joined Linc's Board in June 2016 and is Chair of both the Audit Committee and the Pensions Governance Committee. Jonathan is the Chair of Tarbed Ltd.



Keith Shankland

Director of KS Associates, Keith joined Linc's Board in October 2009. He is a Member of the Remuneration Committee and the Nominations Committee.



Brian Thomas

Brian has been a tenant of Linc since February 2009. He is currently on the Tenant Panel and also attends the Contractor Review Meetings and Tenant Testers Meetings. Brian was Chair of the Tenant Panel from October 2014 until August 2017. He joined Linc's Board in September 2017 and is also a Member of the Audit Committee.



Diana Whitlock

Diana joined Linc's Board in September 2009 when she was a tenant of Linc. She ceased to be a tenant from July 2015 but was asked to remain as a Board Member. She is a Member of the Audit Committee and the Nominations Committee (for tenant Board Member recruitment).



Bev Mills

Beverley had a 30 year career in social care working with vulnerable adults, children and families. She has also been a tenant of a housing association and worked in general needs and supported housing. Following retirement she became a landlord in 2014. Beverley joined Linc's Board in June 2018 as a co-opted member.



Alan Sinclair

Alan recently 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 as a co-opted member.

Former Board Members

During the year the following Board Members left the Board.

Helen Bennett: August 2018

Ellen Donovan: March 2018

Peter Williams: March 2018

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2018 (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.



Anne Thomas
Executive Director
Linc Care

Anne is responsible for all of the planning, development, direction and performance of all aspects of our health and social care division Linc Care.



Nicola Smith
Executive Director
Linc Homes

Nicola is responsible for all aspects of our Homes business including our Customer Contact Centre and is the lead Director for the Linc Tenants' Panel.

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 2018 (continued)

Board and Corporate Governance

The activities of Linc are overseen by the Board which meets on a monthly basis. There are four 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.

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 twice 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 Annual Report and the financial statements in accordance with applicable law and regulations.

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2018 (continued)

Housing Association legislation requires the Board to prepare financial statements for each financial year. Under that legislation the Board has elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Housing Association 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 of Linc and of the surplus or deficit of Linc for that period. In preparing these financial statements, the Board is required to:-

- select suitable accounting policies and then apply them consistently.
- make judgments and accounting estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards 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 Linc will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain Linc's transactions and disclose with reasonable accuracy at any time the financial position of Linc and enable them to ensure that the financial statements comply with the requirements of 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.

The Board is also responsible for safeguarding the assets of Linc and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Disclosure of Information to Auditors

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

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

Internal Financial Control

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

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

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2018 (continued)

The Board has reviewed the effectiveness of Linc's internal financial control system for the period from 1st April 2017 to 6th September 2018, the date of this report.

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

- Standing Orders and Financial Regulations which detail the delegated authority from the Board of Management to Officers.
- Management information and accounting systems with monthly reporting of financial results and other performance indicators compared with forecasts and budgets.
- Rolling five year strategic plans, forecasts and development plans.
- A business model forecasting Linc's financial position over the next 30 years.
- Monitoring of the control system by the Audit Committee, internal auditors and external auditors.
- Ensuring that formal policies and procedures are in place, including the documentation of key systems.
- Linc has in place a process for identifying, evaluating and managing the significant risks it faces. The Corporate Risk Register which is supported by individual Departmental Risk Registers is reviewed at each meeting of the Audit Committee, by the Senior Management Board and the Board quarterly. This process has been in place for the whole of the period covered by these financial statements up to and including 6th September 2018.
- Linc has policies and procedures to safeguard its assets and to prevent and detect fraud and other irregularities. The Board has general responsibility for taking such steps as are reasonably open to it for the prevention and detection of fraud and recovery of assets.

Governance Review

During the year the Board reviewed the following: -

- The Committee structures, evolving the Executive Remuneration Committee to the Remuneration Committee that now advises the Board on all matters relating to the remuneration and terms and conditions of service for the Board and all employees.
- The Remuneration of Board Members. The Board has agreed to remunerate its Board in line with other Welsh RSL's. Remuneration will commence in November 2018. During this review, the Board agreed to change the term Board Member to Non-Executive Director.
- Performance of the Board with individual Board Member appraisals having been undertaken by the Chair with the support of the CEO.
- The recruitment of two new Board Members.

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.

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2018 (continued)

The Board as a whole benefits by having Members 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 and marketing.
- Business transformation in a digital era.
- Human resources, training and development.
- Asset management, construction industry including related professional services and property development.
- Legal.
- Social and affordable housing, health and social care activities.
- Customer Service.
- Equality and diversity.

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

Existing Board Members 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.

Tenant and Resident Involvement and Engagement

Linc tenants have continued to work with us to improve services, performance and to develop and strengthen communities. Linc is committed to demonstrating to tenants the outcomes of their participation and this requires feedback on what tenant influence has achieved or an explanation of why something was not implemented.

Our tenant panel provides critical challenge to the business, and help us undertake our self-evaluation of our core service areas. The panel has continued to grow in terms of numbers, and the diverse skills base.

Our tenant satisfaction survey provided rich data for us be able to understand the areas Linc are performing well, and the areas that require improvement.

Linc recognises the valuable contribution tenant involvement brings and is committed to providing resource to support and encourage active community based participation. During the year, tenants arranged and facilitated a large range of events, aimed at enhancing community life and engaging with local people.

We further strengthened our work in communities by setting up our Community Regeneration team. This team focus on support tenants accessing employment opportunities, improving green spaces, and ensuring our various contracts bring about wide social benefits to the whole community.

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2018 (continued)

Employee Involvement and Participation

Linc has a network of employee consultation and communication arrangements designed to encourage the involvement and interest of employees in Linc's business and their awareness of its plans and objectives.

Consultation and communication is more challenging as we continue our move from the majority of staff operating out of our Cardiff Head Office to increasing numbers of staff delivering services in the community.

Linc utilises a range of methods for communicating, engaging with, and taking on board feedback from its employees. Over the last few years the methods for communicating have evolved with changes in technology and culture, resulting in increased electronic communication, and decreased reliance on traditional methods.

Yammer provides an effective way to communicate with all employees. Engaging with remote workers whom are located away from the Head Office previously represented a challenge, with dependency upon traditional staff newsletters and team briefings. Yammer has allowed 'real-time' communication between all areas of the business, and allows employees whatever their position and location to be well informed, contribute to discussions, and share ideas.

Line managers continue to hold primary responsibility for communicating with and involving staff in decisions which affect them. Formal discussions and consultations happen where we are legally required to do this, and in addition we undertake bi-annual staff surveys where we seek responses from views and opinions of all members of staff and action plans developed to respond to concerns raised. Mini surveys are held within special groups where applicable.

Regulatory Judgement

The last Regulatory Judgement was issued by the Welsh Government in December 2017. Linc received the following judgement:

Co-Regulation Status – December 2017

Governance and Services - Standard

Identifies and manages new and emerging risks appropriately.

Financial Viability - Standard

Meets viability requirements and has the financial capacity to deal with scenarios appropriately.

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

Linc-Cymru Housing Association Limited
Board and Governance Report
For the year ended 31st March 2018 (continued)

Auditors

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

By the order of the Board

A handwritten signature in black ink, appearing to read 'SS', followed by a long horizontal line that tapers to a point on the right.

Scott Sanders
Chief Executive

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2018

Financial Review

In summary, the Association's financial results for the year ended 31st March 2018 are considered to be satisfactory. The surplus for the year amounted to £2.2 million compared to the budgeted surplus of £2.6 million a net reduction of £400,000. 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. Breakage costs of £807,000 incurred on terminating a fixed interest rate facility as part of the Investment Strategy.
2. Additional expenditure on maintenance of £1.62 million. The Board were fully informed on this additional expenditure throughout the year and approved specific additional costs. The additional costs included fire prevention works, an enhanced adaptations programme which was grant funded with the grant being accounted for in income and additional health and safety works. Significant non-budgeted expenditure was incurred on the 'Rempod' improvements at Capel Grange nursing home, which assists those of our residents with memory loss.
3. Bank Base Rate during the year was 0.25% increasing to 0.5% in November 2017. Our budget assumptions had included a higher rate of interest and as a result savings in interest costs compared to budget amounted to £658,000.
4. A revaluation surplus of £350,000 on our investment properties following the annual revaluation required under accounting standards.

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.

- **Impairment of Social Housing Properties.**
Linc has to make an assessment as to whether an indicator of impairment exists on any of its properties.
- **Property Classifications**
Linc has to make an assessment as to the classification of properties and whether the properties fall into Property Plant and Equipment (PPE) or are treated as Investment Properties.
- **Financial Instruments**
Linc has to make an assessment as to the classification of its loan portfolio between Basic Financial Instruments and Other/Non Basic Financial Instruments.

Linc-Cymru Housing Association Limited
Financial and Performance Review
For the year ended 31st March 2018 (continued)

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 2018 (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

	2018	2017
	£000	£000
Turnover	37,437	33,152
Operating expenditure	(30,824)	(25,003)
Operating surplus	6,613	8,149
Gain on disposal of property, plant and equipment	86	65
Finance Income	62	92
Interest and financing costs	(4,994)	(4,196)
Surplus on revaluation of investment properties	350	647
Total Comprehensive income for the year	2,117	4,757

Turnover

Turnover for the year ended 31st March 2018 rose by £4.3 million (13.0%) from £33.1 million to £37.4 million. This increase derived from the following main sources.

- Rents from Social Housing lettings increased by £0.5 million (2.95%) reflecting the rent increase from 1st April 2017 of 2.5% and additional units coming into management. We increased our rents by the maximum amount permitted under the rent policy of the Welsh Government.
- Fee income from the registered nursing homes increased by £3.3 million (43.8%) compared to the previous year as a result of our third home Ty Coch in Cardiff coming into management in April 2017. Occupancy and fee levels continued to be maintained at levels experienced in previous years.

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2018 (continued)

Operating Expenditure

Operating costs increased by £5.8 million (23.3%). The following items account for the increase: -

- Nursing home costs increased by £3.5 million (54%). We acquired our third nursing home Ty Coch in April 2017 and the costs included a full year of this home in management.
- An increase in Asset Management costs (maintenance) of £1.6 million. The increase included additional expenditure on health and safety, fire safety, refurbishment at the Lysaght Institute, physical adaptation works (recovered through grant income), and Rempod works at our nursing homes.
- Increasing staff costs arising from:
 1. The 2017/18 annual pay award.
 2. The increase in the National Minimum Wage.

Interest and Financing Costs

Interest payable at £4.994 million was significantly higher than in the preceding year. During the year, the decision was made to repay a fixed Interest rate facility with the Co-operative Bank as part of our Treasury Management Strategy. The cost of breaking this facility was £807,036 and this one off cost has been included in interest and financing costs. We anticipate repaying this facility in September/October 2018. Without this one off breakage cost our interest and financing costs remained in line with the previous year.

Total loans at 31st March 2018 amounted to £108.5 million a net increase of £5.8 million during the year. A high proportion (45%) of the loan portfolio continues to be held in fixed interest rate facilities. The average cost of borrowing for the year ended 31st March 2018 (excluding breakage costs) was 3.9% compared to 4.1% for the year ended 31st March 2017.

Disposal of Property Plant and Equipment

A net surplus of £86,000 was recorded on the disposal of property plant and equipment. During the year, 16 property transactions took place and included 3 shared ownership stair casing transactions, 4 home buy option transactions, 2 right to acquire and 7 voluntary sales. The 7 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 2014 SORP and the surplus on the valuation carried out in 2018 resulted in an increase in the value of the properties of £350,000. 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 Care Performance Review

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

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2018 (continued)

The people who live in our nursing homes have high levels of social and care needs. We have embraced the focus on wellbeing, dignity and control described in the Social Services and Wellbeing Act and are proactive in the design and delivery of care that meets the needs of each individual.

We have chosen to use the Eden Alternative UK philosophy of care and put the people we care for at the centre of all we do. This accreditation acknowledges the work we do to focus on what is important for people to achieve a good quality of life and with the opportunity to make choices and maintain control. It also helps us to describe our person centred approach to potential customers and to use a values based process for staff recruitment.

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

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

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

Consolidated Statement of Financial Position

	2018 £m	2017 £m
Fixed Assets	278.3	265.9
Current Assets	26.3	22.3
Total Assets	304.6	288.2
Housing Loans	108.5	102.6
Government Grant	142.9	136.0
All other Liabilities	5.9	4.5
Total Liabilities	257.3	243.1
Net assets as represented by reserves	47.3	45.1

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2018 (continued)

Reserves Statement

Total reserves at 31st March 2018 were £47.2 million, an increase of £2.117 million (4.7%) on 2017. £45.0 million of the reserves were income & expenditure reserves with the remaining £2.2 million being designated reserves that have been set aside 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 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 meet the financial covenants of Linc's private funders, particularly the gearing covenant.
- 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 2018 was satisfactory. Net current assets amounted to £2.9 million compared to net current assets of £13.47 million at 31st March 2017, a decrease of £10.57 million. The reason for the decrease in net current assets was due to housing loan principal instalments due within one year increasing by £13.0 million. A term facility with one of our funders was due for renewal within one year. This facility has been satisfactorily re-negotiated and has been extended for a further term of 7 years.

Cash and cash equivalents at £18.0 million remained higher than would normally be the case and reflects the decision to draw down private finance in advance. This has ensured that we have the cash resources to fund to completion all new Board approved schemes. Linc's Treasury Management Policy in the normal course of business is to maintain cash balances of approximately £1 million.

Capital Expenditure on New Homes

During the year, capital expenditure of £15.4 million was incurred in developing new schemes. At the end of the year capital commitments relating to ongoing development amounted to £65.97 million, which will be funded by a combination of Social Housing Grant, Housing Finance Grant and private finance.

Depreciation

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

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

Land is not depreciated.

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2018 (continued)

Funding

Housing properties which have an historic cost of £316 million at 31st March 2018 are financed as follows:

Social Housing Grant (£162m)	51%
Private finance (£109m)	35%
Reserves and working capital (£45m)	14%

Linc has eight funders who provide private finance. The funding provided by each at 31st March 2018 was:

Funder	Facility Amount (£)
Co-operative Bank Plc	7.5m
Dexia Credit Local	36.9m
HBOS Plc	2.3m
M&G Investments Ltd.	5.9m
Nationwide Building Society	21.7m
Orchardbrook Plc	1.8m
Principality Building Society	9.2m
RBS Plc	23.1m
Welsh Government	0.5m

Undrawn Facilities

A loan facility for £20 million with an Accordion Option for a further £5 million is progressing with Svenska Handelsbanken. We anticipate drawing on this facility in September/October 2018. Linc is seeking additional private funding for its development aspirations and will be going to the market in the autumn of 2018 with a private placement for up to £80 million.

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 2018.

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2018 (continued)

Property Stock

Property stock in management at 31st March 2018 was as follows:

General Needs	2,859
Extra Care	312
Sheltered and Supported Housing	505
Shared Ownership	148
Home Buy Option	95
Intermediate / Market Rent	288
Nursing Care	211
Retail units	9
Total Units	4,427

Employees

The average number of employees during the year was 608 (2017, 490 employees) with 475 full time equivalents (2017, 374 full time equivalents). Our third nursing home, Ty Coch in Cardiff came into management in April 2017 and accounts for the significant increase in staff numbers for the year ended 31st March 2018. Our continuing strategy for our nursing homes is to be less dependent on costly agency staff used to cover planned and unplanned absences. We have recruited additional nursing staff and carers to provide backfill thus reducing the reliance on agency staff. Rather than carry vacancies we are now fully recruited for these posts.

Learning and Development

We place great emphasis on the learning and development of our employees so that they keep up to date with changes in legislation and modern approaches including technology. We have a consistent track record of promoting from within as well as supporting people to always work to the best of their abilities.

The Board receives quarterly learning and development sessions on a wide range of topics pertinent to our business. In the past year the Board has received learning and development on: governance, funding and treasury management, growth, key performance indicators, health and safety, fire safety, and regulation and governance in our nursing homes.

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 2018 (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 62 and 63 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 2018 of £81,552 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 2017/18 financial year 7 properties included in the strategy were sold.

Development

In April 2018 we acquired Ty Coch nursing home in Cardiff, which has 64 bed spaces. Although no social housing homes came into management during 2017/18 there are many schemes on site and the expectation is that 176 new social housing homes will come into management during 2018/19 in Bridgend, Blaenau Gwent, Cardiff, Neath Port Talbot and Newport.

Developments Planned for 2018/19 to 2022/23

The Board approved budget and forward indicators includes a development programme of identified schemes for the next five years which amounts to 716 social housing homes coming into management in this period. The development programme includes extracare schemes for both Bridgend and Rhondda Cynon Taff County Borough Councils. These schemes will be funded by Social Housing Grant, Housing Finance Grant and private finance loans.

Progress on the development programme is reviewed quarterly by the Board.

At 31st March 2018, the Association had £4.2 million in the Recycled Capital Grant Fund and Disposals Proceeds Fund, which will be allocated to new schemes as they are developed during 2018/19 and later years.

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

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 2018 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 2018 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.

Who we are reporting to

This report is made solely to the society's members, as a body, in accordance with regulations made under Sections 87 and 98(7) of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent society's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The board is responsible for the other information. The other information comprises the information included in the Annual Report, set out on pages 2 to 27 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.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the parent society has not kept proper accounting records;
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the board for the financial statements

As explained more fully in the Statement of Board's Responsibilities set out on page 13 to 14, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board is responsible for assessing the group's and parent society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the group or parent society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

With respect to the Board's statement on internal controls on pages 14 and 15, in our opinion the Board has provided the disclosures required by the Circular and the statement is not inconsistent with the information of which we are aware from our audit work on the Financial statements.



Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cardiff
6th September 2018

Linc-Cymru Housing Association Limited
Consolidated Statement of Comprehensive Income
For the year ended 31st March 2018

	Notes	March 2018 £000	March 2017 £000
Turnover	2	37,437	33,152
Operating expenditure	2	(30,824)	(25,003)
Operating surplus	2	6,613	8,149
Gain on disposal of property, plant and equipment (fixed assets)	3	86	65
Finance Income	4	62	92
Interest and financing costs	6	(4,994)	(4,196)
Surplus on revaluation of investment properties		350	647
Surplus for the year		2,117	4,757
Total Comprehensive income for the year		2,117	4,757

Continuing Operations

The results for the year ending 31st March 2018 and the year ended 31st March 2017 relate wholly to continuing activities.

The financial statements were approved by the Board of management and authorised on 6th September 2018 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 2018

	Notes	March 2018 £000	March 2017 £000
Turnover	2	37,437	33,152
Operating expenditure	2	(30,822)	(25,005)
Operating surplus	2	6,615	8,147
Gain on disposal of property, plant and equipment (fixed assets)	3	86	65
Finance Income	4	150	131
Interest and financing costs	6	(4,994)	(4,196)
Surplus on revaluation of investment properties		350	647
Surplus for the year		2,207	4,794
Total Comprehensive income for the year		2,207	4,794

Continuing Operations

The results for the year ending 31st March 2018 and the year ended 31st March 2017 relate wholly to continuing activities.

The financial statements were approved by the Board of management and authorised on 6th September 2018 and signed on their behalf by:



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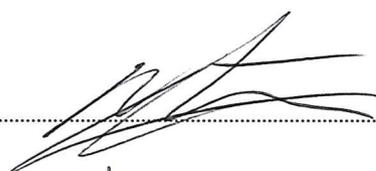


Campbell Bardo (Secretary)

Linc-Cymru Housing Association Limited
Consolidated Statement of Financial Position
For the year ended 31st March 2018

	Notes	March 2018 £000	March 2017 £000
Fixed Assets			
Tangible Fixed Assets			
Housing properties	10	264,899	252,651
Other fixed assets	11	2,476	2,571
Investment Properties	12	10,205	9,855
Homebuy loans receivable	13	769	860
Investment in subsidiaries	14	0	0
Total Fixed Assets		278,349	265,937
Current Assets			
Trade and other debtors	16	8,072	7,170
Cash and cash equivalents	17	18,176	15,151
		26,248	22,321
Creditors: amounts falling due within one year	18	(23,347)	(8,849)
Net current assets		2,901	13,472
Total Assets less Current Liabilities		281,250	279,409
Creditors: amounts falling due after more than one year	19	(233,996)	(234,272)
Total Net Assets		47,254	45,137
Capital and Reserves			
Designated Reserve		2,239	2,174
Income & Expenditure Reserve		45,015	42,963
Total Reserves		47,254	45,137

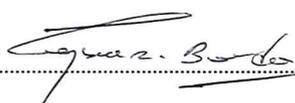
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Richard Norton (Chair)



Julia Attwell (Vice Chair)



Campbell Bardo (Secretary)

Linc-Cymru Housing Association Limited
Association Statement of Financial Position
For the year ended 31st March 2018

	Notes	March 2018 £000	March 2017 £000
Fixed Assets			
Tangible Fixed Assets			
Housing properties	10	265,273	252,935
Other fixed assets	11	2,476	2,571
Investment Properties	12	10,205	9,855
Homebuy loans receivable	13	769	860
Investment in subsidiaries	14	0	0
Total Fixed Assets		278,723	266,221
Current Assets			
Trade and other debtors	16	8,403	7,465
Cash and cash equivalents	17	18,067	14,904
		26,470	22,369
Creditors: amounts falling due within one year	18	(23,577)	(8,905)
Net current assets		2,893	13,464
Total Assets less Current Liabilities		281,616	279,685
Creditors: amounts falling due after more than one year	19	(233,996)	(234,272)
Total Net Assets		47,620	45,413
Capital and Reserves			
Designated Reserve		2,239	2,174
Income & Expenditure Reserve		45,381	43,239
Total Reserves		47,620	45,413

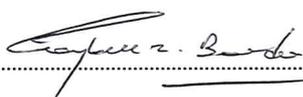
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Richard Norton (Chair)



Julia Attwell (Vice Chair)



Campbell Bardo (Secretary)

Linc-Cymru Housing Association Limited
Consolidated Statement of Changes in Reserves
For the year ended 31st March 2018

	Supported Housing £000	Service Equipment £000	Total Designated £000	Revenue £000
Balance at 1st April 2016	331	1,671	2,002	38,378
Surplus for the year	0	0	0	4,757
Transfer to reserves	(22)	(130)	(152)	152
Transfer from reserves	44	280	324	(324)
Balance at 31st March 2017	353	1,821	2,174	42,963
Surplus for the year	0	0	0	2,117
Transfer to reserves	(22)	(225)	(247)	247
Transfer from reserves	45	267	312	(312)
Balance at 31st March 2018	376	1,863	2,239	45,015

Linc-Cymru Housing Association Limited
Association Statement of Changes in Reserves
For the year ended 31st March 2018

	Supported Housing £000	Service Equipment £000	Total Designated £000	Revenue £000
Balance at 1st April 2016	331	1,671	2,002	38,617
Surplus for the year	0	0	0	4,794
Transfer to reserves	(22)	(130)	(152)	152
Transfer from reserves	44	280	324	(324)
Balance at 31st March 2017	353	1,821	2,174	43,239
Surplus for the year	0	0	0	2,207
Transfer to reserves	(22)	(225)	(247)	247
Transfer from reserves	45	267	312	(312)
Balance at 31st March 2018	376	1,863	2,239	45,381

Linc-Cymru Housing Association Limited
Consolidated Statement of Cash Flows
For the year ended 31st March 2018

	March 2018 £000	March 2017 £000
Surplus for the year	2,117	4,757
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	4,283	4,104
(Increase) in debtors	(174)	(954)
Increase in creditors	1,391	918
Impairment loss on property, plant and equipment	0	142
(Increase) in fair value of investment property	(350)	(645)
Adjustments for investing or financing activities:		
Profit / (loss) from the sale of property, plant and equipment	(86)	(65)
Government grants utilised in the year	(1,474)	(1,464)
Interest payable	4,994	4,196
Interest received	(62)	(92)
Net cash generated from operating activities	10,639	10,897
Cash flows from investing activities		
Purchase of property, plant and equipment	(15,846)	(9,785)
Works to existing properties	(1,106)	(1,043)
Proceeds from sale of property, plant and equipment	940	1,122
Grants received	7,060	2,423
Interest received	62	92
Net cash flows from investing activities	(8,890)	(7,191)
Cash flows from financing activities		
Interest paid	(5,007)	(4,131)
New loans	10,494	8,500
Repayments of borrowings	(4,211)	(4,070)
Net cash flows from financing activities	1,276	299
Net (decrease) in cash and cash equivalents	3,025	4,005
Cash and cash equivalents at beginning of year	15,151	11,146
Cash and cash equivalents at end of year	18,176	15,151

Free cash flow for the year ended 31st March 2018

	March 2018 £000	March 2017 £000
Net cash generated from operating activities	10,639	10,897
Interest paid	(5,007)	(4,131)
Interest received	62	92
Adjustments for reinvestment in existing properties		
Works to existing properties	(1,106)	(1,043)
Free cash generated before loan repayments	4,588	5,815
Loans repaid	(4,211)	(4,070)
Free cash generated after loan repayments	377	1,745

Linc-Cymru Housing Association Limited

Notes to the Financial Statements

For the year ended 31st March 2018

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 2014 (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.

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:

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2018 (continued)

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.

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.

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2018 (continued)

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 2018. 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 RICS Valuation – Global Standards 2017 incorporating the IVSC International Valuation Standards (the "RICS Red Book") issued June 2017 and effective from 1 July 2017, in particular in accordance with the requirements of VPS 3 entitled valuation reports.

In arriving at current market value:

For Cwrt Pen y Bryn properties in Cardiff a net yield of 6.25% on Savills opinion of the net Market Rent (assuming operating costs of 25%), before deducting purchaser's costs of 7.53%.

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% and 6.5% based on their opinion of Market Rent which reflects a range of discounts of 7% - 17% from the VP values. These values reflect a range of gross initial yields of 4.5% - 5.0%, reflecting their opinion that the properties are generally under-rented.

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.

Linc-Cymru Housing Association Limited

Notes to the Financial Statements

For the year ended 31st March 2018 (continued)

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.

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.

Linc-Cymru Housing Association Limited

Notes to the Financial Statements

For the year ended 31st March 2018 (continued)

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.

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.

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2018 (continued)

o) Designated Reserve for Replacement of Service Equipment

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

p) Cash and Cash Equivalents

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

q) Turnover

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

r) Sales of Housing Properties

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

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.

Linc-Cymru Housing Association Limited

Notes to the Financial Statements

For the year ended 31st March 2018 (continued)

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 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.

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.

Linc-Cymru Housing Association Limited

Notes to the Financial Statements

For the year ended 31st March 2018 (continued)

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 instruments 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.



Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2018 (continued)

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

Group	March 2018			March 2017		
	Turnover £000	Operating Expenditure £000	Operating Surplus £000	Turnover £000	Operating Expenditure £000	Operating Surplus £000
Social housing lettings	25,124	(19,886)	5,238	24,493	(17,811)	6,682
Non-social housing activities						
Registered nursing homes	10,936	(10,165)	771	7,602	(6,603)	999
Lettings	679	(218)	461	656	(219)	437
Other	698	(555)	143	401	(370)	31
Sub total non-social housing activities	12,313	(10,938)	1,375	8,659	(7,192)	1,467
Total	37,437	(30,824)	6,613	33,152	(25,003)	8,149

Association	March 2018			March 2017		
	Turnover £000	Operating Expenditure £000	Operating Surplus £000	Turnover £000	Operating Expenditure £000	Operating Surplus £000
Social housing lettings	25,124	(19,887)	5,237	24,493	(17,816)	6,677
Non-social housing activities						
Registered nursing homes	10,936	(10,166)	770	7,602	(6,603)	999
Lettings	679	(218)	461	656	(219)	437
Other	698	(551)	147	401	(367)	34
Sub total non-social housing activities	12,313	(10,935)	1,378	8,659	(7,189)	1,470
Total	37,437	(30,822)	6,615	33,152	(25,005)	8,147

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2018 (continued)

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

Group	March 2018				March 2017
	General needs housing £000	Supported housing and housing for older people £000	Low cost home ownership £000	Total £000	Total £000
Income					
Rent Receivable	14,588	4,115	281	18,984	18,439
Service Charge Income	371	3,384	0	3,755	3,812
Income for support services	5	90	0	95	97
Amortised government grants	688	786	0	1,474	1,465
Other revenue grants	637	179	0	816	680
Turnover from social housing lettings	16,289	8,554	281	25,124	24,493
Expenditure					
Management costs	3,430	1,316	139	4,885	4,690
Service charge costs	351	3,159	0	3,510	3,313
Routine maintenance	5,271	1,382	0	6,653	5,371
Planned maintenance	907	401	0	1,308	969
Bad debts	151	6	0	157	39
Depreciation of housing properties	2,000	1,373	0	3,373	3,287
Impairment of housing properties	0	0	0	0	142
Operating expenditure on social housing activities	12,110	7,637	139	19,886	17,811
Operating surplus on social housing lettings	4,179	917	142	5,238	6,682
Rent loss due to voids (memorandum note)	126	65	0	191	188

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2018 (continued)

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

Association	March 2018				March 2017
	General needs housing £000	Supported housing and housing for older people £000	Low cost home ownership £000	Total £000	Total £000
Income					
Rent Receivable	14,588	4,115	281	18,984	18,439
Service Charge Income	371	3,384	0	3,755	3,812
Income for support services	5	90	0	95	97
Amortised government grants	688	786	0	1,474	1,465
Other revenue grants	637	179	0	816	680
Turnover from social housing lettings	16,289	8,554	281	25,124	24,493
Expenditure					
Management costs	3,428	1,316	139	4,883	4,690
Service charge costs	351	3,159	0	3,510	3,313
Routine maintenance	5,271	1,382	0	6,653	5,371
Planned maintenance	907	401	0	1,308	969
Bad debts	151	6	0	157	39
Depreciation of housing properties	2,003	1,373	0	3,376	3,292
Impairment of housing properties	0	0	0	0	142
Operating expenditure on social housing activities	12,111	7,637	139	19,887	17,816
Operating surplus on social housing lettings	4,178	917	142	5,237	6,677
Rent loss due to voids (memorandum note)	126	65	0	191	188

3. Gain on disposal of property, plant and equipment

	Group		Association	
	March 2018 £000	March 2017 £000	March 2018 £000	March 2017 £000
Surplus on the sale of housing properties	194	162	194	162
Loss on the disposal of plant and equipment	(108)	(97)	(108)	(97)
	86	65	86	65

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2018 (continued)

4. Finance income

	Group		Association	
	March 2018 £000	March 2017 £000	March 2018 £000	March 2017 £000
Bank interest receivable	61	91	67	95
Other interest receivable	1	1	1	1
Gift aid from Subsidiary	0	0	82	35
	62	92	150	131

5. Operating surplus

	Group		Association	
	March 2018 £000	March 2017 £000	March 2018 £000	March 2017 £000
The operating surplus is stated after charging:				
Depreciation on housing properties	3,758	3,603	3,762	3,608
Impairment of housing properties	0	142	0	142
Depreciation on non-housing assets	525	501	525	501
	4,283	4,246	4,287	4,251
Auditor remuneration:				
In their capacity as auditor	23	40	23	40
Non audit fees	39	4	39	4

6. Interest and financing costs

	Group		Association	
	March 2018 £000	March 2017 £000	March 2018 £000	March 2017 £000
On Housing Loans repayable in instalments	4,178	4,187	4,178	4,187
Breakage Fee	807	0	807	0
Bank charges	9	9	9	9
	4,994	4,196	4,994	4,196

On the 28th of March 2018 Linc terminated their fixed rate loan with the Co-operative Bank PLC and the cost of converting this to a variable rate loan was £807,036. This termination fee has been accounted for in full within the income statement.

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2018 (continued)

7. Employee information

Group and Association	March 2018	March 2017
The average number of employees during the year was	608	490
The average number of full time equivalent employees during the year was	475	374

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

Group and Association	March 2018	March 2017
	£000	£000
Staff costs (for the above persons):		
Wages and salaries	11,274	8960
Social security costs	844	694
Pension costs (Note 9)	720	654
Termination payments	76	76
Termination pension payments	40	0
	12,954	10,384

8. Emoluments of officers and senior executives

Group and Association	March 2018	March 2017
	£000	£000
The emoluments exclude contributions to pension schemes:		
Remuneration of highest paid director (Chief Executive)	195	116
Aggregate remuneration of Senior Executives	284	279
	479	395
Pension contributions paid on their behalf		
Chief Executive's pension contributions	80	40
Senior Executives' pension contributions	96	81
	176	121

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2018 (continued)

8. (Cont.) Emoluments of officers and senior executives

Linc considers 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 £58,509 (2017: £47,775).

The Remuneration of the highest paid director includes a settlement agreement payment on retirement of £67,024 and a settlement payment of £39,988 that is included within the Chief Executive pension contribution.

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

Group and Association	March 2018 No. of staff	March 2017 No. of staff
Between £85,001 and £90,000	1	1
Between £90,001 and £95,000	1	1
Between £95,001 and £100,000	1	1
Between £115,001 and £120,000	1	1
	4	4

No Board member received any remuneration in either year. Board members are reimbursed for travel expenses incurred attending Linc meetings.

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 £760,000 (2017: £654,000).

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 2018 (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	261,616	3,413	13,751	2,792	9,484	291,056
Schemes completed	0	0	4,692	0	(4,692)	0
Additions	542	0	8	0	14,856	15,406
Works to existing properties	1,106	0	0	0	0	1,106
Disposals	(1,073)	(36)	0	0	0	(1,109)
At 31st March 2018	262,191	3,377	18,451	2,792	19,648	306,459
Depreciation & Impairment						
At beginning of year	34,784	297	1,572	380	1,372	38,405
Charge for the year	3,359	14	347	38	0	3,758
Impairment	0	0	0	0	0	0
Disposals	(599)	(4)	0	0	0	(603)
At 31st March 2018	37,544	307	1,919	418	1,372	41,560
Net book value						
At 31st March 2018	224,647	3,070	16,532	2,374	18,276	264,899
At beginning of year	226,832	3,116	12,179	2,412	8,112	252,651
					March 2018 £000	March 2017 £000
Housing properties comprise:						
Freeholds					263,549	251,380
Leaseholds					1,350	1,271
					264,899	252,651

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2018 (continued)

10. (cont.) 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	261,851	3,413	13,800	2,792	9,493	291,349
Schemes completed	0	0	4,692	0	(4,692)	0
Additions	544	0	8	0	14,948	15,500
Works to existing properties	1,106	0	0	0		1,106
Disposals	(1,073)	(36)	0	0		(1,109)
At 31st March 2018	262,428	3,377	18,500	2,792	19,749	306,846
Depreciation & Impairment						
At beginning of year	34,790	297	1,575	380	1,372	38,414
Charge for the year	3,362	14	348	38	0	3,762
Impairment	0	0	0	0	0	0
Disposals	(599)	(4)	0	0	0	(603)
At 31st March 2018	37,553	307	1,923	418	1,372	41,573
Net book value						
At 31st March 2018	224,875	3,070	16,577	2,374	18,377	265,273
At beginning of year	227,061	3,116	12,225	2,412	8,121	252,935

	March 2018 £000	March 2017 £000
Housing properties comprise:		
Freeholds	263,923	251,663
Leaseholds	1,350	1,272
	265,273	252,935

On the 3rd April 2017, Linc acquired the property, plant and equipment of Ty Coch Nursing Home, Llanishen, Cardiff. The total cost of the acquisition was £4,788,000 with £4,692,000 related to the property and £96,000 related to plant equipment. There was no good will on acquisition to recognise. Since acquisition, income of £3,203,164 and profit before central overhead allocation of £83,799 for the acquired Nursing Home has been included in the statements of comprehensive income for the reporting period.

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2018 (continued)

10. (cont.) Tangible fixed assets - housing properties

Group and Association	March	March
	2018	2017
	£000	£000
Expenditure on works to existing properties:		
Improvement works capitalised	0	0
Components capitalised	1,106	1,043
Amounts charged to income and expenditure	8,777	6,917
	9,883	7,960
Social housing assistance		
Total accumulated social housing grant received or receivable at 31st March:		
Capital Grant	8,684	4,439
Revenue Grant	816	679
	9,500	5,118

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 2014.

During the year to 31st March 2018 Linc has assessed that there is no impairment to recognise. An impairment of £141,667 was recognised in relation to a land holding during the year to 31st March 2017.

The total value of impairment recognised to date is £1,825,202.

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2018 (continued)

11. Fixed assets - other

Group and Association	Office premises £000	Furniture and equipment £000	Computer equipment £000	Motor Vehicles £000	March 2018 £000
Cost					
At beginning of year	2,777	2,395	1,368	27	6,567
Additions	6	308	103	23	440
Disposals	0	(95)	(18)	0	(113)
At 31st March 2018	2,783	2,608	1,453	50	6,894
Depreciation					
At beginning of year	1,402	1,543	1,025	26	3,996
Charge for the year	133	265	121	6	525
Disposals	0	(86)	(17)	0	(103)
At 31st March 2018	1,535	1,722	1,129	32	4,418
Net Book Value					
At 31st March 2018	1,248	886	324	18	2,476
At beginning of year	1,375	852	343	1	2,571

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

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2018 (continued)

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

Group and Association	March 2018 £000	March 2017 £000
At beginning of the year	9,855	9,210
Additions	0	0
Disposals	0	(2)
Increase in value	350	647
At 31st March 2018	10,205	9,855

13. Homebuy loans receivable

Group and Association	March 2018 £000	March 2017 £000
At beginning of the year	860	860
New loans issued	0	0
Interest receivable	0	0
Loans repaid	(91)	0
Loans provided against	0	0
At 31st March 2018	769	860

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 2017 and 31st March 2018	1
Net book value at 31st March 2018	1
Net book value at 31st March 2017	1

Description

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

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2018 (continued)

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

Operating lease payments amounting to £99,273 (2017: £8,763) are due within one year. The leases to which these relate expire as follows:

Group and Association	March 2018	March 2017
	£000	£000
Operating leases which expire:		
Within 1 year	44	3
Within 1 to 2 years	44	3
Within 2 to 5 years	11	3
At 31st March 2018	99	9

16. Trade and other debtors

	Group March 2018	Group March 2017	Association March 2018	Association March 2017
	£000	£000	£000	£000
Arrears of rent and service charges	1,079	1,006	1,079	1,006
Less: Provision for bad and doubtful debts	(767)	(563)	(767)	(563)
	312	443	312	443
Other grants and loans receivable	312	224	312	224
Cash in transit	506	883	506	883
Insurance prepayment	227	153	227	153
Sales ledger	815	840	815	840
Amounts owed by group companies	0	0	671	387
Housing Finance Grant	2,705	1,955	2,705	1,955
Social Housing Grant in Transit	2,397	2,016	2,397	2,016
Other debtors and prepayments	798	656	458	564
	8,072	7,170	8,403	7,465

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 2018	Group March 2017	Association March 2018	Association March 2017
	£000	£000	£000	£000
Cash at bank and in hand	18,176	15,151	18,067	14,904
Bank Overdraft	0	0	0	0
	18,176	15,151	18,067	14,904

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2018 (continued)

18. Creditors: amounts falling due within one year

	Group	Group	Association	Association
	March	March	March	March
	2018	2017	2018	2017
	£000	£000	£000	£000
Prepayments of rents and service charges	1,231	941	1,231	941
Housing loan principal instalments	17,399	4,370	17,399	4,370
Housing loan interest instalments	327	340	327	340
PAYE/National Insurance	261	196	261	196
Pension	8	63	8	63
Due to Customs and Excise - VAT	49	29	49	29
Income in advance	111	616	111	616
Cyclical maintenance	183	127	183	127
Payments to contractors	901	213	0	0
Planned repairs	463	22	463	22
Reactive maintenance	195	303	195	303
Service charge costs	287	302	287	302
Purchase ledger	369	227	369	227
Amounts owed to group companies	0	0	1,132	271
Other creditors and accruals	1,563	1,100	1,562	1,098
	23,347	8,849	23,577	8,905

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

Group and Association	March	March
	2018	2017
	£000	£000
Housing loans	91,053	98,294
Social Housing Grant (note 21)	138,535	131,611
Home Ownership Grants (note 22)	197	287
Recycled capital grant fund (note 23)	3,540	3,673
Disposal proceeds fund (note 24)	671	407
	233,996	234,272
	March	March
	2018	2017
	£000	£000
Housing loans are secured by fixed charges on housing properties and are repayable in instalments as follows:		
One year or less	17,399	4,370
Between one and two years	5,049	17,354
Between two and five years	14,909	14,904
In five years or more	71,095	66,036
	108,452	102,664

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2018 (continued)

19. (cont.) 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 2018 to 2043. During 2016/17 a concessionary interest free loan of £494,022 was received from the Welsh Government, the loan is repayable in June 2019.

20. Commitments under finance leases

Neither Linc or Tarbed Limited had any commitments under finance leases at 31st March 2018 or at 31st March 2017.

21. Deferred income - social housing grants

Group and Association	Social Housing Properties	Shared Ownership	Properties Under Construction	Total
	£000	£000	£000	£000
Cost				
At beginning of year	147,012	2,143	4,346	153,501
Schemes completed	0	0	0	0
Additions	157	0	8,527	8,684
Disposals	(311)	(25)	0	(336)
At 31st March 2018	146,858	2,118	12,873	161,849
Amortisation				
At beginning of year	21,572	318	0	21,890
Charge for the year	1,459	15	0	1,474
Disposals	(46)	(4)	0	(50)
At 31st March 2018	22,985	329	0	23,314
Net book value				
At 31st March 2018	123,873	1,789	12,873	138,535
At beginning of year	125,440	1,825	4,346	131,611

The grants are amortised as follows:

	March 2018	March 2017
	£000	£000
Amounts falling due:		
One year or less	1,474	1,465
Between one and two years	1,474	1,465
Between two and five years	4,422	4,395
In five years or more	131,165	124,286
	138,535	131,611

Linc-Cymru Housing Association Limited
Notes to the Financial Statement
For the year ended 31st March 2018 (continued)

22. Deferred income - home buy grants

Group and Association	March 2018 £000	March 2017 £000
At beginning of year	287	287
Grants received in the year	0	0
Disposals	(90)	0
At 31st March 2018	197	287

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

Linc is responsible for ensuring that at the time of sale 30% of the sales proceeds or the grant (whichever is the lower) is returned to the Welsh Government. As at 31st March 2018 the value of these grants amounted to £196,110 (31st March 2017: £287,302).

23. Recycled capital grant fund

Group and Association	March 2018 £000	March 2017 £000
At beginning of year	3,673	3,094
Grants recycled	360	579
Withdrawals	(493)	0
At 31st March 2018	3,540	3,673

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 2018 £000	March 2017 £000
At beginning of year	407	299
Grants recycled	264	108
Withdrawals	0	0
At 31st March 2017	671	407

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 2018 (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 2018 £000	Group March 2017 £000	Association March 2018 £000	Association March 2017 £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)	26,789	23,028	27,012	23,076
Financial liabilities measured at amortised cost comprise creditors included in Notes 18 and 19 (excluding VAT, PAYE, NI and income in advance)	255,691	241,339	255,921	241,395

26. Share capital

Group and Association

	March 2018 £	March 2017 £
Shares of £1 each fully paid		
At beginning of year	26	24
Issued during the period for cash	1	5
Cancelled during the period	(1)	(3)
At 31st March 2018	26	26

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

27. Capital funding and commitments

Group and Association

	March 2018 £000	March 2017 £000
Expenditure contracted for but not provided in the accounts	11,940	21,240
Expenditure authorised by the Board, but not contracted	54,030	32,440
	65,970	53,680

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

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2018 (continued)

28. Homes and properties in management

Group and Association

	March 2018	Movement	March 2017
Social housing			
General Needs	2,859	(1)	2,860
Extra Care	312	0	312
Sheltered	351	1	350
Supported	154	1	153
Intermediate Rent	202	0	202
Shared Ownership	148	(3)	151
Home Buy Option	95	(4)	99
Sub-Total Social Housing	4,121	(6)	4,127
Non-social housing			
Care Home	211	64	147
Market Rent	86	0	86
Retail	9	0	9
Total in management	4,427	58	4,369

29. Establishment of the Association

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

30. Related party transactions

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

Board Members

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

	Rent Charged for the year	Rent prepaid at 31st March 2018
Mr B Thomas	£7,814	£1,171

Linc-Cymru Housing Association Limited

Notes to the Financial Statements

For the year ended 31st March 2018 (continued)

30. (Cont.) Related party transactions

Employee loans

Senior Officers had loans outstanding from the Association on the same terms available to all qualifying employees. The details are as follows:

Campbell Bardo, Executive Director of Corporate Services, loan outstanding at 31st March 2018 £NIL (2017: £2,224), the loan term was 18 months.

Nicola Smith, Executive Director Linc Homes, loan outstanding at 31st March 2018 £12,030 (2017: £12,165), the loan term is 36 months.

Loans are charged an interest rate of bank base rate at the time of loan issue plus 1%.

Transactions with close family members of Key Management Personnel

In total the amount remunerated to close family members of the key management personnel was £60,823 (2017: £57,528).

A close family member of the key management personnel rented a market rent property in Cardiff from the Association at the full market rent. The total charged for the year amounted to £8,100 (2017 (7 months) £4,725).

Analysis of Subsidiary undertakings

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

During the year, Tarbed generated turnover of £9,431,712 (2017: £4,362,160) which was entirely in respect of construction management services under design and build contracts on behalf of Linc. At the year end £1,131,878 (2017: £271,328) was due from Linc to Tarbed in relation to these contracts.

During the year, Linc charged Tarbed £561,750 (2017: £210,408) in respect of administration and project management services. At the year end £302,716 (2017: £43,194) was outstanding. Linc was due £81,551 (2017: £35,000) in respect of Gift Aid and the year end.

Linc has made a loan of £280,000 (2017: £308,638) 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 2018, or at the 6th September 2018, the date the financial statements were approved by the Board of Management.

Linc-Cymru Housing Association Limited
Operating and Financial Review 7 Year Summary
For the year ended 31st March 2018

The following page does not form part of the statutory financial statements which are the subject of the independent auditors' report on pages 28-29.

For the year ended 31st March	2018	2017	2016	2015 Restated*	2014	2013	2012
Statement of Comprehensive Income (£'000)							
Total turnover	37,437	33,152	30,834	28,310	25,113	22,948	21,439
Income from Lettings	25,803	25,149	24,381	23,254	21,020	20,120	18,807
Operating surplus	6,615	8,147	7,579	6,238	5,828	5,985	6,002
Gain/(deficit) on disposal of Property, Plant and Equipment (fixed assets)	86	65	157	84	(119)	(169)	(92)
Maintenance expenditure**	7,961	6,340	5,644	5,623	5,488	4,588	4,556
Interest and financing costs	4,994	4,196	4,155	4,424	4,364	4,152	4,260
Surplus on Property Revenue Account	1,621	3,951	3,424	1,814	1,464	1,833	1,742
Surplus for the year	2,207	4,794	3,923	2,118	1,532	1,760	1,790
Statement of Financial Position (£000)							
Total fixed assets	278,723	266,221	260,037	256,558	261,249	256,732	251,092
SHG	(138,535)	(131,611)	(129,348)	(130,458)	(150,021)	(146,554)	(145,695)
Tangible fixed assets net of capital grants and depreciation	140,188	134,610	130,689	126,100	111,228	110,178	105,397
Net current assets / (liabilities)	2,893	13,464	7,355	11,387	21,401	8,687	3,765
Borrowings - Housing Loans	108,452	102,664	97,739	101,966	104,135	91,417	82,891
Reserves							
: designated	2,239	2,174	2,002	1,965	1,711	1,406	1,244
: revenue	45,381	43,239	38,617	34,731	28,816	27,589	25,991
: total	47,620	45,413	40,619	36,696	30,527	28,995	27,235
Accommodation figures							
Total housing stock owned at year end (number of dwellings):							
Social housing	4,216	4,222	4,182	4,077	4,063	4,057	4,013
Nursing Home	211	147	147	147	102	72	72
Total	4,427	4,369	4,329	4,224	4,165	4,129	4,085
Statistics							
Surplus for the year as a percentage of turnover	5.9%	14.4%	12.7%	7.5%	6.1%	7.7%	8.3%
Surplus for the year (excluding gain/(deficit) on disposal of Property, Plant and Equipment and excluding the revaluation surplus on investment properties) as a percentage of turnover	4.7%	12.31%	11.6%	7.2%	6.5%	8.4%	8.8%
Rent losses (voids and bad debts as percentage of rent and service charges receivable)	1.5%	1.0%	0.7%	0.9%	1.4%	1.3%	1.4%

Linc-Cymru Housing Association Limited
Operating and Financial Review 7 Year Summary
For the year ended 31st March 2018 (continued)

For the year ended 31st March	2018	2017	2016	2015 Restated*	2014	2013	2012
Rent arrears (gross arrears as a percentage of rent, service charges and care home fees receivable)	3.2%	3.4%	4.8%	4.8%	4.4%	4.0%	4.2%
Borrowing costs as a percentage of turnover	13.3%	12.7%	13.5%	15.6%	17.4%	18.1%	19.9%
Revenue maintenance costs as a percentage of turnover**	21.3%	19.1%	18.3%	19.9%	21.9%	20.0%	21.3%
Interest cover (surplus before interest payable divided by interest payable and capitalised interest)	1.4	2.1	1.9	1.5	1.3	1.4	1.4
Liquidity (current assets divided by current liabilities)	1.1	2.5	2.0	2.5	4.0	2.4	1.5
Gearing (total loans as % of capital grants plus reserves)	53.9%	53.5%	53.5%	56.0%	57.6%	52.1%	47.9%
Total reserves per unit (£)	£10,778	£10,415	£9,402	£8,687	£7,329	£7,022	£6,667

*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 comparatives for the years ended 31st March 2012 to 31st March 2018 exclude major component expenditure that has been capitalised to property assets.

