



LINC CYMRU HOUSING ASSOCIATION LIMITED ANNUAL REPORT & FINANCIAL STATEMENTS

for the year ended 31 March 2022



Creating the right environment for people to flourish



www.linc-cymru.co.uk

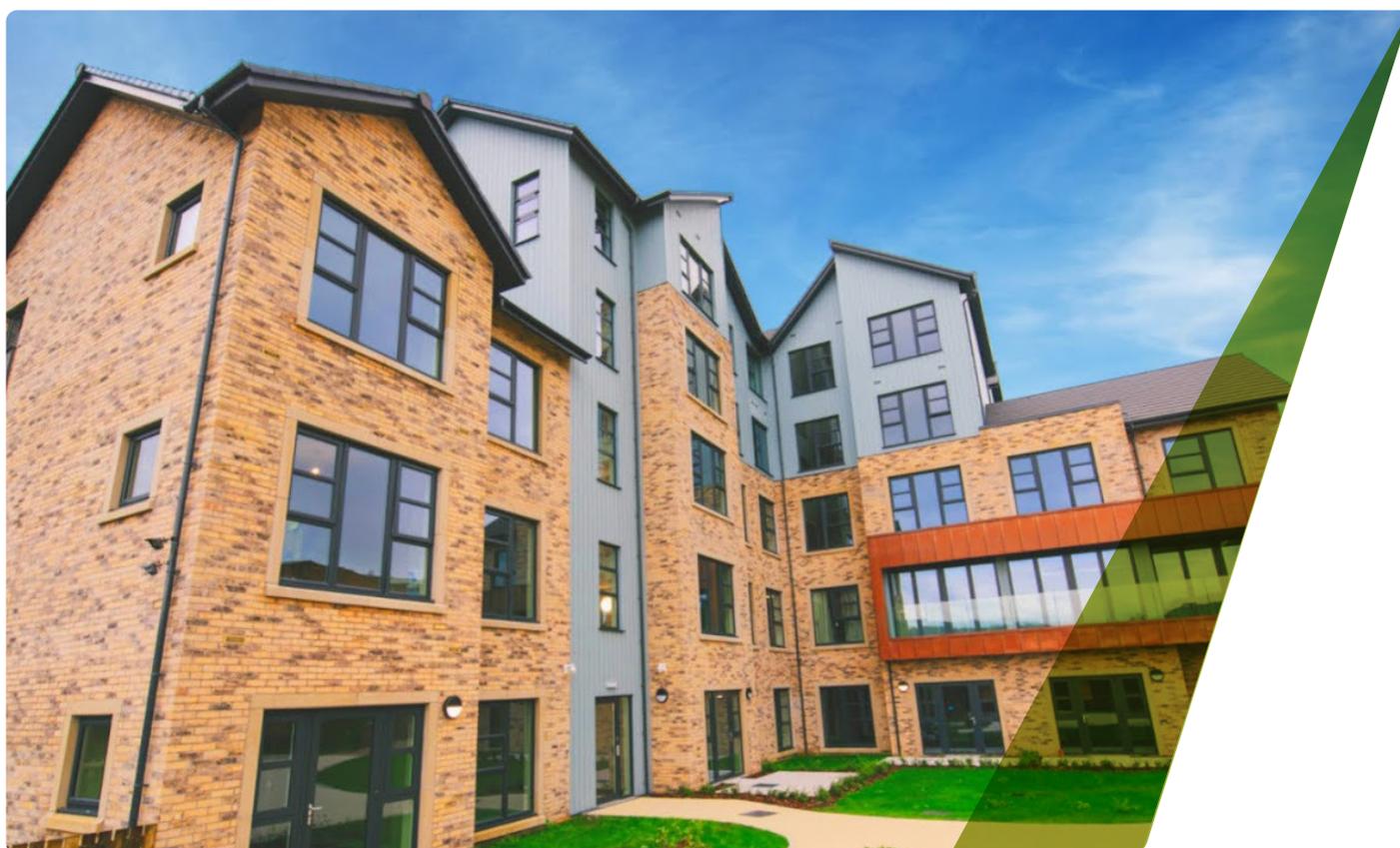
**Linc-Cymru Housing Association Limited
Annual Report and Financial Statements
For the year ended 31st March 2022**

Linc-Cymru Housing Association Limited

Annual Report and Financial Statements

For the year ended 31st March 2022

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Linc-Cymru Housing Association Limited

Strategic Report

For the year ended 31st March 2022

The Board of Management present their strategic report on the affairs of Linc-Cymru Housing Association Limited (Linc), together with the financial statements and auditor's report, for the year ended 31st March 2022.

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 2022, the Linc-Cymru Housing Association Group comprised of Linc-Cymru Housing Association Limited and its 100% owned subsidiary Tarbed Limited. Tarbed Limited is a limited company registered under the Companies Acts and undertakes development activity solely on behalf of Linc-Cymru Housing Association Limited.

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



Linc-Cymru Housing Association Limited

Strategic Report

For the year ended 31st March 2022 (continued)

Going Concern

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

The financial statements have been prepared on a going concern basis. The Board has reviewed cashflow forecasts and other financial projections. Linc has considerable financial resources and as a consequence, the Board believes that Linc is well placed to manage its business risks successfully despite current uncertainties in the social housing sector including the impact of the significant increase in inflation and the increases in costs being experienced by the Association and the sector in general.

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

COVID-19

Covid 19 continued to provide a major challenge to Linc through 2021/22 although this reduced as the year progressed. Linc operates across the housing, health and social care sectors and had to adopt tailored and flexible responses to the pandemic in order to protect our tenants, residents and staff.

The strong governance framework that was established at the outbreak of Covid 19 was continued through 2021/22 as the challenge of additional waves and variants was experienced. The Business Continuity Team met regularly to respond to the challenges faced, interpreting government guidance to differing service areas and managing resources effectively in light of demands.

Linc continued to work closely with Public Health Wales, the care and housing regulators and the relevant local authorities and health boards to ensure the most appropriate management of risk. Linc's risk management and business continuity frameworks were adapted to ensure governance was robust and communication was transparent.

Linc's three nursing homes faced significant challenges through the pandemic. Along with the rest of the care sector pressures were experienced in resources, staffing, and maintaining the viability of businesses when faced with blocks on admissions due to the pandemic. The Welsh Government provided support for voids until September 2021, but this tapered off by March 2022. Linc managed the three nursing homes closely in this period to ensure the businesses remained viable and focused on recruitment and retention of staff and attracting new residents to ensure the homes would begin to recover.

While the pandemic is under much greater control Linc continues to have robust risk management and business continuity arrangements in place to respond to changing circumstances.

Linc-Cymru Housing Association Limited

Strategic Report

For the year ended 31st March 2022 (continued)

Strategic Business Objectives

Linc makes a significant contribution to the development and management of a wide range of housing solutions in South East Wales. These include general needs housing, sheltered and supported housing, extracare housing and nursing care. The Board in conjunction with the Executive Team has growth aspirations which cover all areas of operations. The Welsh Government has set a target for affordable homes for the new term of Government (2021–2026) at 20,000 homes. This is an ambitious target and one that Linc is committed in helping to achieve.

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

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

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

Strategic Corporate Objectives

We continue to adopt our approach, simplifying what we do as a business and focusing on what matters. We use data and ensure that we spend our energy on actions which drive our purpose and create the biggest impact. The Linc Business Plan 2022-2027 has the key purpose of 'Creating the right environment for people to flourish'. This is underpinned by our values which are Passionate, Ambitious and Respectful. Each year, we develop an action plan in order to progress our OneLinc Business Plan.

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

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

1. New Business and Growth

Our OneLinc goals:

- Creating 1,700 new homes by 2027 that support a good quality of life. In 2022/23 we are on track to deliver 215 new homes.
- Providing homes for sale to support our ongoing investment in affordable housing. In 2022/23 we will be establishing a property sales subsidiary.
- Enhance the number and range of social care and support developments.
- Extending our use of modern methods of construction to create environmentally conscious and sustainable developments.
- Partnering to deliver solutions that meet health, housing, leisure and workplace needs.

Linc-Cymru Housing Association Limited

Strategic Report

For the year ended 31st March 2022 (continued)

2. Wellbeing and Personal Development

Our OneLinc goals:

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

3. Modern and Excellent Services

Our OneLinc goals:

- Delivering digital services to meet the changing needs of our customers.
- Investing in systems that support our staff to work efficiently.
- Using data and insight to support intelligent decision making.
- Learning and improving through research and partnership.
- During 2022/23 we will continue to replace our Omni IT system with Dynamics 365, a modern housing management platform and a new finance system. Our new finance system went live in the 1st quarter of 2022/23. We will be replacing our existing HR platform and modernising the recruitment function. We will also be developing a new Customer Portal and a new Contractor Portal.

4. Prosperous Business

Our OneLinc goals:

- Supporting the social and economic ambition of customers.
- Involving our customers and listening, learning and acting on their views.
- Value for Money leading improvements to create capacity.
- Delivering a modern governance framework.
- During 2022/23 we will continue to progress objectives in the following areas:
 - Equality and Diversity
 - Strategic Environmental Improvements
 - Decarbonisation
 - Delivery of Value for Money
 - Rent Affordability and Rent Setting
 - Service Charges
 - Nursing Home Recruitment and Retention
 - Procurement Efficiency and Effectiveness
 - Safeguarding
 - Delivery of Internal and External Strategic Communications

Linc-Cymru Housing Association Limited

Strategic Report

For the year ended 31st March 2022 (continued)

Strategic Business Blocks

Our business plan is supported by four strategic building blocks, each with key success measures. These are the outcomes we will achieve by 2027:

1. People & Place

Providing homes and communities that people are proud to live in and the services that people aspire to receive. The key success measures are:

- Our homes and services meet new and emerging needs, instantly recognisable through their quality.
- We meet customers changing expectations and are efficient in delivery of services.
- Customers can access a menu of support, which will be delivered restoratively and compassionately.
- Our activity and investment are focused to maximise the benefits to the communities we serve.

2. Data & Insight

Decision making based on data, evidence and insight that delivers reliable and impactful services. The key success measures are:

- We have a culture across the organisation that understands the importance of using data and insight to make decisions.
- We work actively with a range of key academic partners to achieve our outcomes based on the effective use of data and insight.
- We have effective systems underpinning our business that ensure the provision of relevant and sound data and insight.

3. Culture & Innovation

Inspiring and empowering colleagues to provide brilliant services; actively seeking out collaboration and learning from others to improve our performance and reputation. The key success measures are:

- Colleagues are proud to work at Linc.
- The diversity of our colleagues and board reflects the communities we serve.
- We have exemplary colleague development pathways and programmes.
- Our inclusive culture attracts and retains talented colleagues.
- Our sound financial practice, governance framework and technology stack, improve our efficiency, enabling us to remain a trusted partner of choice.

4. Growth & Society

Delivering benefits for residents and wider society through delivering new services, new homes and broader social value and investment. The key success measures are:

- We address inequality and inequity through collaboration and place-based partnerships.
- Our environmental impact has reduced and we have improved our sustainability standards.
- We play an active role in eradicating homelessness and addressing housing need, delivering over 1,700 quality new homes.
- We have increased the range of social care and support services to meet customer needs.
- Our profitable, for social purpose, market sales subsidiary is known for quality.

During 2022/23, the Board reiterated:

1. The principle of building up to 1,700 new homes. Development schemes for 817 of these new homes have been identified and included in the 2022/23 budget and forward indicators for the four following years ending March 2027. The homes will be constructed in the five-year period 2022/23 to 2026/27.

Linc-Cymru Housing Association Limited

Strategic Report

For the year ended 31st March 2022 (continued)

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

Risk Management

Linc has a well-developed approach to the identification and evaluation of Risk as outlined in our Risk Management Framework. Linc's Risk Management Group (RMG) which comprises of Heads of Service from across the organisation, meets quarterly to review existing risks and to identify any new risks that may have emerged. Linc maintains a Corporate Risk Register, which contains those risks which are judged by the Business Leadership Group to be the strategic risks facing the organisation and Operational Risk Registers for all parts of the business. Each quarter the RMG reports to the Business Leadership Group, which considers the recommendations from the RMG and reviews the Corporate Risk Register in light of these recommendations. The Executive Team reports to the Audit Committee three times a year and to the Board quarterly on the key strategic risks within the Corporate Risk Register.

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

Welfare Reform

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

We have an experienced housing team in place to support tenants to sustain their tenancies and continue to pay the rent. Our offer includes signposting and supporting to access Money Advice.

The Introduction of the National Living Wage and Real Living Wage

The National Living Wage has and will continue to impact significantly on Linc's cost base. We employ large numbers of staff in our facilities management teams who benefit from the increasing hourly rates of pay associated with the National Living Wage. From October 2022 carers in registered nursing homes in Wales will be paid at the level of the Real Living Wage. We introduced the Real Living Wage for our carers from 1st April 2022.

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

Health and Safety Failure

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

Linc-Cymru Housing Association Limited

Strategic Report

For the year ended 31st March 2022 (continued)

Nursing Homes

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

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

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

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

In July 2019, we appointed Richard Davies, Linc's Executive Director People and Places as Linc's Responsible Individual (RI). To satisfy the requirements of CIW, Linc's Board approved the appointment of Richard as a co-optee Non-Executive Director for a period of six months. This appointment has been renewed on five occasions since then, each period being for six months. The latest six month appointment was in July 2022.

A significant additional risk within the nursing homes became apparent with the emergence of COVID-19. The pandemic caused us to evaluate and respond to the risks faced by our residents, our staff and the financial impact on occupancy levels. As noted elsewhere in this report our staff responded in a way which both protected our residents, themselves and put us in a positive position. This work continued during the whole of 2021/22 and is still relevant today even as the Covid restrictions have begun to relax.

Regulatory Engagement

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

Financial Risk Management Objectives and Policies

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

Cash Flow and Liquidity Risk

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

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

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

Linc-Cymru Housing Association Limited

Strategic Report

For the year ended 31st March 2022 (continued)

Credit Risk

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

Future Prospects

The Welsh Government has set a new target for affordable homes for the new term of Government (2021-2026) at 20,000 homes. This is an ambitious target and one that Linc is committed in helping to achieve.

We have an identified development programme of over 817 social housing properties which will come into management during the next five years. Our thirty-year financial models indicate that we have significant additional capacity for development.

We operate eleven extracare schemes in Aberdare, Bridgend, Cardiff, Newport, Ebbw Vale and Pontypridd. These schemes which are developed with Social Housing Grant are let on our standard tenancy lease. Our second extracare scheme with Rhondda Cynon Taff Council (RCT) located in Ponypridd opened during 2021. Our current development programme includes an additional 3 extra care schemes in RCT with the next scheme, in Porth, scheduled to open in 2024. 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.

Future Prospects

On 1st March 2022 the Abbeyfield Wales Society Limited (AWS) merged with Linc through a Transfer of Engagements, approved by the Financial Conduct Authority. The merger resulted in the transfer of fifteen homes, over 120 residents and all of the employees to Linc. The assets and liabilities of AWS were transferred to Linc and the gain on the transfer of undertakings has been included in the financial results for the year ended 31st March 2022. On transfer, all of the shareholding members of AWS at the date of transfer had the legal right to become shareholding members in Linc. One AWS shareholder decided to exercise this right and has become a shareholding member in Linc. The shareholder concerned who was previously the Vice Chair of AWS has joined Linc's Board as a Non-Executive Director.

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 2022

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:

Bevan Buckland LLP
Cardigan House
Castle Court
Swansea Enterprise Park
Swansea
SA7 9LA

Bankers:

HSBC Bank PLC
56 Queen Street
Cardiff
CF10 2PX

Solicitors:

Blake Morgan LLP
One Central Square
Cardiff
CF10 1FS

Solicitors:

Hugh James LLP
Two Central Square
Cardiff
CF10 1FS

Board Members



Richard Norton, Chair

A qualified accountant and with 25 years in senior financial roles in manufacturing, Richard joined Linc's Board in May 2014 and became Chair of the Board in March 2018. Richard is also Chair of the Development Committee and Chair of the Nominations Committee. Previously, Richard was Chair of the Audit, Pension Governance and Remuneration Committees.



Julia Attwell, Vice Chair

Julia works in the NHS as a transformational change specialist. She has over 25 years' experience of business development, change management and organisational improvement gained primarily at a senior level in the public and third sectors. Julia sits on several Boards in South Wales. She joined Linc's Board in June 2016 and became Vice Chair of the Board in June 2018. Julia is a Member of the Audit Committee, Development Committee and Remuneration Committee.

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2022 (continued)



Richard Miles

Richard is Head of Savings & Marketing / Area Manager (East Region) at the Swansea Building Society. He has over 29 years financial services experience gained within the banking / building society sector mainly in the Midlands and Wales area. Richard joined Linc's Board in April 2019. He is Chair of the Pensions Governance Committee and is a Member of the Audit, Nomination and Remuneration Committees. He is also a Director of Tarbed Limited, a subsidiary of Linc.



Mandy Newton

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



Paul Minnis

Paul is responsible for delivering major projects at Cheltenham Borough Council with the principal role of driving the delivery of the £1 billion cyber-tech focused Golden Valley Development. He has extensive experience in the development industry spanning over 25 years, managing large scale mixed-use as well as residential regeneration schemes in Wales and the South West of England. Paul's passion is to drive positive social and economic change to places through sustainable development which the wider community can play a part in creating and be proud of. He joined Linc's Board in November 2021 and is a Member of the Audit Committee and the Development Committee.



Jonathan Pearce

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

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2022 (continued)



Alan Sinclair

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



Lynda Williams

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



Richard Davies

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



Willow Smallbone

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



Howard Crackle

Howard retired from a 40 year banking career in 2019. His duties included corporate banking roles across the UK, latterly specialising in healthcare, education and social housing relationship management. Since retiring, Howard has taken on non-executive roles in social housing and specialist healthcare companies. He was Vice Chair of Abbeyfield Wales Society and played a part in the recent transfer of undertaking to Linc in March 2022. Howard joined the Linc's Board in March 2022 and is a member of the Audit committee and Care Committee.

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2022 (continued)



Lynda Chandler

Lynda is a registered nurse and also qualified as a social worker. She has recently retired from the NHS, following a career spanning over 40 years. She has a wide range of experience across health and social care in Wales, with a specific focus on supporting the independence of older people. She has a proven track record in delivering citizen-focused improvement and transformational change programmes. Lynda joined Linc's Board in November 2021 and is a Member of the Care Committee and the Audit Committee.

Former Board Members

Gerraint Oakley left the Board in March 2022 following three years' service.



Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2022 (continued)

Executive Officers



Scott Sanders

Chief Executive

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



Campbell Bardo

Executive Director Corporate Services

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



Louise Attwood

Executive Director Property & Commercial

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



Richard Davies

Executive Director People and Place

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

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

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2022 (continued)

Board and Corporate Governance

The activities of Linc are overseen by the Board which meets once every two months. During 2021/22 there were six Committees that reported directly to the Board, each overseeing specific activities:

Audit Committee

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

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

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

Care Committee

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

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

Development Committee

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

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

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2022 (continued)

Pension Governance Committee

The Pension Governance Committee meets at least once a year. Additional meetings are held as the need arises. 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 Legal & General pension scheme members.
2. Promote the efficient and effective use of Linc's resources in all matters pertaining to the Legal & General pension scheme.
3. Ensure that the necessary systems and procedures are established and maintained to safeguard the interests of Linc's Employees automatically enrolled into the NEST pension scheme.

Remuneration Committee

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

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

In July 2022, Linc's Board approved a recommendation to amalgamate the Pension Governance Committee and the Remuneration Committee. New Terms of Reference and the revised membership of the amalgamated committee were approved. The Board Members' profiles included in this Board and Governance Report include reference to the Pension Governance Committee and the Remuneration Committee, the committees on which those Board members served on in 2021/22.

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.

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2022 (continued)

Statement of the Board Members' Responsibilities

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

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

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

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

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

Disclosure of Information to Auditors

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

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

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2022 (continued)

Internal Financial Control

The Welsh Government requires Registered Social Landlords (RSLs) to report on internal controls. The Board acknowledges its overall responsibility for establishing and maintaining the system of internal financial control and for reviewing its effectiveness. The system of internal financial control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

The Board has reviewed the effectiveness of Linc's internal financial control system for the period from 1st April 2021 to 8th September 2022, the date of this report.

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

- Standing Orders and Financial Regulations which detail the delegated authority from the Board of Management to Officers.
- Management information and accounting systems with monthly reporting of financial results and other performance indicators compared with forecasts and budgets.
- Rolling five-year strategic plans, forecasts and development plans.
- A business model forecasting Linc's financial position over the next 30 years.
- Monitoring of the control system by the Audit Committee, internal auditors and external auditors.
- Ensuring that formal policies and procedures are in place, including the documentation of key systems.
- Linc has in place a process for identifying, evaluating and managing the significant risks it faces. The Corporate Risk Register, which is supported by individual Operational Risk Registers, is reviewed by the Risk Management Group and Business Leadership Group quarterly, and at each meeting of the Audit Committee and by the Board quarterly. This process has been in place for the whole of the period covered by these financial statements up to and including 8th September 2022.
- The Board has approved the introduction of a Board Assurance Framework (BAF) which has been aligned and incorporated into the Corporate Risk Register.
- Linc has policies and procedures to safeguard its assets and to prevent and detect fraud and other irregularities. The Board has general responsibility for taking such steps as are reasonably open to it, for the prevention and detection of fraud and recovery of assets.
- irregularities. The Board has general responsibility for taking such steps as are reasonably open to it for the prevention and detection of fraud and recovery of assets.

Governance Review

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

During 2021/22 we continued to build on our governance framework to ensure that Linc remains dynamic, focused, and fit to face future challenges. The major governance challenge for much of the year was the COVID-19 pandemic, and our efforts were shaped around maintaining effective governance and safe services.

During 2021/22 we progressed the following initiatives:

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2022 (continued)

- Undertook a gap analysis and formulated an action plan against the new Regulatory Framework for Housing Associations Registered in Wales.
- Demonstrated compliance against Community Housing Cymru's Code of Governance.
- Carried out a review of standing orders, including core policies, delegated duties, and terms of reference.
- Created a Business Improvement Team to provide in-house governance support to the Board and Executive Team and progress data driven decision making.
- Established our approach to Environmental Social Governance (ESG) with a view to publishing our first ESG Statement in early 2022/23.
- Commenced bi-annual Board Impact Sessions with our Tenant and Resident Strategic Group.
- Carried out Board Impact Sessions focused on specific topics and training.
- Set out our ambitions in our new Business Plan 2022-27.
- Carried out an Assurance Review of Governance Strategic Control, which received a substantial assurance result.
- Reviewed our Risk Management and Performance Management Frameworks.
- Reviewed our Overarching Business Continuity Plan.
- Held regular business continuity meetings to monitor the impact of Covid-19 and the volatility in the global economy.
- Renewed our Value for Money Statement.
- Completed a self-evaluation against the new Regulatory Standards and received a Compliant (green) Judgement for both Governance and Tenant Services, and Financial Viability.
- Signed up to the Pathways to Board Project, which supports individuals from Black, Asian and Minority Ethnic (BAME) backgrounds into Board membership and held a Board vacancy for a graduate of this project.

Rules

During 2021/22 Linc adopted the new Model Rules for Housing Associations in Wales which were developed by Community Housing Cymru. Linc's Board and Shareholders approved the new Rules during the year and the new Rules were registered with the Financial Conduct Authority on 8th July 2022.

Board Portal

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

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

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2022 (continued)

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

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

The Board agreed that Linc's compliance with the code had been demonstrated. The Board is continuing to consider how we attract diverse talent in future Board recruitment campaigns.

Board Membership

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

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

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

- Governance, business and strategic management.
- Commercial experience.
- Treasury management, funding and risk management.
- Social enterprise and community development.
- Media, public relations, communication and marketing.
- Business transformation in a digital era.
- Human resources, training and development.
- Asset management, the construction industry including related professional services, property development, climate change and carbon neutral development.
- Legal.
- Social and affordable housing, health, nursing and social care activities.
- Customer Service.
- Equality and diversity.
- Technology and Robotics.
- Financial management and audit control.
- Construction design, development and procurement.
- Health and Safety.

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

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

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2022 (continued)

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

Care Inspectorate Wales

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



Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2022 (continued)

Tenant and Resident Involvement and Engagement

Throughout 2021/22 we developed a more agile approach to our work. We collaborated with an extensive range of partners and worked alongside residents to do what was important from their perspective. Through our refreshed approach together we achieved a whole range of outcomes across communities including the following:

- We wanted to know about how heating bills were affecting customers. We surveyed over 600 households and received 81 responses back. We used the data to apply for funding. Over £6,500 was raised to support tenants directly with their energy bills.
- The Blaenau Gwent Reach project, a collaboration led by OU (Open University) Wales, in partnership with Linc and the Aberbeeg and funded by UKRI to the value of £40,000 continued its work of bringing the community together through learning and community activities. Stories were shared, small films produced, creative endeavors were pursued, and the community were brought together to explore their heritage and all that is wonderful about Blaenau Gwent.
- We successfully bid for £31,900 from the Welsh Government to work in partnership with Baobab Bach CIC (Community Interest Company) and over 22 different partners to support them to continue to develop their community pantry initiatives across Bridgend. Amazing outcomes were achieved ensuring affordable food reached those in need, reducing food waste, signposting to the community, the development of community cafes and growing projects and much more.
- We worked closely with customers and partners to hold fun days, tea parties, tree planting days, greening projects and to hold litter picking sessions. Together with residents, we had great fun and residents were inspired to resume engagement activity.
- Residents said that they were struggling to get back to normal after Covid and this meant they tended to step back from getting involved, especially across our Independent Living facilities. This year two students from the University of South Wales joined us to do research around the issues and they will be interviewing residents and staff across Linc as part of their research to understand how we can support communities in their endeavors moving forward.
- Linc's Tenant and Resident Strategic Group (TRSG) met more than six times over the year with Linc. They provided challenge to our rent setting plans, tasked us with reviewing information and communications to customers and they met with the Board to discuss how they could strengthen their relationship with them.
- The group scrutinised what we do to engage more customers and heard about the range of initiatives that take place to improve people's quality of life from supporting community groups to set up and sustain their engagement across communities.
- The TRSG were invited to look at the evidence gathered when Linc set rents. After consideration of this they approved the rent setting process and the rent increase of 3.1%, saying it was fair and reasonable. The TRSG were keen to monitor the situation with rent accounts going forward and make sure Linc have the capacity to deliver excellent support services across to customers.
- Over 49 tenants who had recently moved into a new home got involved in a scrutiny session on how we can support tenants to sustain their tenancies. The scrutiny group developed a range of recommendations some of which resulted in us reviewing the way we let homes, more signposting initiatives, the setting up of a pilot furniture project and much more.
- We continued our work with a range of universities including both the University of South Wales (USW) and the Open University Wales (OU) as well as Cardiff Metropolitan University and Cardiff University. We developed a Memorandum of Understanding with USW and met several times to progress initiatives of importance to residents. We also worked with the OU on developing a Memorandum of Understanding and will be exploring opportunities into the future. Music Therapy initiatives and a hub for all our customers to engage in the Open University's OpenLearn online training platform are just two examples of what is emerging.

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2022 (continued)

- We collaborated with other landlords to develop solutions to engage more residents, and this included working on the development of a housing association tenant hub to promote health and wellbeing and engagement. This will be launched in 2022.
- Residents living in Wellwood House, Independent Living in Newport were successful in applying to build a green roofed pergola in their garden. They got together, with the support of a member of the TRSG who made a video of them applying for project. They took part in a participatory budgeting project and were awarded £7,000.
- Our colleagues were invited to join a range of Communities of Practice around engagement and community food growing, with a view to sharing and learning great practice. Our colleagues also refreshed their knowledge through completing courses in User-research methods.
- To continue our anti-poverty work we connected with Children in Wales and worked collaboratively with them to develop a community pantry and uniform shop with eco-principles in mind. in a primary school in Newport. We linked this with USW who are now completing an evaluation of the project.
- Our Tenant Participation Policy was reviewed to ensure that we set out our tenant participation offer clearly and to keep it updated. We consulted our customers about the changes. We were also audited and reassured that we are on the right path in terms of engaging residents strategically.

Employee Involvement and Participation

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

Fit 2 Flourish

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

Agile Working

During the last year we have made some significant progress in becoming a more agile workforce, not only from a location perspective but also in streamlining processes and driving technical solutions to improve efficiency. Almost overnight the vast majority of office-based staff were required to work from home and have done so for almost 18 months. As we embark on coming out of the pandemic and returning to some normality, we launched an agile approach that embraced the benefits and key learnings whilst adopting some new ways. We are working towards a hybrid approach where the primary focus is on output and flexibility.

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

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2022 (continued)

Diversity & Inclusion

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

Wellbeing

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

Remuneration of Non-Executive Directors and Staff

Non-Executive Directors

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

Remuneration levels are reviewed as a minimum every three years by the Remuneration Committee to ensure that they remain in line with sector norms. Any changes will be approved by the Board on a recommendation from the Remuneration Committee. During 2021/22 the Remuneration Committee reviewed the remuneration levels of Linc's Non-Executive Directors and it was agreed that no change in the remuneration was necessary. No changes have been made since remuneration was introduced in 2018.

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

Non-Executive Director Salary Structure

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

The Chair of the Association £10,000

Non-Executive Directors £5,000

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

Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2022 (continued)

Linc Staff

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

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

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



Linc-Cymru Housing Association Limited

Board and Governance Report

For the year ended 31st March 2022 (continued)

Employee Acknowledgement

The Board wishes to thank all Linc employees for their continued commitment to our tenants, residents and stakeholders. During 2021/22 when we have continued to face unprecedented challenges with the ongoing pandemic, our employees have responded in a way that has demonstrated their commitment, empathy, kindness and respect for those for whom we provide homes and care. The Board does appreciate all that you do for the Association. Thank you.

Thank you.

Regulatory Judgement

The last Regulatory Judgement was published by the Welsh Government in July 2022. Linc received the following judgement:

Governance and Tenant Services – Compliant (Green)

The Association meets the regulatory standards and will receive routine regulatory oversight.

Financial Viability – Compliant (Green)

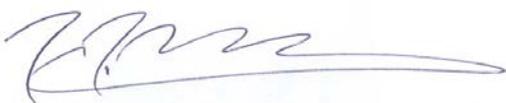
The Association meets the regulatory standards and will receive routine regulatory oversight.

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

Auditors

A resolution to appoint Bevan Buckland LLP as auditors of Linc will be proposed at the Annual General Meeting.

By the order of the Board



Scott Sanders
Chief Executive

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2022

Financial Review

In summary, the Association's consolidated financial results for the year ended 31st March 2022 are considered satisfactory. The surplus for the year amounted to £2.8 million compared to the budgeted surplus of £2.4 million. The Board receives monthly finance reports, which detail any trends as they emerge. All surpluses are retained by the Association in accordance with the Rules with no distributions made to Shareholders. The significant variances in the year compared to that budgeted are:

1. A £1.385 million increase in value of the Association's market rent properties a 12.8% increase due to the very strong rental and house price growth experienced in the last 12 months and a current under supply of rental accommodation.
2. Turnover was £0.5 million better than budget due to one large extra care scheme coming into management ahead of budget and increased revenue grant for physical adaptation to existing properties.
3. The transfer of undertakings of Abbeyfield Wales Society Ltd into Linc at nil consideration gave a £0.3 million gain at the date of transfer of the net assets of Abbeyfield Wales.
4. The after effect of the COVID-19 pandemic and the rising costs in the economy had an impact on our operating costs with a £2.1 million increase compared to budget. The main reasons for this variance are:
 - A shortage of labour to fill vacancies giving a £0.5 million increase in agency staff costs. This predominantly featured in our Nursing homes and was offset partially by savings on salary costs of permanent roles.
 - Delays in new developments reduced our ability to capitalise internal development costs against new property development leading to a £0.2 million reduction against budget.
 - Service charge costs were more than budget by £0.6 million because of increased employment costs, food supply costs and utility costs.
 - Property asset management and maintenance costs were £0.5 million more than budget due to increased cost inflation and a catch up on planned works that the Association was not able to complete at the height of the pandemic in 2020 and 2021.
 - Physical adaptation works to properties were £0.4 million than budget. A corresponding amount was recovered within other revenue grants within income
5. Additional surplus on sale of properties of £0.2 million compared to budget was achieved from the sale of 11 properties.
6. Lower interest rates during the year contributed to a £0.6million reduction in interest costs compared to budget.

Significant Management Judgements and Key Sources of Estimation Uncertainty

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

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

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2022 (continued)

Significant Management Judgements

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

Operating Surplus

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

- The change in value of investment properties (Note f).
- The gain on transfer of undertaking of Abbeyfield Wales Society Ltd.

Impairment of Social Housing Properties

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

Property Classifications

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

Financial Instruments

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

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2022 (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	60 & 75 years	50 years
Windows and doors	35 years	35 years
Bathrooms	25 & 30 years	25 & 30 years
Boilers and heating systems	15 & 20 years	15 & 20 years
Kitchens	15 years	15 & 20 years
Lifts	15 years	15 years
Sprinkler Systems	25 years	25 years
PV Systems	25 years	25 years
Electrical Installations	40 years	40 years

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.

Linc-Cymru Housing Association Limited
Financial and Performance Review
For the year ended 31st March 2022 (continued)

Consolidated Statement of Comprehensive Income

	2022	2021
	£000	£000
Turnover	44,526	41,839
Operating expenditure	(37,939)	(33,731)
Gain on disposal of property, plant and equipment	76	131
Gain on transfer of undertakings	294	0
Other Income	1,385	60
Operating Surplus	8,342	8,299
Interest receivable	13	79
Interest and financing costs	(5,559)	(5,566)
Total Comprehensive income for the year	2,796	2,812

Turnover

Turnover for the year ended 31st March 2022 rose by £2.687 million (6.4%) from £41.8 million to £44.5 million. This increase derived from the following sources:

- The increase in rents from social housing lettings from 1st April 2022. We increased our rents by 3.1% as permitted under the rent policy of the Welsh Government.
- Additional units coming into management from developments. During the year, an additional net 216 social housing homes came into management.
- Service charge income has increased by £0.4 million (8.7%) due to 1 new extracare scheme coming into management.

Operating Expenditure

Net operating costs increased by £4.2 million (12.4%) to £37.9 million. The 2020/21 year was a year where costs were unusually low due to reduced activity caused by the pandemic, whilst the return to more normal levels of activity in 2021/22 has led to some of the cost increase, the higher inflation and labour shortages have also impacted the operating cost base. The following items are specific items of the increase:

- A £0.7 million increase in operating costs at the Associations Nursing Homes due to increased staff costs due to National Living Wage increases, a shortage of labour supply leading to increased agency costs and increased cost due to inflation particularly in relation to food, medical consummables and utilities.
- A £0.3 million increase in service charges due to 1 new extracare scheme in Rhondda Cynon Taff coming into management, and increased employment costs, food supply costs and utility costs across many of the Association's schemes.
- An overall increase in maintenance/asset management costs of £3.1 million. The increase resulted in the level of activity completed in 2021/22 was much greater than 2020/21 where restrictions in relation to the Covid-19 pandemic reduced maintenance activity. 2021/22 also saw inflationary price increases in most maintenance work.

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2022 (continued)

- Other Increases in costs were incurred from:
 - The 2021/22 annual pay award.
 - The increase in the National Minimum Wage.
 - Technology costs to enable remote working.
 - Depreciation on new properties coming into management.

Interest and Financing Costs

Interest payable at £5.559 million was on par with the prior year despite the increase in loan funding and a breakage fee for early settlement of a facility. The Association benefited from the Bank Base Rate of 0.1% during the year on the variable interest rate loan facilities and the refinance of the repaid facility at a much lower interest rate.

Total loans at 31st March 2022 amounted to £161.67 million a net increase of £0.9 million during the year. 52.3% of the loan portfolio continues to be held in fixed interest rate facilities; this has decreased from 68.7% in the previous year as a facility with a high proportion at fixed interest rates was repaid during the year. The proportion of fixed interest rate facilities will increase in 2022/23 when new financing is secured. The average cost of borrowing for the year ended 31st March 2022 was 3.4% compared to 3.5% for the year ended 31st March 2021.

Disposal of Property Plant and Equipment

A net surplus of £76,000 was recorded on the disposal of property plant and equipment. Included in this net figure are the 11 property transactions that took place which generated a surplus of £348,000 and included 3 shared ownership stair casing transactions, 5 home buy option transaction and 3 voluntary sales. The voluntary sales were made in accordance with the Board approved Property Sustainability Strategy.

Surplus on Revaluation of Investment Properties

Linc owns and manages a number of market rent properties, which under FRS 102 are included as investment properties, these being non-social housing properties held for letting. These investment properties are valued annually in accordance with the requirements of FRS 102 and the 2018 SORP and the surplus on the valuation carried out in 2022 resulted in an increase in the value of the properties of £1,385,000.

Linc has no intention of disposing of these housing properties and the increase in value will only be realised should these properties be sold.

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2022 (continued)

Linc Care Performance Review

Linc is a significant provider of high-quality accommodation and care for older people and also works with a range of partners to deliver a diverse range of accommodation and services in the broader social care and housing support field. Linc has three large nursing homes for older people and is the registered nursing care provider, eleven Extra Care schemes, a range of sheltered and specific older person housing and over forty supported accommodation and support schemes covering young people, people who are at risk of homelessness and people with mental health needs or with a learning disability.

Linc's nursing homes are focused on delivering high quality, person centred care in a comfortable environment. A range of care needs are met including dementia and the services delivered aim to enhance the wellbeing, dignity, and control of each individual in line with the expectations set out in the Social Services and Wellbeing Act. This includes a positive focus on food, activities and support with mobility alongside excellent care. Covid 19 has put our residents and staff under great pressure. Through these seriously demanding times the staff in the nursing homes have responded with great dedication, kindness and professionalism to ensure the residents have been kept safe and well cared for.

Linc has continued to increase its provision of Extra Care schemes which are characterised by generous space standards and facilities, activities and social interaction and excellent food provided in our restaurants. In addition, a care team operates from each scheme. The schemes continue to be much in demand due to the combination of independence and care and security.

Linc continues to work with universities such as the University of South Wales and the Open University and with best practice groups such as the Housing Learning and Improvement Network to identify how accommodation and services to older people can be improved and how Linc can play a central role in it.

Consolidated Statement of Financial Position

	2022 £m	2021 £m
Fixed Assets	374.9	357.3
Current Assets	46.1	48.2
Total Assets	421.0	405.5
Housing Loans	161.7	160.8
Government Grant	191.1	180.2
All other Liabilities	10.4	9.5
Total Liabilities	363.2	350.5
Net assets as represented by reserves	57.8	55.0

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2022 (continued)

Reserves Statement

Total reserves at 31st March 2022 were £57.8 million, an increase of £2.8 million (5.1%) on 2021. £57.2 million of the reserves were income & expenditure reserves with the remaining £0.6 million being designated reserves that have been established for the replacement of service equipment at specific schemes.

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

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

Working Capital and Treasury Management

The working capital position of Linc at 31st March 2022 was satisfactory. Net current assets amounted to £33.9 million in line with the net current assets of £33.4 million at 31st March 2021. The decrease in cash and cash equivalents of £5.1 million is due to property investment activity less grant of £11.4 million, £33.2 million of loan and interest repayments less £28.6 million of new finance and £10.9 million of cash generated from the operating activities.

Cash and cash equivalents at £31.6 million reflect the private finance arranged in prior years. We will continue to arrange new finance in advance to ensure that we have the cash resources to fund new Board approved schemes.

Capital Expenditure on New Homes

During the year, capital expenditure of £17.3 million was incurred in developing new schemes. At the end of the year capital commitments relating to ongoing development amounted to £104.5 million, which will be funded by a combination of Social Housing Grant, Housing Finance Grant, Innovative Housing Programme and private finance.

Depreciation

Linc depreciates the major components of its properties over the following useful economic lives: Freehold land is not depreciated. Leasehold land is depreciated over the remaining term of the leases.

Housing properties

Structure	150 years
Roofs	60 & 75 years
Windows and doors	35 years
Bathrooms	25 & 30 years
Boilers and heating systems	15 & 20 years
Kitchens	15 years
Lifts	15 years

Care properties

Structure	50 years
Roofs	50 years
Windows and doors	35 years
Bathrooms	25 & 30 years
Boilers and heating systems	15 & 20 years
Kitchens	15 & 20 years
Lifts	15 years

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2022 (continued)

Funding

Housing properties which have an historic cost of £417 million at 31st March 2022 are financed as follows:

Social Housing Grant (£218m)	52%
Private finance (£162m)	39%
Reserves and working capital (£37m)	9%

Linc has eight funders who provide private finance. The funding provided by each at 31st March 2022 was:

Funder	Facility Amount (£)
Handelsbanken Plc	23.9m
M&G Investments Ltd.	4.9m
Nationwide Building Society	20.0m
Orchardbrook Ltd.	1.7m
Principality Building Society	7.9m
Private Placement	75.0m
RBS Plc	21.6m
Welsh Government	7.5m

Undrawn Facilities

A revolving credit facility for £15 million is in place with Nationwide Building Society. At 8th September 2022 and 31st March 2022, no amounts had been drawn from this facility.

Financial Covenants

Compliance with loan covenants is monitored and reported to the Board each month. Linc met all of the requirements of the financial covenants contained within the loan documentation of its private funders during the year ended 31st March 2022.

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2022 (continued)

Property Stock

Property stock in management at 31st March 2022 was as follows:

General Needs	3,031
Extra Care	459
Sheltered and Supported Housing	801
Shared Ownership	132
Home Buy Option	80
Intermediate / Market Rent	398
Nursing Care	207
Retail units	9
Total Units	5,117

Employees

The average number of employees during the year was 740 (2021, 663 employees) with 491 full time equivalents (2021, 491 full time equivalents). Our continuing strategy for our nursing homes is to be less dependent on costly agency staff used to cover planned and unplanned absences.

Learning and Development

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

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

Linc-Cymru Housing Association Limited

Financial and Performance Review

For the year ended 31st March 2022 (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.

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 2022 of £52,587 and the whole of this profit was remitted to Linc-Cymru Housing Association under the Corporate Gift Aid provisions. A Deed of Covenant 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 2021/22 financial year 3 properties included in the strategy were sold.

Development

During 2021/22 an additional net 216 social housing homes came into management including a second extracare scheme in Pontypridd, in Rhondda Cynon Taff, which has 60 homes. Included in the total net additions are the homes which transferred to Linc following the Transfer of Engagements with Abbeyfield Society Wales Limited on 1st March 2022.

Developments Planned for 2022/23 to 2026/27

The Board approved budget and forward indicators include a development programme of identified schemes for the next five years which amounts to 1,336 social housing homes being developed in this period. 342 of these properties are currently in build contract and is a varied mix of tenure. The development programme includes an additional three extracare schemes for Rhondda Cynon Taff County Borough Council. The development programme will be funded by Social Housing Grant, Housing Finance Grant, Innovative Housing Programme, Section 106 allocation and private finance loans. The schemes are in Bridgend, Caerphilly, Cardiff, Neath Port Talbot, Newport, RCT and Swansea.

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

At 31st March 2022, the Association had £4.9 million in the Recycled Capital Grant Fund and Disposals Proceeds Fund, which will be allocated to new schemes as they are developed during 2022/23 and later years.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINC-CYMRU HOUSING ASSOCIATION ON CORPORATE GOVERNANCE

In addition to our audit on the financial statements for the year ended 31 March 2022, we have reviewed the Board's statement of Linc-Cymru Housing Association ("the Group") compliance with the Welsh Government Circular 02/10, Internal Financial Control and Financial Reporting ("the Circular").

The objective of our review is to enable us to conclude on whether the Board has provided the disclosures required by the Circular and whether the statement is consistent with the information of which we are aware from our audit work on the financial statements.

We are not required to form an opinion on the effectiveness of the Group's corporate governance procedures or its internal financial control.

Opinion

With respect to the Board's statement on internal controls assurance on page 17, in our opinion the Board of Management has provided the disclosures required by the Circular and the statement is consistent with the information of which we are aware from our audit work on the financial statements.

Bevan Buckland LLP
Chartered Accountants & Statutory Auditors
Ground Floor, Cardigan House,
Castle Court,
Swansea Enterprise Park
Swansea
SA7 9LA

Date: 8th September 2022



Bevan Buckland LLP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINC-CYMRU HOUSING ASSOCIATION ON CORPORATE GOVERNANCE

Opinion

We have audited the financial statements of Linc-Cymru Housing Association (the 'parent' association) and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Group and the parent association's Statements of Comprehensive Income, the Group and the parent association's Statements of Financial Position, the Group and the parent association's Statements of Changes in Reserves, the Group Statement of Cash Flows and related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent association's affairs as at 31 March 2022 and of the group's and the parent association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 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 group 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.

Basis for opinion

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 the parent association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Board is responsible for the other information. The other information comprises the information included in the strategic report and the report of the Board, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information.

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 ON CORPORATE GOVERNANCE

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 in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

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

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on page 16, 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 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 intends to liquidate the group or the parent association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and then, design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

We discussed our audit independence complying with the Revised Ethical Standard 2019 with the engagement team members whilst planning the audit and continually monitored our independence throughout the process.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
 - o identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - o detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - o internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINC-CYMRU HOUSING ASSOCIATION ON CORPORATE GOVERNANCE

- discussing among the engagement team how and where fraud might occur in the Financial Statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas;
 - o Purchasing in relation to the development and maintenance programmes, including any sales to connected individuals at below market value;
 - o The recognition of development and maintenance expenditure in the correct period;
 - o The rationale of any major fund flows during the period;
 - o The potential of rent fraud arising as a result of collusion between the asset and housing teams.
- obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the Financial Statements or that had a fundamental effect on the operations of the Group, The key laws and regulations we considered in this context included the UK Companies Act and relevant tax legislation.

Audit response to risks identified

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations;
- enquiring of management concerning actual and potential litigation and claims; performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

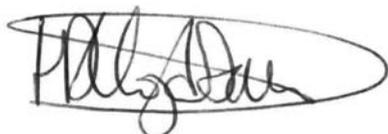
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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

Bevan Buckland LLP
Chartered Accountants & Statutory Auditors
Ground Floor, Cardigan House,
Castle Court,
Swansea Enterprise Park
Swansea SA7 9LA

Date: 8th September 2022



Bevan Buckland LLP

Linc-Cymru Housing Association Limited
Consolidated Statement of Comprehensive Income
For the year ended 31st March 2022

	Notes	March 2022 £000	March 2021 £000
Turnover	2	44,526	41,839
Operating expenditure	2	(37,939)	(33,731)
Gain on disposal of property, plant and equipment (fixed assets)	3	76	131
Gain on transfer of undertakings	3	294	0
Other Income	3	1,385	60
Operating surplus	2	8,342	8,299
Interest receivable	4	13	79
Interest and financing costs	6	(5,559)	(5,566)
Surplus for the year		2,796	2,812
Total Comprehensive income for the year		2,796	2,812

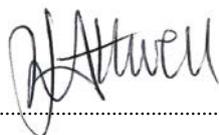
Continuing Operations

The results for the year ending 31st March 2022 and the year ended 31st March 2021 relate wholly to continuing activities.

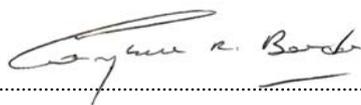
The financial statements were approved by the Board of management and authorised on 8th September 2022 and signed on their behalf by:



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 2022

	Notes	March 2022 £000	March 2021 £000
Turnover	2	44,526	41,710
Operating expenditure	2	(37,944)	(33,577)
Gain on disposal of property, plant and equipment (fixed assets)	3	76	131
Gain on transfer of undertakings	3	294	0
Other Income	2	1,438	185
Operating surplus	2	8,390	8,449
Interest receivable	4	31	96
Interest and financing costs	6	(5,559)	(5,566)
Surplus for the year		2,862	2,979
Total Comprehensive income for the year		2,862	2,979

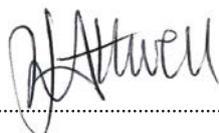
Continuing Operations

The results for the year ending 31st March 2022 and the year ended 31st March 2021 relate wholly to continuing activities.

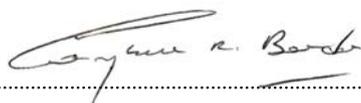
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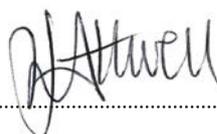
Linc-Cymru Housing Association Limited
Consolidated Statement of Financial Position
For the year ended 31st March 2022

	Notes	March 2022 £000	March 2021 £000
Fixed Assets			
Tangible Fixed Assets			
Housing properties	10	358,106	342,354
Other fixed assets	11	4,256	3,762
Investment Properties	12	12,135	10,750
Homebuy loans receivable	13	403	512
Investment in subsidiaries	14	0	0
Total Fixed Assets		374,900	357,378
Current Assets			
Trade and other debtors	16	14,452	11,400
Cash and cash equivalents	17	31,676	36,773
		46,128	48,173
Creditors: amounts falling due within one year	18	(12,201)	(14,759)
Net current assets		33,927	33,414
Total Assets less Current Liabilities		408,827	390,792
Creditors: amounts falling due after more than one year	19	(351,028)	(335,789)
Total Net Assets		57,799	55,003
Capital and Reserves			
Designated Reserve		579	579
Income & Expenditure Reserve		57,220	54,424
Total Reserves		57,799	55,003

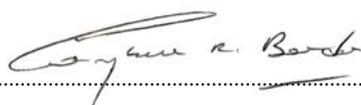
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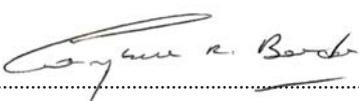
Linc-Cymru Housing Association Limited
Association Statement of Financial Position
For the year ended 31st March 2022

	Notes	March 2022 £000	March 2021 £000
Fixed Assets			
Tangible Fixed Assets			
Housing properties	10	359,122	343,303
Other fixed assets	11	4,256	3,762
Investment Properties	12	12,135	10,750
Homebuy loans receivable	13	403	512
Investment in subsidiaries	14	0	0
Total Fixed Assets		375,916	358,327
Current Assets			
Trade and other debtors	16	14,737	12,021
Cash and cash equivalents	17	31,424	36,205
		46,161	48,226
Creditors: amounts falling due within one year	18	(12,242)	(14,819)
Net current assets		33,919	33,407
Total Assets less Current Liabilities		409,835	391,734
Creditors: amounts falling due after more than one year	19	(351,028)	(335,789)
Total Net Assets		58,807	55,945
Capital and Reserves			
Designated Reserve		579	579
Income & Expenditure Reserve		58,228	55,366
Total Reserves		58,807	55,945

The financial statements were approved by the Board of management and authorised on 8th September 2022 and signed on their behalf by:


 Richard Norton (Chair)


 Julia Attwell (Vice Chair)


 Campbell Bardo (Secretary)

Linc-Cymru Housing Association Limited
Consolidated Statement of Changes in Reserves
For the year ended 31st March 2022

	Supported Housing £000	Service Equipment £000	Total Designated £000	Revenue £000
Balance at 1st April 2020	395	470	865	51,326
Surplus for the year	0	0	0	2,812
Transfer to reserves	(395)	0	(395)	395
Transfer from reserves	0	109	109	(109)
Balance at 31st March 2021	0	579	579	54,424
Surplus for the year	0	0	0	2,796
Transfer to reserves	(0)	0	0	0
Transfer from reserves	0	0	0	0
Balance at 31st March 2022	0	579	579	57,220

Linc-Cymru Housing Association Limited
Association Statement of Changes in Reserves
For the year ended 31st March 2022

	Supported Housing £000	Service Equipment £000	Total Designated £000	Revenue £000
Balance at 1st April 2020	395	470	865	52,101
Surplus for the year	0	0	0	2,979
Transfer to reserves	(395)	0	(395)	395
Transfer from reserves	0	109	109	(109)
Balance at 31st March 2021	0	579	579	55,366
Surplus for the year	0	0	0	2,862
Transfer to reserves	0	0	0	0
Transfer from reserves	0	0	0	0
Balance at 31st March 2022	0	579	579	58,228

Linc-Cymru Housing Association Limited
Consolidated Statement of Cash Flows
For the year ended 31st March 2022

	March 2022 £000	March 2021 £000
Surplus for the year	2,796	2,812
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	5,894	5,408
Decrease / (increase) in debtors	(3,013)	1,617
Increase / (decrease) in creditors	710	1,180
Gain on transfer of undertakings	(294)	0
(Increase) in fair value of investment property	(1,385)	(60)
Adjustments for investing or financing activities:		
Profit /(loss) from the sale of property, plant and equipment	76	131
Government grants utilised in the year	(1,814)	(1,746)
Interest payable	5,559	5,566
Interest received	(13)	(79)
Cash received on transfer of undertakings	2,454	0
Net cash generated from operating activities	10,970	14,829
Cash flows from investing activities		
Purchase of property, plant and equipment	(18,428)	(23,421)
Works to existing properties	(2,425)	(1,694)
Proceeds from sale of property, plant and equipment	631	2,613
Grants received	8,752	11,278
Interest received	13	79
Net cash flows from investing activities	(11,457)	(11,145)
Cash flows from financing activities		
Interest paid	(5,532)	(5,567)
New loans	28,619	1,021
Repayments of borrowings	(27,697)	(8,840)
Net cash flows from financing activities	(4,610)	(13,386)
Net increase in cash and cash equivalents	(5,097)	(9,702)
Cash and cash equivalents at beginning of year	36,773	46,475
Cash and cash equivalents at end of year	31,676	36,773

Linc-Cymru Housing Association Limited
Consolidated Statement of Cash Flows
For the year ended 31st March 2022 (continued)

Free cash flow for the year ended 31st March 2022

	March 2022 £000	March 2021 £000
Net cash generated from operating activities	10,970	14,829
Interest paid	(5,532)	(5,567)
Interest received	13	79
Adjustments for reinvestment in existing properties		
Works to existing properties	(2,425)	(1,694)
Purchase of other replacement fixed assets	0	0
Component replacement grant received	0	0
Free cash generated before loan repayments	3,026	7,647
Loans repaid	(27,697)	(8,840)
Free cash generated after loan repayments	(24,671)	(1,193)

Linc-Cymru Housing Association Limited

Notes to the Financial Statements

For the year ended 31st March 2022

1. Accounting Policies

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

a) Basis of Accounting

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

The preparation of the financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying Linc's accounting policies (see page 22).

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

Going Concern

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

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

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

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

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2022 (continued)

b) Basis of Consolidation

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

c) Property, Plant and Equipment - Housing Properties

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

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

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

Major Components

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

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

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

Linc-Cymru Housing Association Limited

Notes to the Financial Statements

For the year ended 31st March 2022 (continued)

Improvements

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

Leaseholders

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

d) Shared Ownership Properties

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

e) Non-Housing Property, Plant and Equipment

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

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

f) Investment Properties

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

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

Investment properties were valued as at 31st March 2022. Linc's investment properties have been valued by Savills (UK) Limited, Chartered Surveyors, professional external valuers. The valuation report was prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2022 together, where applicable, with the UK National Supplement effective 14 January 2019, together the "Red Book".

Linc-Cymru Housing Association Limited

Notes to the Financial Statements

For the year ended 31st March 2022 (continued)

In arriving at current market value:

For Cwrt Pen y Bryn properties in Cardiff a net yield of 5.75% on Savills opinion of the net Market Rent (assuming operating costs of 25%), before deducting standard purchaser's costs of 5.80%.

For the remaining 16 properties Savills have primarily had regard to capital values based on comparables and then applied target gross yields of 5.25% - 6.0% based on their opinion of Market Rent which reflects a range of discounts of 0% - 11.36% from the VP values, and an average blended discount of 3.66%.

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

g) Homebuy Loans Receivable

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

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

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

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

h) Impairment of Social Housing Properties

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

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

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

Linc-Cymru Housing Association Limited

Notes to the Financial Statements

For the year ended 31st March 2022 (continued)

i) Social Housing Grant and Housing Finance Grant

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

Social Housing Grant

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

Housing Finance Grant

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

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

Recycled Grant

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

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

j) Adaptations Grants

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

k) Home Ownership Grants

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

Linc-Cymru Housing Association Limited

Notes to the Financial Statements

For the year ended 31st March 2022 (continued)

l) Investment in Subsidiary

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

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

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

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

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

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

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

o) Designated Reserve for Replacement of Service Equipment

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

p) Cash and Cash Equivalents

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

q) Turnover

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

r) Sales of Housing Properties

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

Linc-Cymru Housing Association Limited

Notes to the Financial Statements

For the year ended 31st March 2022 (continued)

s) Revenue Grants

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

t) Repairs to Existing Housing Properties

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

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

u) Apportionment of Administration Costs

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

v) Pension Costs

Linc operates a defined contribution pension scheme for staff. The assets of the scheme are held separately from those of Linc in independently administered funds. The retirement benefits to employees of Linc are funded by contributions from Linc and employees. Payments are made to a money purchase scheme operated by L&G 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 L&G Plc pension scheme. All pension payments under Linc's auto enrolment scheme are paid into NEST, a pension scheme set up and operated by the UK Government.

w) Leased Assets

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

Finance Leased Assets

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

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

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

Linc-Cymru Housing Association Limited

Notes to the Financial Statements

For the year ended 31st March 2022 (continued)

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

Operating Leased Assets

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

x) Interest Payable

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

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

y) VAT

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

z) Financial Instruments

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

Basic financial instruments are recognised at amortised historical cost.

aa) Business Combination: Linc-Cymru Housing Association Limited and Abbeyfield Wales Society Limited

The 2021/22 Transfer of Engagements is a business combination that is in substance a gift in line with the SORP 2018. A combination that is in substance a gift is defined as "a combination carried out at nil or nominal consideration that is not a fair value exchange but in substance the gift of one entity to another."

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2022 (continued)

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

Group

		March 2022				March 2021			
	Notes	Turnover £000	Other Income £000	Operating Expenditure £000	Operating Surplus £000	Turnover £000	Other Income £000	Operating Expenditure £000	Operating Surplus £000
Social housing lettings	2b	32,025	0	(26,381)	5,644	29,519	0	(22,984)	6,535
Other social housing activities	3								
Gain on disposal of property, plant and equipment		0	76	0	76	0	131	0	131
Gain on transfer of undertakings		0	294	0	294	0	0	0	0
Other		0	0	0	0	0	0	0	0
Sub total non-social housing activities		32,025	370	(26,381)	6,014	29,519	131	(22,984)	6,666
Non-social housing activities									
Registered nursing homes		11,287	0	(10,738)	549	11,163	0	(10,010)	1,153
Lettings		728	1,385	(257)	1,856	715	60	(240)	535
Other		486	0	(563)	(77)	442	0	(497)	(55)
Sub total non-social housing activities		12,501	1,385	(11,558)	2,328	12,320	60	(10,747)	1,633
Total		44,526	1,755	(37,939)	8,342	41,839	191	(33,731)	8,299

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2022 (continued)

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

Association

		March 2022				March 2021			
	Notes	Turnover £000	Other Income £000	Operating Expenditure £000	Operating Surplus £000	Turnover £000	Other Income £000	Operating Expenditure £000	Operating Surplus £000
Social housing lettings	2b	32,025	0	(26,391)	5,634	29,519	0	(22,992)	6,527
Other social housing activities	3								
Gain on disposal of property, plant and equipment		0	76	0	76	0	131	0	131
Gain on transfer of undertakings		0	294	0	294	0	0	0	0
Other - Gift aid from subsidiary		0	53	0	53	0	125	0	125
Sub total non-social housing activities		32,025	423	(26,391)	6,057	29,519	256	(22,992)	6,783
Non-social housing activities									
Registered nursing homes		11,287	0	(10,739)	548	11,163	0	(10,011)	1,152
Lettings		728	1,385	(257)	1,856	715	60	(240)	535
Other		486	0	(557)	(71)	313	0	(334)	(21)
Sub total non-social housing activities		12,501	1,385	(11,553)	2,333	12,191	60	(10,585)	1,666
Total		44,526	1,808	(37,944)	8,390	41,710	316	(33,577)	8,449

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2022 (continued)

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

Group

	March 2022				March 2021
	General needs housing £000	Supported housing and housing for older people £000	Low cost home ownership £000	Total £000	Total £000
Income					
Rent Receivable	17,226	6,292	257	23,775	22,489
Service Charge Income	539	4,769	0	5,308	4,879
Income for support services	2	2	0	4	(13)
Amortised government grants	780	1,035	0	1,815	1,747
Other revenue grants	954	169	0	1,123	417
Turnover from social housing lettings	19,501	12,267	257	32,025	29,519
Expenditure					
Management costs	3,693	2,451	156	6,300	6,663
Service charge costs	546	4,476	0	5,022	4,718
Routine maintenance	5,128	1,215	0	6,343	5,866
Planned maintenance	3,555	502	0	4,057	1,389
Bad debts	0	1	0	1	3
Depreciation of housing properties	2,566	2,092	0	4,658	4,345
Impairment of housing properties	0	0	0	0	0
Operating expenditure on social housing activities	15,488	10,737	156	26,381	22,984
Operating surplus on social housing lettings	4,013	1,530	101	5,644	6,535
Rent loss due to voids (memorandum note)	190	485	0	675	599

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2022 (continued)

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

Association

	March 2022				March 2021
	General needs housing £000	Supported housing and housing for older people £000	Low cost home ownership £000	Total £000	Total £000
Income					
Rent Receivable	17,226	6,292	257	23,775	22,489
Service Charge Income	539	4,769	0	5,308	4,879
Income for support services	2	2	0	4	(13)
Amortised government grants	780	1,035	0	1,815	1,747
Other revenue grants	954	169	0	1,123	417
Turnover from social housing lettings	19,501	12,267	257	32,025	29,519
Expenditure					
Management costs	3,693	2,451	156	6,300	6,663
Service charge costs	546	4,476	0	5,022	4,718
Routine maintenance	5,128	1,215	0	6,343	5,866
Planned maintenance	3,555	502	0	4,057	1,389
Bad debts	0	1	0	1	3
Depreciation of housing properties	2,576	2,092	0	4,668	4,353
Impairment of housing properties	0	0	0	0	0
Operating expenditure on social housing activities	15,498	10,737	156	26,391	22,992
Operating surplus on social housing lettings	4,003	1,530	101	5,634	6,527
Rent loss due to voids (memorandum note)	190	485	0	675	599

3. Other Income

	Group		Association	
	March 2022 £000	March 2021 £000	March 2022 £000	March 2021 £000
Surplus on the sale of housing properties	348	297	348	297
Loss on the disposal of plant and equipment	(272)	(166)	(272)	(166)
Gain on transfer of undertakings	294	0	294	0
Gift aid from subsidiary	0	0	53	125
Surplus on revaluation of investment properties	1,385	60	1,385	60
	1,755	191	1,808	316

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2022 (continued)

4. Interest Receivable

	Group		Association	
	March 2022 £000	March 2021 £000	March 2022 £000	March 2021 £000
Bank interest receivable	13	79	31	96
Other interest receivable	0	0	0	0
	13	79	31	96

5. Operating surplus

	Group		Association	
	March 2022 £000	March 2021 £000	March 2022 £000	March 2021 £000
The operating surplus is stated after charging:				
Depreciation on housing properties	5,050	4,734	5,060	4,743
Impairment of housing properties	0	0	0	0
Depreciation on non-housing assets	834	674	834	674
	5,884	5,408	5,894	5,417
Auditor remuneration:				
In their capacity as auditor	55	35	48	42
Non audit fees	0	15	0	21

6. Interest and financing costs

	Group		Association	
	March 2022 £000	March 2021 £000	March 2022 £000	March 2021 £000
On Housing Loans repayable in instalments	5,548	5,559	5,548	5,559
Bank charges	11	7	11	7
	5,559	5,566	5,559	5,566

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2022 (continued)

7. Employee information

Group and Association	March 2022	March 2021
The average number of employees during the year was	740	663
The average number of full time equivalent employees during the year was	491	491

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

Group and Association	March 2022	March 2021
	£000	£000
Staff costs (for the above persons):		
Wages and salaries	14,550	13,805
Social security costs	1,249	1,079
Pension costs (Note 9)	891	876
Redundancy payments	0	297
Redundancy pension payments	0	28
	16,690	16,085

8. Emoluments of officers and senior executives

Group and Association	March 2022	March 2021
	£000	£000
The emoluments exclude contributions to pension schemes:		
Remuneration of highest paid director	138	399
Aggregate remuneration of Senior Executives	333	444
Aggregate remuneration of Board Members	53	51
	524	894
Pension contributions paid on their behalf		
Chief Executive's pension contributions	32	32
Senior Executives' pension contributions	76	136
	108	168

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2022 (continued)

8. (continued) Emoluments of officers and senior executives

Linc consider that the Key management personnel as defined under FRS102 are consistent with the officers and senior executives of the organisation. The Employer's National Insurance paid in the year in relation to the Key management personnel totals £105,964 (2020 £64,515).

The Remuneration of the highest paid director in 2021 includes a redundancy payment of £297,393 and a redundancy related pension payment of £27,653 that is included within Senior Executives' pension contributions. The remuneration of the highest paid director in 2021 was the Executive Director Linc Homes and in 2022 was the CEO.

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

Group and Association	March 2022 No. of staff	March 2021 No. of staff
Between £90,001 and £95,000	0	1
Between £95,001 and £100,000	0	1
Between £100,001 and £105,000	1	0
Between £110,001 and £115,000	0	1
Between £115,001 and £120,000	2	0
Between £135,001 and £140,000	1	1
Between £395,001 and £400,000	0	1
	4	5

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

9. Pensions

The Association operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Association in an independently administered fund. The pension charge represents contributions payable by the Association to the fund and amounted to £891,000 (2020: £852,000).

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

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2022 (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	333,303	3,073	18,679	2,792	39,840	397,687
Schemes completed	14,906	0	0	0	(14,906)	0
Additions	230	0	169	3	16,862	17,264
Transfer In Abbeyfield Wales Society	1,569	0	0	0	0	1,569
Works to existing properties	2,425	0	0	0	0	2,425
Disposals	(1,448)	(68)	(5)	(3)	0	(1,524)
At 31st March 2022	350,985	3,005	18,843	2,792	41,796	417,421
Depreciation & Impairment						
At beginning of year	50,626	311	2,953	528	915	55,333
Impairment	0	0	0	0	0	0
Charge for the year	4,647	13	354	36	0	5,050
Schemes completed	37	0	0	0	(37)	0
Transfer In Abbeyfield Wales Society	0	0	0	0	0	0
Disposals	(1,058)	(7)	(2)	(1)	0	(1,068)
At 31st March 2022	54,252	317	3,305	563	878	59,315
Net Book Value						
At 31st March 2022	296,733	2,688	15,538	2,229	40,918	358,106
At beginning of year	282,677	2,762	15,726	2,264	38,925	342,354

					March 2022 £000	March 2021 £000
Housing properties comprise:						
Freeholds					315,268	298,646
Leaseholds					42,838	43,708
					358,106	342,354

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2022 (continued)

10. (continued) Tangible fixed assets - housing properties

Association	Social Housing Properties £000	Shared Ownership £000	Nursing Homes £000	Non-Social Other £000	Properties Under Construction £000	Total £000
Cost						
At beginning of year	333,926	3,073	18,728	2,792	40,152	398,671
Schemes completed	15,025	0	0	0	(15,025)	0
Additions	230	0	169	3	16,939	17,341
Transfers in Abbeyfield Wales Society	1,569	0	0	0	0	1,569
Works to existing properties	2,425	0	0	0	0	2,425
Disposals	(1,448)	(68)	(5)	(3)	0	(1,524)
At 31st March 2022	351,727	3,005	18,892	2,792	42,066	418,482
Depreciation & Impairment						
At beginning of year	50,654	311	2,960	528	915	55,368
Impairment	0	0	0	0	0	0
Charge for the year	4,656	13	355	36	0	5,060
Schemes Completed	37	0	0	0	(37)	0
Transfer In Abbeyfield Wales Society	0	0	0	0	0	0
Disposals	(1,058)	(7)	(2)	(1)	0	(1,068)
At 31st March 2022	54,289	317	3,313	563	878	59,360
Net Book Value						
At 31st March 2022	297,438	2,688	15,579	2,229	41,188	359,122
At beginning of year	283,272	2,762	15,768	2,264	39,237	343,303

	March 2022 £000	March 2021 £000
Housing properties comprise		
Freeholds	316,185	299,496
Leaseholds	42,937	43,807
	359,122	343,303

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2022 (continued)

10. (continued) Tangible fixed assets - housing properties

	March	March
	2022	2021
	£000	£000
Expenditure on works to existing properties:		
Improvement works capitalised	0	0
Components capitalised	2,425	1,694
Amounts charged to income and expenditure	11,205	8,031
	13,630	9,725
	March	March
	2022	2021
	£000	£000
Social housing assistance		
Total accumulated social housing grant received or receivable at 31st March:		
Capital Grant	8,604	11,751
Revenue Grant	1,158	416
	9,762	12,167

Finance costs:

Linc-Cymru Housing Association does not capitalise finance costs within the cost of its housing properties.

Impairment:

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

During the year to 31st March 2022 Linc-Cymru Housing Association has assessed that there is no impairment (2021 £NIL) to recognise in relation to properties that will be subject to future redevelopment and no impairment (2021 £NIL) to recognise in relation to land holdings.

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2022 (continued)

11. Fixed assets - other

Group and Association	Office premises £000	Furniture and equipment £000	Computer equipment £000	Motor Vehicles £000	Computer Software £000	March 2022 £000
Cost						
At beginning of year	2,802	5,012	1,399	58	713	9,984
Additions	0	721	261	0	171	1,153
Transfers In - Abbeyfield	0	927	0	22	37	986
Disposals	0	(107)	(1)	0	0	(108)
At 31st March 2022	2,802	6,553	1,659	80	921	12,015
Depreciation						
At beginning of year	1,910	2,772	1,222	50	268	6,222
Charge for the year	122	580	109	6	17	834
Transfers In - Abbeyfield	0	755	0	22	26	803
Disposals	0	(99)	(1)	0	0	(100)
At 31st March 2022	2,032	4,008	1,330	78	311	7,759
Net Book Value						
At 31st March 2022	770	2,545	329	2	610	4,256
At beginning of year	892	2,240	177	8	445	3,762

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

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

Group and Association	March 2022 £000	March 2021 £000
At beginning of the year	10,750	10,690
Additions	0	0
Disposals	0	0
Increase in value	1,385	60
At 31st March 2022	12,135	10,750

13. Homebuy loans receivable

Group and Association	March 2022 £000	March 2021 £000
At beginning of the year	512	561
New loans issued	0	0
Interest receivable	0	0
Loans repaid	(109)	(49)
Loans provided against	0	0
At 31st March 2022	403	512

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2022 (continued)

14. Investment in subsidiaries

Subsidiary undertakings

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

Company	Investments in subsidiary companies
	£
Cost or valuation at 1st April 2021 and 31st March 2022	1
Net book value at 31st March 2022	1
Net book value at 31st March 2021	1

Description

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

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

At the 31st March 2022 total commitments under operating lease payments amounted to £104,055 (31st March 2021: £59,044). The leases to which these relate expire as follows:

Group and Association

			March 2022	March 2021
			£000	£000
Operating leases which expire:				
Within 1 year			60	50
Within 1 to 2 years			42	9
Within 2 to 5 years			2	0
At 31st March 2022			104	59

Commencing in 2022 and ending in 2112 the Association has a contingent ground rent commitment for 288 of its leasehold properties. The yearly rent will be a variable sum assessed annually and will be 15% of the net rents received for the relevant preceeding year.

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2022 (continued)

16. Trade and other debtors

	Group March 2022 £000	Group March 2021 £000	Association March 2022 £000	Association March 2021 £000
Arrears of rent and service charges	2,146	1,642	2,146	1,642
Less: Provision for bad and doubtful debts	(1,003)	(986)	(1,003)	(986)
	1,143	656	1,143	656
Other grants and loans receivable	365	294	365	294
Cash in transit	558	558	558	558
Insurance prepayment	404	333	404	333
Sales ledger	1,993	2,114	1,993	2,114
Amounts owed by group companies	0	0	896	982
Housing Finance Grant	6,070	6,218	6,070	6,218
Social Housing Grant in Transit	0	0	0	0
Other debtors and prepayments	3,919	1,227	3,308	866
	14,452	11,400	14,737	12,021

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 2022 £000	Group March 2021 £000	Association March 2022 £000	Association March 2021 £000
Cash at bank and in hand	31,676	36,773	31,424	36,205
Bank Overdraft	0	0	0	0
	31,676	36,773	31,424	36,205

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2022 (continued)

18. Creditors: amounts falling due within one year

	Group	Group	Association	Association
	March	March	March	March
	2022	2021	2022	2021
	£000	£000	£000	£000
Prepayments of rents and service charges	1,486	1,398	1,486	1,398
Housing loan principal instalments	1,713	5,221	1,713	5,221
Housing loan interest instalments	1,364	1,337	1,364	1,337
Recycling Capital Grant Fund	0	0	0	0
PAYE/National Insurance	355	281	355	281
Pension	112	37	112	37
Due to Customs and Excise - VAT	74	70	74	70
Income in advance	639	648	639	648
Cyclical maintenance	115	72	115	137
Payments to contractors	71	1,490	31	106
Planned repairs	54	257	54	695
Reactive maintenance	426	306	426	835
Service charge costs	299	204	299	305
Purchase ledger	474	484	474	483
Amounts owed to group companies	0	0	711	1,055
Other creditors and accruals	5,019	2,954	4,389	2,211
	12,201	14,759	12,242	14,819

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

Group and Association

	March	March
	2022	2021
	£000	£000
Housing loans	159,959	155,529
Social Housing Grant (note 21)	186,193	176,583
Home Ownership Grants (note 22)	0	49
Recycled capital grant fund (note 23)	4,557	3,309
Disposal proceeds fund (note 24)	319	319
	351,028	335,789

	March	March
	2022	2021
	£000	£000
Housing loans are secured by fixed charges on housing properties and are repayable in instalments as follows:		
One year or less	1,713	5,221
Between one and two years	4,929	5,178
Between two and five years	52,402	47,121
In five years or more	102,628	103,230
	161,672	160,750

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2022 (continued)

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

The interest rates are fixed at between 2.0% and 12.19% or vary with the market rate. The loans are repayable in the years 2021 to 2054. Housing loans includes concessionary interest free loans totalling £5,261,900 that were received from the Welsh Government under the land for housing loan scheme, decarbonisation works loan and affordable housing development loan. The land for housing loans are repayable at the earliest of practical completion of the last property developed, or the fifth anniversary of the land purchase. The decarbonisation loan is repayable in 2046 and the affordable housing development loan is repayable in 2025.

20. Commitments under finance leases

The Association did not have any commitments under finance leases at 31st March 2022 or at 31st March 2021.

21. Deferred income - social housing grants

Group and Association	Social Housing Properties £000	Shared Ownership £000	Properties Under Construction £000	Total £000
Cost				
At beginning of year	174,844	1,986	28,550	205,380
Schemes completed	3,909	0	(3,909)	0
Additions	0	0	8,604	8,604
Transfer In Abbeyfield Wales Society	3,903	0	0	3,903
Disposals	(84)	(48)	0	(132)
At 31st March 2022	182,572	1,938	33,245	217,755
Amortisation				
At beginning of year	28,464	333	0	28,797
Charge for the year	1,801	13	0	1,814
Transfer In Abberfield Wales Society	979	0	0	979
Disposals	(20)	(8)	0	(28)
At 31st March 2022	31,224	338	0	31,562
Net book value				
At 31st March 2022	151,348	1,600	33,245	186,193
At beginning of year	146,380	1,653	28,550	176,583

The grants are amortised as follows:

	March 2022 £000	March 2021 £000
Amounts falling due:		
One year or less	1,814	1,746
Between one and two years	1,814	1,746
Between two and five years	7,256	6,984
In five years or more	175,309	166,107
	186,193	176,583

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2022 (continued)

22. Deferred income - home buy grants

Group and Association	March 2022 £000	March 2021 £000
At beginning of year	49	49
Grants received in the year	0	0
Disposals	(49)	0
At 31st March 2022	0	49

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

The Association is responsible for ensuring that at the time of sale 30% of the sales proceeds or the grant (whichever is the lower) is returned to the Welsh Government. As at 31st March 2022 the value of these grants amounted to £NIL (31st March 2021: £48,910).

23. Recycled capital grant fund

Group and Association	March 2022 £000	March 2021 £000
At beginning of year	3,309	3,576
Transfer in - Abbeyfield Wales Society	901	0
Grants recycled	347	592
Withdrawals	0	(859)
At 31st March 2022	4,557	3,309

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 2022 £000	March 2021 £000
At beginning of year	319	417
Grants recycled	0	0
Withdrawals	0	(98)
At 31st March 2022	319	319

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 2022 (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 2022 £000	Group March 2021 £000	Association March 2022 £000	Association March 2021 £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)	46,126	60,199	46,159	48,405
Financial liabilities measured at amortised cost comprise creditors included in Notes 18 and 19 (excluding VAT, PAYE, NI and income in advance)	360,673	345,659	360,714	348,210

26. Share capital

Group and Association

	March 2022 £000	March 2021 £000
Shares of £1 each fully paid		
At beginning of year	29	30
Issued during the period for cash	2	1
Cancelled during the period	(3)	(2)
At 31st March 2022	28	29

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 2022 £000	March 2021 £000
Expenditure contracted for but not provided in the accounts	31,190	34,280
Expenditure authorised by the Board, but not contracted	73,300	2,210
	104,490	36,490

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

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2022 (continued)

28. Homes and properties in management

Group and Association

	March 2022	Movement	March 2021
Social housing			
General Needs	3,031	10	3,021
Extra Care	459	60	399
Sheltered	497	(3)	500
Supported	304	151	153
Intermediate Rent	312	6	306
Shared Ownership	132	(3)	135
Home Buy Option	80	(5)	85
Sub-Total Social Housing	4,815	216	4,599
Non-social housing			
Care Home	207	0	207
Market Rent	86	0	86
Retail	9	0	9
Total in management	5,117	216	4,901

29. Establishment of the Association

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

30. Related party transactions

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

Board Members

Other than the subsidiary undertakings the Board is not aware of any transactions with related parties, which need to be disclosed in the financial statements.

Linc-Cymru Housing Association Limited
Notes to the Financial Statements
For the year ended 31st March 2022 (continued)

30. (continued) Related party transactions

Analysis of Subsidiary undertakings

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

During the year, Tarbed generated turnover in respect of construction management services under design and build contracts on behalf of Linc of £7,752,313 (2021: £17,906,273). At the year end £710,748 (2021: £1,055,070) was due from Linc to Tarbed in relation to these contracts.

During the year, Linc charged Tarbed £733,969 (2021: £746,261) in respect of administration and project management services. At the year end £43,499 (2021: £56,861) was outstanding. Linc was due £52,587 (2021: £125,172) in respect of Gift Aid at the year end.

Linc has made a loan of £800,000 (2021: £800,000) to provide working capital in relation to its design and build contracts. The loan is based on commercial terms with interest charged at 2% above the Bank of England Base Rate.

31. Contingent liabilities

There were no contingent liabilities at 31st March 2022, or at the 8th September 2022, the date the financial statements were approved by the Board of Management.

32. Analysis of changes in net debt

Group	March 2021 £000	Cash Flows £000	Fair Value Movements £000	Other Non- Cash Movements £000	March 2022 £000
Cash	2,047	1,816	0	0	3,863
Money markets deposits, at call and notice	34,726	(6,913)	0	0	27,813
	36,773	(5,097)	0	0	31,676
Loans due within one year	(5,221)	27,697	0	(24,189)	(1,713)
Loans due greater than one year	(155,529)	(28,619)	0	24,189	(159,959)
Total	(123,977)	(6,019)	0	0	(129,996)

Linc



Creating the right environment for people to flourish



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