

LAR Housing Trust

Report and Consolidated Financial Statements

Year Ended: 31st March 2020



ID1181886

LAR Housing Trust is a Scottish Charitable Incorporated Organisation (Charity number SC044825)

Contents

	Page
Trustees' Report	3
Trustees' Responsibilities in Relation to the Financial Statements	8
Independent Auditors' Report to the Trustees of LAR Housing Trust	9
Consolidated Statement of Financial Activities	12
Trust Statement of Financial Activities	13
Consolidated Balance Sheet	14
Trust Balance Sheet	15
Consolidated Statement of Cash Flows	16
Trust Statement of Cash Flows	17
Notes to the Accounts	18

Trustees' Report

The Trustees present their annual report and financial statements for LAR Housing Trust ("LAR") and its subsidiaries, LAR Property Management C.I.C. and LAR Projects Limited, for the year ended 31st March 2020. The financial statements have been prepared in accordance with the accounting policies set out in note 1 of the accounts and comply with LAR's constitution, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014.

Objectives and Activities

LAR's Charitable Objective, as established in its Constitution, is:

- the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage;
and (as ancillary to that purpose)
- the advancement of community development;

through providing and/or assisting in the provision of housing for rent at affordable levels and (as ancillary to those primary activities) assisting (whether financially or otherwise) with the development or improvement of public open space, and/or other public amenities or facilities, to help to create sustainable and balanced communities in the areas where such affordable housing is located.

It is the aim that LAR provides homes in areas of high demand, to tenants who fall within LAR's target tenant group, at rent levels which sit below those of other properties of equivalent size and quality, in the same or similar geographical areas.

Achievements and Performance

2019-2020 was a year of growth for LAR, with operational homes numbering 499 by the end of the financial year. These include homes in developments which were completed during the year across East Lothian, Midlothian, Aberdeen, at Westwood House and Elfin Square on Gorgie Road in Edinburgh and in Glasgow's Parkhead and ensures a wider range of locations and size of developments on offer to potential tenants.

All new developments were well received by tenants and are fully let, with demand for many of the developments quickly exceeding the available number of homes. In conjunction with completing well over 200 homes during the year, a number of sites were acquired across the country, thus ensuring that the remainder of LAR's pipeline of new homes is able to be completed within the intended timeframe. These new sites have a strong focus on sustainability, and subject to planning, will improve the areas in which they are located. In two cases, the new sites contain existing buildings of distinctive and historical interest and LAR's plans for those sites seek to reuse and enhance these buildings rather than to demolish them. Increased green technologies are intended to be used during the construction and operation of these sites, with the hope that the resultant homes will be very pleasant, sustainable places for LAR's tenants to put down roots and live within established communities. In response to tenant demand, LAR has also purchased a site in Kingswells, Aberdeen and is intending to develop the site to provide bungalows for current older tenants and families who are outgrowing their current homes with LAR. This will allow our tenants' changing needs to be met whilst staying part of the communities in which they currently live.

To assist with developing this pipeline, LAR established a new, wholly owned subsidiary, LAR Projects Limited, thus adding further flexibility and scope to the type and size of sites which LAR is able to consider.

Trustees' Report *(continued)*

Achievements and Performance *(continued)*

Operationally, LAR's homes have had very high levels of occupancy during the year and continue to be very well cared for by both LAR's tenants and by LAR's dedicated lettings and repairs teams. A number of development enhancements have also been agreed and will be carried out during the course of the next financial year.

On the finance side, a healthy surplus for the year has been generated and all funds have now been drawn down from Bank of Scotland/Scottish Widows. We are very grateful to our funders for their continued support and interest in LAR and our activities.

All Key Performance Indicators in LAR's loan agreements and Deed of Entrustment with the Scottish Government have continued to be met. With the significant portion of LAR's initial portfolio now being complete, in spite of the immense challenges which Covid-19 has brought to bear, LAR has reacted to these new challenges with energy and drive and we are looking forward with enthusiasm to continue to support our tenants during the remainder of this pandemic and beyond.

Financial Review

For the year ended 31st March 2020, LAR Housing Trust posted a surplus of £349,000 (2019: surplus of £416,000) and a gain in valuation of £422,000 (2019: loss of £2,264,000). This increased equity from £7,036,000 to £7,807,000. The LAR Group posted a surplus of £475,000 (2019: £394,000) and a gain in valuation of £422,000 (2019: loss of £2,205,000). This increased reserves from £7,068,000 to £7,965,000. The addition of a significant number of new operational properties during the year allows LAR to continue to remain in good financial health, while meeting its key charitable objectives.

LAR has now made significant inroads into building up its operational portfolio, with twenty-three completed developments in eight different local authority areas, providing 499 homes which are available for mid-market rent. In addition, LAR now owns a number of sites across the country with planning permission (or which are in the process of seeking planning permission) which will allow LAR to complete its initial portfolio. This has ensured that the Covid-19 pandemic, which arrived in Scotland near to the end of the financial year, has had a more muted effect on LAR's financial performance as would otherwise have been the case.

Throughout the year, LAR has continued to deliver charitable benefit to its tenants and whilst it is worth noting that the primary reason that many tenants apply for a LAR home is related to the quality and suitability of the home and security in tenure that LAR provides, in the central belt areas LAR's tenants have received an average saving of an additional 28.76% or £2,922 per annum in comparison to median market rents.

Risk Management

LAR places great importance and priority to ensuring that all aspects of daily operations are conducted within LAR's established risk parameters through the active maintenance of LAR's risk register. The risk register is reviewed on a weekly basis at an operational level and updated to reflect the changing nature of LAR's business as more properties and sites come on stream and the number of tenants grows.

The risk register is also reviewed by the board at each quarterly board meeting where existing, new and mitigation of said risks are considered. The risk register, in concert with detailed weekly team meetings, where all aspects of LAR's business are reviewed, are used to gauge and effectively manage risks.

Key risks identified include: delay in commencing construction due to the effects of Covid-19, increasing costs and periods for construction resulting from differing working practices due to Covid-19, increasing operational costs due to different working practices being employed due to Covid-19 and risk to creative, strategic thinking due to the reduction in personal contact amongst staff and Trustees.

Trustees' Report *(continued)*

Risk Management *(continued)*

At a more granular level, key risks include: the on-going statutory compliance testing of homes under operation, the likelihood of increased staff illness/absence due to Covid-19 related reasons and increased likelihood of arrears and increased void levels due to Covid-19.

These risks have been considered by the executive team and by Trustees and are being mitigated and reduced by employing the following actions: benchmarking and revising assumptions used in assessing viability, increasing focus on portfolio acquisition as opposed to construction; setting aside reserves to enable LAR to maintain the attractiveness of its properties; increasing staff numbers with a focus on sustainability, carrying out regular monitoring and reviewing of monthly tenant, rent and property data; and working pro-actively with colleagues in the banking, affordable and charitable sectors to ensure that there is appropriate sharing and use of letting data and other marketing and repair activities.

Plans for Future Periods

The key aims for future periods are twofold:

Firstly, to continue to build LAR's portfolio across Scotland, with desirable, energy efficient homes for the mid-market rental arena in line with its charitable objectives.

Secondly, to continue to provide a high-quality professional housing service to LAR's tenants, thus increasing LAR's reputation as a landlord and housing service provider of choice across Scotland.

Geographical areas to be targeted continue to follow high demand, where there is the greatest difference between social and private rent levels, and hence a shortage of appropriate homes for people within LAR's target tenant group. With the site purchases which LAR has made over the last 18 months, LAR will now be able to offer a wider range of properties to tenants (once these are built out), thus giving tenants whose family size increases/decreases an alternative type and size of home to choose from.

Reserves Policy

At the year end, the Trust held £7,807,000 (2019: £7,036,000) of unrestricted reserves. Of these, £779,000 (2019: £653,000) were designated: these funds relate to amounts to cover forecast future maintenance and lifecycle costs which are reserved on a quarterly basis from rental income, following professional advice on lifecycle replacement. Reserves policy will be reviewed and refined in future financial years, once empirical evidence is available as LAR builds up its portfolio of properties.

LAR's Reserves policy will continue to be considered during the course of this year and developed in subsequent years as LAR's unit numbers continue to increase and operational experience grows.

Structure, Governance and Management

LAR is a registered Scottish Charitable Incorporated Organisation ('SCIO'), charity number SC044825.

The Charities and Trustee Investment (Scotland) Act 2005 bestows a duty on each Trustee, in exercising functions as a charity trustee, to act in the interests of LAR, and, in particular, must:

- seek, in good faith, to ensure that LAR acts in a manner which is in accordance with its purposes;
- act with the care and diligence which it is reasonable to expect of a person who is managing the affairs of another person; and
- ensure that LAR complies with any direction, requirement, notice or duty imposed under or by virtue of the Charities and Trustee Investment (Scotland) Act 2005.

Trustees' Report *(continued)*

Structure, Governance and Management *(continued)*

Two Trustees, Andrew Robertson and Pamela Woodburn were due to retire from the board at the AGM held in July 2019, as their four-year term expired but both Andrew and Pamela were reappointed to the Board. Their skills, experience and commitment are gratefully welcomed by the rest of the board and by the executive team. Uilleam Cameron resigned and Philip Rodney joined the board on 26th April 2019 and Alistair Steele resigned on 15 July 2019. It is noted that a number of new Trustee appointments will be made at the board meetings in November 2020 and January 2021.

All new Trustees receive an Induction Pack and induction training (including meeting with some of LAR's beneficiaries and visiting LAR's developments (so far as is possible, given Coronavirus restrictions) prior to their appointment. During the year, several of LAR's Trustees have visited a number of LAR's developments (both during construction and once they are operational), meeting some of LAR's construction partners and tenants

Key Management Personnel Remuneration

The Trustees consider the Board of Trustees as comprising the key management personnel of the charity in charge of directing and controlling the charity, with the executive team and staff running and operating the charity on a day to day basis. The executive team have delegated authority from the Trustees to operate the day to day management of LAR in accordance with LAR's updated policy on Internal Controls and Delegated Authority. All Trustees give of their time freely and no trustee remuneration (other than a salary to the Chief Executive) was paid in the year. Details of trustee expenses and related party transactions are disclosed in Note 2 to the accounts.

Trustees are required to disclose all relevant interests and register them in the Register of Interests and, in accordance with LAR's policy, withdraw from decisions where a conflict of interest arises.

The pay of the Chief Executive is reviewed annually by the Board of Trustees (excluding the Chief Executive).

Trustees' Report *(continued)*

Reference and Administrative Information

Trustees

Andrew Robertson, Chair
 Ann Leslie, Chief Executive
 Andrew Bruce, Partner Trustee
 Uilleam Cameron (resigned 26th April 2019)
 Pamela Woodburn
 Alister Steele (resigned 15 July 2019)
 Rani Dhir
 Philip Rodney (appointed 26th April 2019)

Chief Executive

Ann Leslie

Principal Office

Unit F3,
 Buchan House
 Enterprise Way
 Carnegie Campus
 Dunfermline
 KY11 8PL

Charity Number

SC044825

Auditors

MHA Henderson Loggie
 11-15 Thistle Street
 Edinburgh
 EH2 1DF

Bankers

Bank of Scotland
 110 St Vincent Street,
 Glasgow
 G2 5ER

Solicitors

Corporate:

Burness Paul
 50 Lothian Road
 Festival Square
 Edinburgh
 EH3 9WJ

Conveyancing:

Brodies
 110 Queen Street
 Glasgow
 G1 3BX

Trustees' Report *(continued)*

Trustees' Responsibilities in Relation to the Financial Statements

The Trustees are responsible for preparing a Trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in Scotland requires the charity trustees to prepare financial statements for each period which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, of the charity for that period. In preparing the financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charity Accounts (Scotland) Regulations 2006 (as amended), and the provisions of LAR's Constitution. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Approval

At the time of approving this report, the Trustees are aware of no relevant audit information of which the charity's auditors are unaware and have taken all steps that they ought to have taken, as a Trustee, in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Approved by the Trustees on 12 November 2020 and signed on their behalf by:



Chairman

Independent Auditor's Report to the Trustees of LAR Housing Trust

Opinion

We have audited the financial statements of LAR Housing Trust (the 'group') for the year ended 31 March 2020 which comprise the Consolidated and Charity Statement of Financial Activities, the Consolidated and Charity Balance Sheet, the Consolidated and Charity Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 affairs as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

Basis of 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We 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 Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group'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 other information comprises the information included in the Report of the Trustees, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Trustees of LAR Housing Trust (continued)

Opinions on other matters prescribed by the Charities Accounts (Scotland) Regulations 2006 (as amended)

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Trustees' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters where the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are 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 Trustees either intend to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Independent Auditor's Report to the Trustees of LAR Housing Trust *(continued)*

Auditor's responsibilities for the audit of the financial statements *(continued)*

This report is made solely to the trustees, as a body, in accordance with Section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the trustees 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 group and its trustees as a body for our audit work, for this report, or for the opinions we have formed.



██████████ (Senior Statutory Auditor)
for and on behalf of MHA Henderson Loggie
Chartered Accountants
Statutory Auditor

(Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006)

MHA Henderson Loggie is a trading name of Henderson Loggie LLP

12 November 2020

Ground Floor
11-15 Thistle Street
Edinburgh
EH2 1DF

LAR Housing Trust

Consolidated Statement of Financial Activities For the Year ending 31 March 2020

	Note	Unrestricted Funds General	Designated	2020 £'000	2019 £'000	Total Funds
Income from:						
Charitable activities:						
Rental properties		2,355	-	2,355	1,628	1,628
Other trading activities		112	-	112	95	95
- Trading subsidiaries' income		409	-	409	295	295
Investments – Bank interest		154	-	154	3	3
Other income	3					
Total income	13	3,030	-	3,030	2,021	2,021
Expenditure on:						
Raising funds – Trading subsidiaries' costs	4	(81)	-	(81)	(89)	(89)
Charitable activities	4	(2,407)	(67)	(2,474)	(1,470)	(1,538)
Total expenditure	13	(2,488)	(67)	(2,555)	(1,559)	(1,627)
Net Income/(expenditure)		542	(67)	475	462	394
Transfers between funds	13	(193)	193	-	(262)	-
Other recognised gains/(losses)						
Net gains/(losses) on fixed asset revaluation	13	422	-	422	(2,148)	(2,148)
Net movement in funds		771	126	897	(1,948)	(1,754)
Total funds brought forward		6,415	653	7,068	8,363	8,822
Total funds carried forward		7,186	779	7,965	6,415	7,068

LAR Housing Trust

Trust Statement of Financial Activities For the Year ending 31 March 2020

	Note	Unrestricted Funds General £'000	Designated £'000	2020 £'000	Unrestricted Funds General £'000	Designated £'000	2019 £'000
Income from:							
Charitable activities:							
Rental properties		2,355	-	2,355	1,828	-	1,828
Investments:							
Bank interest		409	-	409	294	-	294
Interest on loans to subsidiaries		67	-	67	37	-	37
Other income							
Management recharges from subsidiaries		8	-	8	5	-	5
Other		(3)	-	(3)	3	-	3
Total income	13	2,836	-	2,836	1,967	-	1,967
Expenditure on:							
Charitable activities							
	4	(2,420)	(67)	(2,487)	(1,483)	(68)	(1,551)
Total expenditure	13	(2,420)	(67)	(2,487)	(1,483)	(68)	(1,551)
Net Income/(Expenditure)		416	(67)	349	484	(68)	416
Transfers between funds							
Other recognised gains/(losses)	13	(193)	193	-	(262)	262	-
Net gains/(losses) on fixed asset revaluation	13	422	-	422	(2,264)	-	(2,264)
Net movement in funds		645	126	771	(2,042)	194	(1,848)
Total funds brought forward		6,383	653	7,036	8,425	459	8,884
Total funds carried forward		7,028	779	7,807	6,383	653	7,036

LAR Housing Trust
Consolidated Balance Sheet
as at 31 March 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Tangible assets – Investment properties	7	150	-
Tangible assets – Properties	7	73,201	51,646
Tangible assets – Others	8	21	16
Total fixed assets		73,372	51,662
Current assets			
Cash at bank and in hand		55,260	43,110
Debtors	10	1,190	886
Total current assets		56,450	43,996
Liabilities			
Creditors falling due within one year	11	(1,845)	(1,069)
Total current liabilities		(1,845)	(1,069)
Net current assets		54,605	42,927
Total assets less current liabilities		127,977	94,589
Creditors: Amounts falling due after more than one year	11	(120,000)	(87,500)
Provisions	12	(12)	(21)
Net assets		7,965	7,068
Funds			
Unrestricted funds			
General funds	13	406	57
Designated funds	13	779	653
Property revaluation reserve	13	6,729	6,358
Non-distributable reserve	13	51	-
Total funds		7,965	7,068

The notes on pages 18 to 38 form part of these accounts.

Approved by the Trustees on 12 November 2020 and signed on their behalf by:



Chairman

LAR Housing Trust

Trust Balance Sheet as at 31 March 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Tangible assets – Properties	7	70,894	50,645
Tangible assets – Others	8	19	16
Total fixed assets		70,913	50,661
Investments	9	-	-
Current assets			
Cash at bank and in hand		54,951	43,008
Debtors	10	3,569	1,895
Total current assets		58,520	44,903
Liabilities			
Creditors falling due within one year	11	(1,626)	(1,028)
Total current liabilities		(1,626)	(1,028)
Net current assets		56,894	43,875
Total assets less current liabilities		127,807	94,536
Creditors: Amounts falling due after more than one year	11	(120,000)	(87,500)
Net assets		7,807	7,036
Funds			
Unrestricted funds			
General funds	13	302	79
Designated funds	13	779	653
Property revaluation reserve	13	6,726	6,304
Total funds		7,807	7,036

The notes on pages 18 to 38 form part of these accounts.

Approved by the Trustees on 12 November 2020 and signed on their behalf by:

Chairman

LAR Housing Trust

Consolidated Statement of Cash Flows as at 31 March 2020

	Note	2020 £'000	2019 £'000
Net cash provided by/(used in) operating activities	14	1,915	2,330
Cash flows from investing activities			
Purchase of property tangible fixed assets		(21,284)	(12,397)
Purchase of other tangible fixed assets		(12)	(9)
Investment income		409	295
Net cash used in investing activities		(20,887)	(12,111)
Cash flows from financing activities			
Loans received		32,500	38,818
Interest paid		(1,378)	(632)
Net cash provided by financing activities		31,122	38,186
Change in cash and cash equivalents in the year		12,150	28,405
Cash and cash equivalents brought forward		43,110	14,705
Cash and cash equivalents carried forward		55,260	43,110
		2020 £000	2019 £000
Reconciliation of net cash flow to movement in net debt			
Increase / (decrease) in cash in the year		12,150	28,405
Cash inflow from financing		(32,500)	(38,818)
Movement in net funds in the year		(20,350)	(10,413)
Net debt at the start of the year		(44,390)	(33,977)
Net debt at the end of the year		(64,740)	(44,390)

LAR Housing Trust

Trust Statement of Cash Flows as at 31 March 2020

	Note	2020 £'000	2019 £'000
Net cash provided by/(used in) operating activities	14	1,653	2,066
Cash flows from investing activities			
Purchase of property tangible fixed assets		(19,827)	(12,316)
Purchase of other tangible fixed assets		(10)	(9)
Investment income		476	331
Loans advanced to subsidiaries		(1,593)	-
Capital repayments on loans to subsidiaries		122	45
Net cash used in investing activities		(20,832)	(11,949)
Cash flows from financing activities			
Loans received		32,500	38,818
Interest paid		(1,378)	(632)
Net cash provided by financing activities		31,122	38,186
Change in cash and cash equivalents in the year		11,943	28,303
Cash and cash equivalents brought forward		43,008	14,705
Cash and cash equivalents carried forward		54,951	43,008
		2020 £000	2019 £000
Reconciliation of net cash flow to movement in net debt			
Increase / (decrease) in cash in the year		11,943	28,303
Cash inflow from financing		(32,500)	(38,818)
Movement in net funds in the year		(20,557)	(10,515)
Net debt at the start of the year		(44,492)	(33,977)
Net debt at the end of the year		(65,049)	(44,492)

LAR Housing Trust
Notes to the Accounts
for the year ended 31 March 2020

1. Accounting Policies

(a) Basis of Preparation and Assessment of Going Concern

The financial statements have been prepared under the historical cost convention with items recognised at historic cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with and comply with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The Trust is a Scottish Charitable Incorporated Organisation and constitutes a public benefit entity as defined by FRS 102. The principal office is Buchan House, Carnegie Campus, Enterprise Way, Dunfermline, Fife KY11 8DL.

The financial statements have been prepared in Sterling. Monetary amounts in the financial statements are to the nearest £1,000 unless otherwise stated.

The financial statements have been prepared on a going concern basis. The Trustees have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment. The COVID-19 pandemic and the ensuing economic shutdown has had a significant impact on the Trust's operations. The halting of construction has resulted in delays to properties under development which will impact future completion dates. In response to the COVID-19 pandemic, the Trustees have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

Based on these assessments and having regard to the resources available to the entity, the Trustees have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the annual report and accounts.

(b) Group financial statements

These financial statements consolidate on a line by line basis, the results of the charity and the results of its wholly owned subsidiaries LAR Property Management C.I.C. incorporated on 16 March 2018; and LAR Projects Limited incorporated on 5 August 2019.

(c) Funds structure

Unrestricted funds comprise those funds which the Trustees are free to use for any purpose in furtherance of the charitable objects. These include designated funds where the Trustees, at their discretion, have created a fund for a specific purpose.

LAR Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2020

1. Accounting policies *(continued)*

(d) Income recognition

All income is recognised once the Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Rental income is recognised from the point when properties become available for letting and is stated net of any voids. The Trust does not currently levy service charges to its tenants. Service charges levied by the Group are calculated and administered by LAR Property Management C.I.C. to its commercial tenants.

Bad and doubtful debts

Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they are considered potentially irrecoverable. Debts are classed as uncollectable after an assessment of the legislative options available to recover and consideration of specific circumstances.

(e) Expenditure and irrecoverable VAT

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Trust to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings. For more information on this attribution refer to note (g) below.

Irrecoverable VAT is charged against the expenditure heading for which it was included.

(f) Allocation of support and governance cost

Support costs have been allocated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs.

(g) Charitable activities

Costs of charitable activities include governance costs and support costs.

(h) Tangible fixed assets – Investment properties

Investment properties are held at fair value with movements in fair value recognised in the statement of financial activities.

Tangible fixed assets – Properties

Housing units are split between:
Completed Properties
Properties under Construction

Properties under construction are recognised at historic cost.

Following practical completion, properties under construction are transferred to completed properties.

LAR Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2020

1. Accounting policies *(continued)*

(h) Tangible fixed assets – Housing units *(continued)*

Completed properties are initially recognised at market value based on a professional valuation of the market value of the units (with vacant possession) or where any affordable housing obligations apply to any particular units, with a restricted value which takes account of those affordable restrictions and are then professionally valued biennially thereafter. Any uplift above historic cost is recognised through the Statement of Financial Activities as Gains on Valuation and shown as Property Revaluation Reserve within the Funds of the Trust.

Impairment reviews are undertaken whenever there are indications that an issue may materially reduce the valuation. Any identified reductions in valuations are first charged against any prior valuation uplift for the properties in question held within the Property Revaluation Reserve and then directly to the Statement of Financial Activities.

Completed properties and properties under construction are not depreciated as the trustees believe their residual values exceed their carrying values.

Property held by the subsidiary, LAR Property Management C.I.C. is mixed use property and is initially measured at cost and subsequently measured at valuation, net of any impairment losses.

(i) Tangible fixed assets – Other

Other tangible fixed assets are stated at historic cost less accumulated depreciation. Depreciation is provided on a straight line basis to write off the cost of assets, less any residual value, over the expected economic useful life of each asset class:

Other fixed Assets	Depreciation rate
Fixtures, fittings and computer equipment	20% - 33.34%

The estimated useful lives, residual values and depreciation methods are reviewed by class of asset at each year end, with any changes in estimate accounted for on a prospective basis.

(j) Investments

Investments in subsidiaries are all held at cost less impairment. Impairment is considered at each reporting end date. Any impairment is recognised in the Statement of Financial Activities

(k) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

(l) Debtors

Short term debtors are measured at transactional price less any impairment.

(m) Creditors

Short term creditors are measured at transactional price. Other financial liabilities, including loans, are measured at fair value, net of transaction costs, and are measured subsequently using the effective interest method.

LAR Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2020

1. Accounting policies *(continued)*

(n) Loans

Loans in the Balance Sheet are initially measured at the amount received and are subsequently adjusted to reflect accrued interest payable. Interest payable on loans is recognised through the Statement of Financial Activities.

(o) Pensions

Employees of the Trust are entitled to join a non-contributory defined contribution scheme. The costs of the defined contribution scheme are included within support and governance costs and charged to the unrestricted funds of the Trust using the methodology set out in note 5.

The defined contribution plan is managed by Standard Life on behalf of the Trust and the pension contributions made are invested in a Standard Life plc investment fund to build up over the term of the plan.

(p) Leases

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

(o) Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans, which are subsequently measured at amortised cost using the effective interest method.

(p) Accounting judgements and estimations

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In preparing these financial statements, the directors have made the following judgements:

- Determining the appropriate discount rates used in the valuation of housing and investment properties based on historical experience, advice from qualified experts where required or appropriate and other factors.
- Determine whether leases entered into by the charity as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Tangible fixed assets are depreciated over a period to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence.

(q) Taxation

The Trust is recognized by the Office of the Scottish Charity Regulator as a charity and is approved as such by HM Revenue and Customs for Taxation purposes. As such, there is no liability to taxation on any of its income. The Trust's subsidiaries are subject to taxation. The tax expense represents the sum of the tax currently payable and deferred tax.

LAR Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2020

1. Accounting policies *(continued)*

(q) **Taxation** *(continued)*

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2. Related party transactions and Trustees' expenses and remuneration

The Trustees (with the exception of the Chief Executive who is an employee of the Trust) give freely their time and expertise without any form of remuneration or other benefit in cash or kind. The Chief Executive receives no additional remuneration by virtue of her position as a Trustee. The Chief Executive, Ann Leslie, was paid gross salary of £125,000 (2019: £94,186), car allowance of £12,500 (2019: £9,419) and employer pension contributions of £13,750 (2019: £10,360). Expenses were paid to the Trustees in the year totaling £1,411 (2019: £964). These expenses were made up of 2 trustees (2019: 3 trustees) reimbursed for their travel expenses.

Scottish Futures Trust Investments Limited ('SFTI') has the right to appoint a Partner Trustee to the Board of Trustees. Andrew Bruce is the nominated Partner Trustee.

LAR Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2020

3 Other income

	Group 2020 £'000	Trust 2020 £'000	Group 2019 £'000	Trust 2019 £'000
Other	(3)	(3)	3	3
City of Edinburgh Council – S75 payment	147	-	-	-
Reversal of provision on tangible fixed assets	10	-	-	-
	154	(3)	3	3

4 Expenditure analysis

4.1 Raising funds – Trading subsidiaries' costs

GROUP	2020 £'000	2019 £'000
Direct expenses	35	20
Administrative expenses	11	4
Amounts written off tangible fixed assets	-	57
Corporation tax charge	35	8
	81	89

LAR Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2020

4 Expenditure analysis *(continued)*

4.2 Charitable activities

GROUP - 2020

Properties costs
Depreciation
Other costs
Finance costs
Interest on borrowings
Staff costs

Total 2020

Allocation Basis	Housing provision £'000	Support – Governance £'000	Other support £'000	Total Support £'000	Total 2020 £'000
Direct	384	-	-	-	384
Staff time	5	-	2	2	7
Mixed	64	25	52	77	141
Staff time	88	-	-	-	88
Direct	1,378	-	-	-	1,378
Staff time	261	57	158	215	476
	<u>2,180</u>	<u>82</u>	<u>212</u>	<u>294</u>	<u>2,474</u>

GROUP - 2019

Properties costs
Depreciation
Other costs
Finance costs
Interest on borrowings
Staff costs

Total 2019

Allocation Basis	Housing provision £'000	Support – Governance £'000	Other support £'000	Total Support £'000	Total 2019 £'000
Direct	288	-	-	-	288
Staff time	4	-	3	3	7
Mixed	84	37	39	76	160
Staff time	50	-	28	28	78
Direct	632	-	-	-	632
Staff time	185	43	145	188	373
	<u>1,243</u>	<u>80</u>	<u>215</u>	<u>295</u>	<u>1,538</u>

LAR Housing Trust

Notes to the Accounts (continued) for the year ended 31 March 2020

4 Expenditure analysis (continued)

4.2 Charitable activities

TRUST - 2020

	Allocation Basis	Housing provision £'000	Support – Governance £'000	Other support £'000	Total Support £'000	Total 2020 £'000
Properties costs	Direct	384	-	-	-	384
Depreciation	Staff time	5	-	2	2	7
Other costs	Mixed	75	18	61	79	154
Finance costs	Staff time	88	-	-	-	88
Interest on borrowings	Direct	1,378	-	-	-	1,378
Staff costs	Staff time	261	57	158	215	476
Total 2020		2,191	75	221	296	2,487

TRUST - 2019

	Allocation Basis	Housing provision £'000	Support – Governance £'000	Other support £'000	Total Support £'000	Total 2020 £'000
Properties costs	Direct	288	-	-	-	288
Depreciation	Staff time	4	-	3	3	7
Other costs	Mixed	94	34	45	79	173
Finance costs	Staff time	50	-	28	28	78
Interest on borrowings	Direct	632	-	-	-	632
Staff costs	Staff time	185	43	145	188	373
Total 2019		1,253	77	221	298	1,551

LAR Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2020

4 Expenditure analysis *(continued)*

4.3 Governance cost:

	Group 2020 £'000	Trust 2020 £'000	Group 2019 £'000	Trust 2019 £'000
Trustee expenses	1	1	1	1
Auditors' remuneration	18	11	12	9
Legal and professional	6	6	23	23
Support costs	57	57	44	44
	82	75	80	77

5. Analysis of staff costs and remuneration of key management personnel

	2020 £'000	2019 £'000
Salaries and wages	519	424
Social Security costs	57	42
Pension contributions	52	41
Total	628	507

The average number of employees during the year was 12 (2019: 10).

There were £5,569 (2019: £4,557) outstanding pension contributions at the year end.

The Trust considers its key management personnel comprise the Trustees (including the Chief Executive) and an executive team which comprises of the Director for Finance and Corporate Services and the Operations Director. The total employment benefits including employer pension contributions of the key executive team were £332,511 (2019: £257,933).

The number of employees earning more than £60,000 per annum were as follows:

	2020 No	2019 No
£130,000-£139,000	1	-
£100,000 - £109,999	-	1
£80,000 - £89,999	1	-
£70,000 - £79,999	-	1

6. Auditors' remuneration

	Group 2020 £'000	Trust 2020 £'000	Group 2019 £'000	Trust 2019 £'000
Audit fee	18	11	12	9

LAR Housing Trust

Notes to the Accounts (continued) for the year ended 31 March 2020

7. Tangible fixed assets – Properties

GROUP - 2020	Investment Properties £'000	Completed Properties £'000	Properties Under Construction £'000	Total £'000
Cost or valuation				
At 1 April 2019	-	39,545	12,101	51,646
Transfer to investment properties	150	(150)	-	-
Restated as at 1 April 2019	150	39,395	12,101	51,646
Additions	-	2,002	19,282	21,284
Transfers	-	27,130	(27,130)	-
Revaluation	-	421	-	421
At 31 March 2020	150	68,948	4,253	73,351
Depreciation				
At 1 April 2019 and 31 March 2020	-	-	-	-
Net book value at 31 March 2019	-	39,545	12,101	51,646
Net book value at 31 March 2020	150	68,948	4,253	73,351

Standard Securities exists over the completed housing properties and development sites of the Trust in favour of the Security Trustee in relation to the Scottish Ministers' and Scottish Widows' loans (see Note 11). A Standard Security over Buchan House has been granted by LAR Property Management C.I.C. in favour of the Trust in respect of a loan provided to the C.I.C. by the Trust. A Standard Security over Wester Cowden and Preston Works has been granted by LAR Projects Limited in favour of the Trust in respect of a loan provided to the subsidiary by the Trust.

The sites included within completed (except for the Dunbar and Cults properties) were subject to valuations undertaken by independent professional valuers in line with the Royal Institute of Chartered Surveyors Valuation guidance. The directors consider the cost to reflect the valuations of the properties at Dunbar and Cults. The original cost of these properties is £64,184,000 (2019: £45,453,000). Valuations have been performed by Savills and JLL.

The amounts above include £978,000 (2019: £278,000) of borrowing costs capitalised at a weighted average cost of capital.

An adjustment has been made to transfer one of the properties held by LAR Property Management C.I.C. from Property, Plant & Equipment to Investment Properties. As the property was previously held under the revaluation model, this has had no net effect on the results of the current or prior year. Investment properties are subject to valuations as outlined above.

LAR Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2020

7. Tangible fixed assets – Housing properties *(continued)*

TRUST - 2020	Completed Properties £'000	Properties Under Construction £'000	Total £'000
Cost or valuation			
At 1 April 2019	38,544	12,101	50,645
Additions	2,002	17,825	19,827
Transfers	27,130	(27,130)	-
Revaluation	422	-	422
At 31 March 2020	68,098	2,796	70,894
Depreciation			
At 1 April 2019 and 31 March 2020	-	-	-
Net book value at 31 March 2019	38,544	12,101	50,645
Net book value at 31 March 2020	68,098	2,796	70,894

Standard Securities exist over the completed housing properties and development sites of the Trust in favour of a security trustee in relation to the Scottish Ministers' and Scottish Widows' loans (see Note 10).

The sites included within completed (except for the Dunbar and Cults properties) were subject to valuations undertaken by independent professional valuers in line with the Royal Institute of Chartered Surveyors Valuation guidance. The directors consider the cost to reflect the valuations of the properties at Dunbar and Cults. The original cost of these properties is £64,184,000 (2019: £45,453,000). Valuations have been performed by Savills and JLL.

The amounts above include £978,000 (2019: £278,000) of borrowing costs capitalised at a weighted average cost of capital.

LAR Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2020

8. Tangible fixed assets - Others

GROUP - 2020

Cost

At 1 April 2019

Additions

At 31 March 2020

Depreciation

At 1 April 2019

Depreciation

At 31 March 2020

Net book value at 31 March 2019

Net book value at 31 March 2020

Fixtures, fittings
and computer
equipment
£'000

32

12

44

16

7

23

16

21

TRUST - 2020

Cost

At 1 April 2019

Additions

At 31 March 2020

Depreciation

At 1 April 2019

Depreciation

At 31 March 2020

Net book value at 31 March 2019

Net book value at 31 March 2020

Fixtures, fittings
and computer
equipment
£'000

32

10

42

16

7

23

16

19

LAR Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2020

9. Investments

LAR Housing Trust has 100% investment in LAR Property Management CIC, SC591592, a Community Interest Company registered in Scotland. The value of the share capital is £100. LAR Property Management C.I.C. has been established to own and operate the commercial property in which the Trust's offices are also located and to provide factoring and property management services to the Trust in respect of properties held by the Trust that share common parts with third parties. LAR Housing Trust also has 100% investment in LAR Projects Limited, SC637892, a private company limited shares registered in Scotland. The value of the share capital is £100. LAR Projects Limited has been established to develop properties which when completed will be purchased by LAR Housing Trust.

LAR Property Management C.I.C.'s results and net assets for the period to 31 March were as follows:

	2020 £'000	2019 £'000
Sales	124	112
Expenditure	(54)	(32)
Net interest	(34)	(37)
Amounts written off fixed assets	-	(56)
Fair value movement on investment property	-	53
Reversal of provision on fixed assets	10	-
Tax	(8)	(8)
Profit for the period	38	32
Net assets	70	32

LAR Projects Limited's results and net assets for the period to 31 March were as follows:

	2020 £'000	2019 £'000
Other income	147	-
Expenditure	(7)	-
Tax	(27)	-
Profit/(loss) for the period	113	-
Net assets	113	-

LAR Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2020

10. Debtors

	Group 2020 £'000	Trust 2020 £'000	Group 2019 £'000	Trust 2019 £'000
Trade debtors	35	27	35	35
Other debtors	358	237	13	-
Prepayments	797	796	838	835
Amount owed by subsidiaries - loans	-	2,490	-	1,019
Amount owed by subsidiaries - other	-	19	-	6
Total	1,190	3,569	886	1,895

Amounts owed by subsidiaries include £1,707,319 due in more than one year.

11. Analysis of Current Liabilities and Long-Term Creditors

	Group 2020 £'000	Trust 2020 £'000	Group 2019 £'000	Trust 2019 £'000
Creditors under one year				
Trade creditors	425	403	959	945
Other creditors	130	7	15	5
Accruals and deferred income	1,224	1,195	68	64
Taxation and Social Security costs	66	21	27	14
Total	1,845	1,626	1,069	1,028

LAR Housing Trust

Notes to the Accounts (continued) for the year ended 31 March 2020

11. Analysis of Current Liabilities and Long-Term Creditors (continued)

Included in creditors is deferred income relating to rental income and service charges received in advance:

	Group 2020 £'000	Trust 2020 £'000
Deferred income at 1 April 2019	-	-
Deferred in the year	86	81
Deferred income at 31 March 2020	86	81

	Group and Trust 2020 £'000	Group and Trust 2019 £'000
Creditors over one year		
Concessionary loan	55,000	55,000
Bank loan	65,000	32,500
Total	120,000	87,500

The Scottish Ministers have provided a 25 year £55m funding facility. Principal is repaid based on the trading performance of the Trust and must be repaid in full by 1st September 2040. Interest is charged at a concessionary rate and is paid semi-annually in arrears.

Scottish Widows have provided a £65m funding facility, also fully repayable by September 2040. Principal is repaid in set installments over the life of the loan with first repayment due by 30 September 2022. Interest is charged quarterly in arrears at a commercial rate. The funding is secured by Standard Securities over the housing properties of the Trust, as referred to above.

12 Provisions for liabilities

GROUP	Deferred taxation £'000	Other provisions £'000	Total £'000
2020			
Balance at 1 April 2019	11	10	21
Charge for the year	1	-	1
Reversal of provision on tangible fixed assets	-	(10)	(10)
Balance at 31 March 2020	12	-	12

LAR Housing Trust

Notes to the Accounts (continued)
for the year ended 31 March 2020

12 Provisions for liabilities (continued)

	Deferred taxation	Other provisions	Total
	£'000	£'000	£'000
2019			
Balance at 1 April 2018	-	-	-
Charge for the year	11	10	21
Balance at 31 March 2019	11	10	21

Deferred tax relates to revaluation gain on a commercial property held by the LAR Property Management C.I.C.

On purchase of Buchan House the company undertook to contribute up to a maximum of £10,000 towards costs of any future fitting out works undertaken by one of the tenants. This provision was reversed in the year following the tenant vacating the property and releasing the company from its obligation.

13. Analysis of Trust Funds

GROUP	Balance b/fwd £'000	Income £'000	Expenditure £'000	Transfers £'000	Valuation movement (net of tax) £'000	Fund c/fwd £'000
Analysis of fund movements - 2020						
Unrestricted funds						
General funds	57	3,030	(2,488)	(193)	-	406
Designated funds	653	-	(67)	193	-	779
Non-distributable reserve	-	-	-	52	(1)	51
Property revaluation reserve	6,358	-	-	(52)	423	6,729
Total	7,068	3,030	(2,555)	-	422	7,965

LAR Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2020

13. Analysis of Trust Funds *(continued)*

GROUP	Balance b/fwd £'000	Income £'000	Expenditure £'000	Transfers £'000	Valuation loss £'000	Fund c/fwd £'000
Analysis of fund movements - 2019						
Unrestricted funds						
General funds	(143)	2,021	(1,502)	(262)	(57)	57
Designated funds	459	-	(68)	262	-	653
Property revaluation reserve	8,506	-	-	-	(2,148)	6,358
Total	8,822	2,021	(1,570)	-	(2,205)	7,068

TRUST	Balance b/fwd £'000	Income £'000	Expenditure £'000	Transfers £'000	Valuation gains £'000	Fund c/fwd £'000
Analysis of fund movements - 2020						
Unrestricted funds						
General funds	79	2,836	(2,420)	(193)	-	302
Designated funds	653	-	(67)	193	-	779
Property revaluation reserve	6,304	-	-	-	422	6,726
Total	7,036	2,836	(2,487)	-	422	7,807

LAR Housing Trust

Notes to the Accounts (continued) for the year ended 31 March 2020

13. Analysis of Trust Funds (continued)

Analysis of fund movements - 2019	Balance b/fwd £'000	Income £'000	Expenditure £'000	Transfers £'000	Valuation loss £'000	Fund c/fwd £'000
Unrestricted funds						
General funds	(143)	1,967	(1,483)	(262)	-	79
Designated funds	459	-	(68)	262	-	653
Property revaluation reserve	8,568	-	-	-	(2,264)	6,304
Total	8,884	1,967	(1,551)	-	(2,264)	7,036

The unrestricted funds are available to be spent for any of the purposes of the charity. The designated fund relates to forecast life cycle maintenance costs of properties where funds are set aside in accordance with technical advice received from Arcadis who are a leading global Design & Consultancy firm for natural and built assets.

Analysis of net asset between funds

	Unrestricted Funds (including Property Revaluation Reserve) 2020 £'000	Unrestricted Funds (including Property Revaluation Reserve) 2019 £'000
GROUP		
Tangible fixed assets	73,372	51,662
Net current assets	54,605	42,927
Creditors: Amounts falling due after more than one year	(120,000)	(87,500)
Provisions	(12)	(21)
Total funds	7,965	7,068

LAR Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2020

13. Analysis of Trust Funds *(continued)*

Analysis of net asset between funds

	Unrestricted Funds (including Property Revaluation Reserve) 2020 £'000	Unrestricted Funds (including Property Revaluation Reserve) 2019 £'000
TRUST		
Tangible fixed assets	70,912	50,661
Net current assets	56,895	43,875
Creditors: Amounts falling due after more than one year	(120,000)	(87,500)
Total funds	7,807	7,036

14. Reconciliation of net movement in funds to net cash flow from operating activities

	2020 £'000	2019 £'000
GROUP		
Net movement in funds	897	(1,754)
Less: Investment income	(409)	(295)
Add back: Depreciation charge	7	7
Add back: Loss on fixed assets disposal	-	20
Add back: Interest paid	1,378	632
Add: Gains/(losses) on tangible fixed asset valuation	(421)	2,194
(Increase) / decrease in debtors	(304)	640
Increase in creditors	776	865
Increase / (decrease) in provisions	(9)	21
Net cash provided by operating activities	1,915	2,330

LAR Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2020

14. Reconciliation of net movement in funds to net cash flow from operating activities *(continued)*

TRUST	2020 £'000	2019 £'000
Net movement in funds	771	(1,848)
Less: Investment income	(476)	(331)
Add back: Depreciation charge	7	7
Add back: Loss on fixed assets disposal	-	20
Add back: Interest paid	1,378	632
Add: Gains/(losses) on tangible fixed asset valuation	(422)	2,264
(Increase) / decrease in debtors	(203)	487
Increase in creditors	598	835
Net cash provided by operating activities	1,653	2,066

15 Capital commitments

	Group 2020 £'000	Trust 2020 £'000	Group 2019 £'000	Trust 2019 £'000
Capital commitments	30,009	4,037	23,605	23,605

These capital commitments are based on the current confirmed pipeline of developments in respect of which contracts or missives have been concluded.

16 Leasing commitments

Future minimum operating lease payments are as follows:

	Group 2020 £'000	Trust 2020 £'000	Group 2019 £'000	Trust 2019 £'000
No later than one year	7	21	6	21
Between 1 and 5 years	7	25	14	46
	14	46	20	67
Lease payments recognised as an expense	6	20	5	19

LAR Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2020

17 Rental income from operating leases

The Group owns housing and commercial properties as disclosed in note 6 that are let to third parties

Non-cancellable leases are in place with these third parties that entitles LAR to the following future minimum rentals:

	Group 2020 £'000	Trust 2020 £'000	Group 2019 £'000	Trust 2019 £'000
No later than one year	354	288	246	157
Between 1 and 5 years	137	-	120	-
	<u>491</u>	<u>288</u>	<u>366</u>	<u>157</u>