Lar Housing Trust

Report and Consolidated Financial Statements

Year Ended: 31st March 2021

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

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Trustees' Report

The Trustees present their annual report and financial statements for Lar Housing Trust ("Lar") for the year ended 31st March 2021. 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 Objectives, as established in its Constitution, are:

- 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.

These objectives are to be achieved 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 and to help to create sustainable and balanced communities in the areas where such affordable housing is located.

Lar's aim is to provide homes in areas of high demand, to tenants who fall within their 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

It is impossible to comment on the events of the last year without first highlighting the challenges of running an operational construction and residential business and charity during a pandemic. Lar was faced with the unprecedented situation of dealing not just with the health implications in relation to staff and tenants arising from Covid 19, but also the effect that lockdown and other restrictions have had on the charitable purpose and commercial aspects of the organisation.

Sessions led by SAMH have been held with all staff over the course of the year, to assist in providing coping mechanisms, for maintaining wellbeing and building resilience. Lar's own procedures have been examined and revised to reflect the situation. Lar has always operated with very flexible working arrangements and the over-riding sense is that staff are keen to return to more office time and particularly so for getting to know the significant number of new and additional members recruited throughout the year. Staff surveys have shown a very high degree of satisfaction with how Lar has dealt with their welfare during the pandemic and we are fortunate in having a Board and staff team which has very much pulled together to help and support each other during the last year.

We have noticed the same sense of pulling together with our tenants, where anti-social behaviour has been minimal and low level. Anecdotally there has been a high degree of support amongst residents within developments, with neighbours checking on each other and helping out with shopping during periods of self-isolation. Given that we have many family and friendship groups within developments, this has helped to build the sense of community and stability for which Lar's developments are gaining a reputation. Regular telephone calls by staff to our more vulnerable tenants have also ensured that support has been available and in some cases stronger relationships between property managers and their residents have been forged due to this increased contact.

Operationally, Lar has finished the year with a very positive story to tell, with arrears sitting at 1.87%, bad debt at only 0.29% and voids at 1.16%. Urgent repairs have continued to be carried out, where allowed. and any defects or problems have been quickly and effectively rectified. Non-urgent repairs have been restricted by legislation for the last quarter of the financial year and this has been extremely

hard for both tenants and Lar to deal with. While this backlog of repairs was rectified within a short period after restrictions were lifted, it has inevitably created some discomfort to our tenants which is regrettable. However, compliance testing has been completed on time throughout the year with only minimal exceptions where individual tenants have been shielding, there have been positive Covid tests or bereavements have occurred in which cases slight delays were required.

Construction is the area where the effect of last year is most keenly felt. Work on new some sites has inevitably been delayed. Planning processes have taken longer to complete and there has been volatility caused both by increased materials prices and labour shortages. We have adapted to these challenges by purchasing and refurbishing a number of existing developments.





The above photographs show Lar's development in Niddrie, Edinburgh and are an example of the partnerships we have developed, in this instance, working with the City of Edinburgh Council and the Health & Social Care Partnership. This building, which six months ago was a boarded up, disused tenement, vandalised and with drug paraphernalia throughout, now houses six, fully refurbished, high spec flats specifically designed for autistic adults. Having received EPC ratings of Bs and high Cs (originally from an E) this project also demonstrates that sustainable, energy efficient, high-quality homes can be quickly and sympathetically created from Scotland's many empty properties.

The difference that Lar can make to existing communities is also being demonstrated by our new Ayrshire development. There, we are carrying out significant upgrading works while at the same time we have reduced the rent.

Scottish Widows has throughout our journey provided enormous support. In addition, Lar is actively pursuing conversations with the Scottish Government and other public sector bodies to further extend our low interest patient capital.

Financial Review

For the year ended 31st March 2021, Lar Housing Trust posted a surplus of £1,138,000 (2020: surplus of £349,000) and a gain in valuation of £3,234,000 (2020: gain of £422,000). This increased reserves from £7,807,000 to £12,179,000. The Lar Group posted a surplus of £1,079,000 (2020: surplus of £475,000) and a gain in valuation of £3,234,000 (2020: gain of £422,000). This increased reserves from £7,965,000 to £12,278,000. 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.

Despite the delays in construction due to Covid-19, Lar has now made significant inroads into building up its operational portfolio. We now have twenty-eight completed developments in ten different local authority areas, providing 659 homes which are available for mid-market rent. In addition, Lar now owns a number of sites across the country with planning permission (or for which we are in the process of seeking planning permission) which will allow us to complete its initial portfolio. Our pivot to an acquisition strategy ensured that the Covid-19 pandemic, which arrived in Scotland at the end of the last of the financial year, has had a more muted effect on Lar's financial performance than would otherwise have been the case.

Throughout the year, Lar has continued to deliver charitable benefit to its tenants. It is worth recording 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 we provide.

The upgrading of portfolios which Lar purchased during the year is having a significant effect on the residents of those developments and, together with the reduction in rent levels and/or freezing of rent levels that Lar has brought, is of significant benefit for those individuals.

Given the effects of the pandemic upon Lar's tenants, the Board took the decision to freeze rents across the entire portfolio for 2021-22.

Risk Management

Lar places great importance and priority on ensuring that all aspects of daily operations are conducted within our established risk parameters through the active maintenance of our risk register. The risk register is reviewed on a monthly basis at an operational level and then updated to reflect changes. The risk register is also reviewed by the board at each quarterly meeting where existing and risks are considered together with their mitigation.

Key risks which have been identified over the past year include: delay in concluding construction and increased costs of materials due to the effects of Covid-19, shortages of supplies and staff related to Brexit; and increasing operational costs due to different working practices being employed as a result of the pandemic.

At a more granular level, key risks include: the on-going statutory compliance testing of homes under operation; increased likelihood of arrears and increased void levels due to the effects of extended lock-down; the effects on the employment prospects and mental health of tenants resulting from the pandemic; the likelihood of increased health and safety risks with more sites in our ownership and more construction and operational works being undertaken by us and our subsidiaries.

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 self delivery for construction and acquisition of a number of pre-let portfolios; 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

Lar's key aims for future periods are:

To continue to provide a high-quality professional housing service to our tenants, thus cementing our reputation as a landlord and housing service provider of choice across Scotland.

To scale up operations, by acquiring and developing more desirable, energy efficient homes for the mid-market rental arena in line with Lar's charitable objectives;

To secure more capital debt;

To grow the business of our subsidiary companies;

Plans for Future Periods *(continued)*

To widen the type and size of property and tenure that Lar is able to offer, so as to provide safe, secure homes for more and different disadvantaged groups, on our own or in partnership with other organisations in the voluntary, public and private sector.

Reserves Policy

At the year end, the Trust held £12,179,000 (2020: £7,807,000) of unrestricted reserves. Of these, £1,174,000 (2020: £779,000) were designated: these funds cover forecasted future maintenance and lifecycle costs which are reserved on a quarterly basis from rental income, following professional advice on lifecycle replacement. It is intended that our reserves policy be reviewed and further refined in future financial years, once empirical evidence is available as Lar builds up its portfolio of properties.

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, they 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.

There were significant changes to the composition of the Trust board during the year. Lar's long-standing Chair, Andrew Robertson CBE stepped down in November having led the Board through our start up phase and into operations. Andrew has been instrumental to Lar's success and the Board and staff team are extremely grateful for his guidance, energy and support during these critical years. We are delighted that he has agreed to remain involved with Lar as its Honorary President.

Philip Rodney was unanimously appointed by the Board to succeed Andrew as Chair of Lar Housing Trust and took up the position immediately following the Annual General Meeting, held on 11th November 2020.

Five new Trustees joined the board during the year, as noted below, and their skills, experience and commitment are welcomed by the rest of the board and by the executive team.

Lar's Constitution was also amended in November 2020 to take account of the increased size of the Trustee Board and the revised Constitution submitted to OSCR in accordance with charities legislation.

We carry out a thorough induction process for Trustees with them receiving training and information prior to their appointment (including visiting Lar's developments and meeting beneficiaries (so far as is possible, given Covid restrictions).
Changes to the Directors of both of Lar's subsidiaries and a change of name from Lar Property Management CIC to Lar Operations CIC were also noted during the year, as reported under the structures governing those subsidiaries.

Key Management Personnel Remuneration

The Board of Trustees comprises the key management personnel in charge of directing and controlling the charity. The executive team has delegated authority from the Trustees to operate the day to day management of Lar in accordance with its policy on Internal Controls and Delegated Authority. All Trustees give 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 record 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 (resigned November 2020)
Philip Rodney (appointed as Chair November 2020)
Ann Leslie, Chief Executive
Andrew Bruce, Partner Trustee
Pamela Woodburn (resigned post year end, April 2021)
Rani Dhir
Alan Seabourne (appointed November 2020)
David Lee (appointed November 2020)
Karen Murray (appointed November 2020)
Douglas Griffin (appointed January 2021)
Monica Gupta (appointed January 2021)

Chief Executive

Ann Leslie

Principal Office

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

Charity Number

SC044825

Auditors

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

Bankers

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

Solicitors

Corporate:
Burness Paull
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 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 2021 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 2021 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

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

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

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiring with management about any known or suspected instances of non-compliance with laws and regulations, including GDPR and employment law, and fraud;
- Review of correspondence with regulators including OSCR and the Health & Safety Executive;
- Review of legal fee expenditure and board minutes;
- Challenging assumptions and judgements made by management in their significant accounting estimates; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

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

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety; employment law (including the Working Time Directive); GDPR; and compliance with the UK Companies Act, Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts Regulations 2006.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognize the non-compliance.

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.

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.

Henderson Loggie LLP
Chartered Accountants
Statutory Auditor
(Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006)
Ground Floor
11-15 Thistle Street
Edinburgh
EH2 1DF

30 November 2021

Lar Housing Trust

Consolidated Statement of Financial Activities
For the Year ending 31 March 2021

	Note	Unrestricted Funds General	Unrestricted Funds Designated	Total Funds 2021	Unrestricted Funds General	Unrestricted Funds Designated	Total Funds 2020
Income from:		**£'000**	**£'000**	**£'000**	£'000	£'000	£'000
Charitable activities:							
Rental properties		**3,550**	**-**	**3,550**	2,355	-	2,355
Other trading activities							
- Trading subsidiaries' income		**123**	**-**	**123**	112	-	112
Investments – Bank interest		**90**	**-**	**90**	409	-	409
Other income	3	**-**	**-**	**-**	154	-	154
Total income	13	**3,763**	**-**	**3,763**	3,030	-	3,030
Expenditure on:							
Raising funds – Trading subsidiaries' costs	4	**(86)**	**-**	**(86)**	(81)	-	(81)
Charitable activities	4	**(2,470)**	**(128)**	**(2,598)**	(2,407)	(67)	(2,474)
Total expenditure	13	**(2,556)**	**(128)**	**(2,684)**	(2,488)	(67)	(2,555)
Net Income/(expenditure)		**1,207**	**(128)**	**1,079**	542	(67)	475
Transfers between funds	13	**(523)**	**523**	**-**	(193)	193	-
Other recognised gains/(losses)							
Net gains/(losses) on fixed asset revaluation	13	**3,234**	**-**	**3,234**	422	-	422
Net movement in funds		**3,918**	**395**	**4,313**	771	126	897
Total funds brought forward		**7,186**	**779**	**7,965**	6,415	653	7,068
Total funds carried forward		**11,104**	**1,174**	**12,278**	7,186	779	7,965

Lar Housing Trust

Trust Statement of Financial Activities
For the Year ending 31 March 2021

	Note	Unrestricted Funds General £'000	Total Funds Designated £'000	2021 £'000	Unrestricted Funds General £'000	Designated £'000	Total Funds 2020 £'000
Income from:							
Charitable activities:							
Rental properties		**3,550**	**-**	**3,550**	2,355	-	2,355
Investments:							
Bank interest		**90**	**-**	**90**	409	-	409
Interest on loans to subsidiaries		**92**	**-**	**92**	67	-	67
Other income							
Management recharges from subsidiaries		**6**	**-**	**6**	8	-	8
Other		**-**	**-**	**-**	(3)	-	(3)
Total income	**13**	**3,738**	**-**	**3,738**	2,836	-	2,836
Expenditure on:							
Charitable activities	**4**	**(2,472)**	**(128)**	**(2,600)**	(2,420)	(67)	(2,487)
Total expenditure	**13**	**(2,472)**	**(128)**	**(2,600)**	(2,420)	(67)	(2,487)
Net Income/(Expenditure)		**1,266**	**(128)**	**1,138**	416	(67)	349
Transfers between funds	**13**	**(523)**	**523**	**-**	(193)	193	-
Other recognised gains/(losses)							
Net gains/(losses) on fixed asset revaluation	**13**	**3,234**	**-**	**3,234**	422	-	422
Net movement in funds		**3,977**	**395**	**4,372**	645	126	771
Total funds brought forward		**6,383**	**779**	**7,807**	6,383	653	7,036
Total funds carried forward		**10,360**	**1,174**	**12,179**	7,028	779	7,807

Lar Housing Trust

Consolidated Balance Sheet
as at 31 March 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible assets – Investment properties	7	**150**	150
Tangible assets – Properties	7	**85,044**	73,201
Tangible assets – Others	8	**35**	21
Total fixed assets		**85,229**	73,372
Current assets			
Cash at bank and in hand		**47,029**	55,260
Debtors	10	**892**	1,190
Total current assets		**47,921**	56,450
Liabilities			
Creditors falling due within one year	11	**(860)**	(1,845)
Total current liabilities		**(860)**	(1,845)
Net current assets		**47,061**	54,605
Total assets less current liabilities		**132,290**	127,977
Creditors: Amounts falling due after more than one year	11	**(120,000)**	(120,000)
Provisions	12	**(12)**	(12)
Net assets		**12,278**	7,965
Funds			
Unrestricted funds			
General funds	13	**1,090**	406
Designated funds	13	**1,174**	779
Property revaluation reserve	13	**9,963**	6,729
Non-distributable reserve	13	**51**	51
Total funds		**12,278**	7,965

The notes on pages 19 to 39 form part of these accounts.

Approved by the Trustees and signed on their behalf by:

Chairman

Lar Housing Trust

Trust Balance Sheet
as at 31 March 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible assets – Properties	7	**82,116**	70,894
Tangible assets – Others	8	**22**	19
Total fixed assets		**82,138**	70,913
Investments	9	**-**	-
Current assets			
Cash at bank and in hand		**46,902**	54,951
Debtors	10	**3,992**	3,569
Total current assets		**50,894**	58,520
Liabilities			
Creditors falling due within one year	11	**(853)**	(1,626)
Total current liabilities		**(853)**	(1,626)
Net current assets		**50,041**	56,894
Total assets less current liabilities		**132,179**	127,807
Creditors: Amounts falling due after more than one year	11	**(120,000)**	(120,000)
Net assets		**12,179**	7,807
Funds			
Unrestricted funds			
General funds	13	**1,045**	302
Designated funds	13	**1,174**	779
Property revaluation reserve	13	**9,960**	6,726
Total funds		**12,179**	7,807

The notes on pages 19 to 39 form part of these accounts.

Approved by the Trustees and signed on their behalf by:

Chairman

Lar Housing Trust

Consolidated Statement of Cash Flows
as at 31 March 2021

	Note	2021 £'000	2020 £'000
Net cash provided by/(used in) operating activities	**14**	**1,335**	1,915
Cash flows from investing activities			
Purchase of property tangible fixed assets		**(8,609)**	(21,284)
Purchase of other tangible fixed assets		**(14)**	(12)
Investment income		**90**	409
Net cash used in investing activities		**(8,533)**	(20,887)
Cash flows from financing activities			
Loans received		**-**	32,500
Interest paid		**(1,033)**	(1,378)
Net cash provided by financing activities		**(1,033)**	31,122
Change in cash and cash equivalents in the year		**(8,231)**	12,150
Cash and cash equivalents brought forward		**55,260**	43,110
Cash and cash equivalents carried forward		**47,029**	55,260

	2021 £000	2020 £000
Reconciliation of net cash flow to movement in net debt		
Increase / (decrease) in cash in the year	**(8,231)**	12,150
Cash inflow from financing	**-**	(32,500)
Movement in net funds in the year	**(8,231)**	(20,350)
Net debt at the start of the year	**(64,740)**	(44,390)
Net debt at the end of the year	**(72,971)**	(64,740)

Lar Housing Trust

Trust Statement of Cash Flows
as at 31 March 2021

	Note	2021 £'000	2020 £'000
Net cash provided by/(used in) operating activities	14	**1,338**	1,653
Cash flows from investing activities			
Purchase of property tangible fixed assets		**(7,988)**	(19,827)
Purchase of other tangible fixed assets		**(13)**	(10)
Investment income		**182**	476
Loans advanced to subsidiaries		**(535)**	(1,593)
Capital repayments on loans to subsidiaries		**-**	122
Net cash used in investing activities		**(8,354)**	(20,832)
Cash flows from financing activities			
Loans received		**-**	32,500
Interest paid		**(1,033)**	(1,378)
Net cash provided by financing activities		**(1,033)**	31,122
Change in cash and cash equivalents in the year		**(8,049)**	11,943
Cash and cash equivalents brought forward		**54,951**	43,008
Cash and cash equivalents carried forward		**46,902**	54,951

	2021 £000	2020 £000
Reconciliation of net cash flow to movement in net debt		
Increase / (decrease) in cash in the year	**(8,049)**	11,943
Cash inflow from financing	**-**	(32,500)
Movement in net funds in the year	**(8,049)**	(20,557)
Net debt at the start of the year	**(65,049)**	(44,492)
Net debt at the end of the year	**(73,098)**	(65,049)

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 ongoing COVID-19 pandemic and the ensuing economic shutdown has had a significant impact on the Trust's operations. The halting of construction and increases in the cost of materials have resulted in delays to properties under development and will impact future completion dates and costs. 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. In order to minimise the impact of any delays of cost increases to the underlying operations, Lar acquired 160 completed units during the year of which 147 were already let providing an instant rental income. The analysis is ongoing and consideration of the effectiveness of available measures to assist in further mitigating the impact will be undertaken frequently over the coming periods.

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 Operations CIC 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.

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 Operations CIC 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.

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 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 Operations CIC 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.

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:

- Properties are held at a trustees' fair value valuation with an independent valuation on completion and on a regular basis thereafter. There is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself.
- 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.
- The provision for bad and doubtful debts inherently involves a degree of estimation uncertainty however is based on tenant knowledge and historic information.

(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.

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 £126,875 (*2020: £125,000*), car allowance of £12,688 (*2020: £12,500*) and employer pension contributions of £13,956 (*2020: £13,750*). Expenses were paid to the Trustees in the year totalling £306 (*2020: £1,411)*. These expenses were made up of 2 trustees (*2020: 2 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.

3 Other income

	Group 2021 £'000	**Trust 2021 £'000**	Group 2020 £'000	Trust 2020 £'000
Other	**-**	**-**	(3)	(3)
City of Edinburgh Council – S75 payment	**-**	**-**	147	-
Reversal of provision on tangible fixed assets	**-**	**-**	10	-
	-	**-**	154	(3)

4 Expenditure analysis

4.1 Raising funds – Trading subsidiaries' costs

GROUP	**2021 £'000**	2020 £'000
Direct expenses	**46**	35
Administrative expenses	**40**	11
Corporation tax charge	**-**	35
	86	81

Notes to the Accounts *(continued)* for the year ended 31 March 2021

4 Expenditure analysis *(continued)*

4.2 Charitable activities

GROUP - 2021	Allocation Basis	Housing provision £'000	Support – Governance £'000	Other support £'000	Total Support £'000	Total 2021 £'000
Properties costs	Direct	**663**				**663**
Depreciation	Staff time	**7**	**-**	**3**	**3**	**10**
Other costs	Mixed	**80**	**29**	**63**	**92**	**172**
Finance costs	Staff time	**143**	**-**	**-**	**-**	**143**
Interest on borrowings	Direct	**1,033**	**-**	**-**	**-**	**1,033**
Staff costs	Staff time	**347**	**57**	**173**	**230**	**577**
Total 2021		**2,273**	**86**	**239**	**325**	**2,598**

GROUP - 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	64	25	52	77	141
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		2,180	82	212	294	2,474

4 Expenditure analysis *(continued)*

4.2 Charitable activities

TRUST - 2021	Allocation Basis	Housing provision £'000	Support – Governance £'000	Other support £'000	Total Support £'000	Total 2021 £'000
Properties costs	Direct	**663**	-	-	-	**663**
Depreciation	Staff time	**7**	-	**3**	**3**	**10**
Other costs	Mixed	**86**	**22**	**66**	**88**	**174**
Finance costs	Staff time	**143**	-	-	-	**143**
Interest on borrowings	Direct	**1,033**	-	-	-	**1,033**
Staff costs	Staff time	**347**	**57**	**173**	**230**	**577**
Total 2021		**2,279**	**79**	**242**	**321**	**2,600**

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

4 Expenditure analysis *(continued)*

4.3 Governance cost:

	Group 2021 £'000	**Trust 2021 £'000**	Group 2020 £'000	Trust 2020 £'000
Trustee expenses	**-**	**-**	1	1
Auditors' remuneration	**18**	**11**	18	11
Legal and professional	**11**	**11**	6	6
Support costs	**57**	**57**	57	57
	86	**79**	82	75

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

	2021 £'000	2020 £'000
Salaries and wages	**624**	519
Social Security costs	**69**	57
Pension contributions	**63**	52
Total	**756**	628

The average number of employees during the year was 14 (*2020: 12*).

There were £8,851 *(2020: £5,569)* 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 £349,859 (*2020: £332,511*).

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

	2021 No	2020 No
£130,000-£139,999	**1**	1
£90,000 - £99,999	**1**	-
£80,000 - £89,999	**-**	1
£70,000 - £79,999	**-**	-
£60,000 - £69,999	**2**	-

6. Auditors' remuneration

	Group 2021 £'000	**Trust 2021 £'000**	Group 2020 £'000	Trust 2020 £'000
Audit fee	**18**	**11**	18	11

7. Tangible fixed assets – Properties

GROUP - 2021	Investment Properties £'000	Completed Properties £'000	Properties Under Construction £'000	Total £'000
Cost or valuation				
At 1 April 2020	150	68,948	4,253	73,351
Additions	-	**114**	**8,495**	**8,609**
Transfers	-	**5,320**	**(5,320)**	-
Revaluation	-	**3,234**	-	**3,234**
At 31 March 2021	**150**	**77,616**	**7,428**	**85,194**
Depreciation				
At 1 April 2020 and 31 March 2021	-	-	-	-
Net book value at 31 March 2020	150	68,948	4,253	73,351
Net book value at 31 March 2021	**150**	**77,616**	**7,428**	**85,194**

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 Operations CIC in favour of the Trust in respect of a loan provided to the CIC by the Trust. A Standard Security over Wester Cowden, Jim Bush Drive, Ford's Road 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 properties were subject to valuations undertaken by independent professional valuers in line with the Royal Institute of Chartered Surveyors Valuation guidance. The original cost of these properties is £66,806,877 (*2020: £64,184,000*). Valuations have been performed by Savills, JLL and Frank Knight.

The amounts above include £1,268,324 *(2020: £978,000)* of borrowing costs capitalised at a weighted average cost of capital.

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

TRUST - 2021	Completed Properties £'000	Properties Under Construction £'000	Total £'000
Cost or valuation			
At 1 April 2020	68,098	2,796	70,894
Additions	**114**	**7,874**	**7,988**
Transfers	**5,320**	**(5,320)**	**-**
Revaluation	**3,234**	**-**	**3,234**
At 31 March 2021	**76,766**	**5,350**	**82,116**
Depreciation			
At 1 April 2020 and 31 March 2021	**-**	**-**	**-**
Net book value at 31 March 2020	68,098	2,796	70,894
Net book value at 31 March 2021	**76,766**	**5,350**	**82,116**

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 properties were subject to valuations undertaken by independent professional valuers in line with the Royal Institute of Chartered Surveyors Valuation guidance. The original cost of these properties is £66,806,877 *(2020: £64,184,000)*. Valuations have been performed by Savills, JLL and Frank Knight.

The amounts above include £1,268,324 *(2020: £978,000)* of borrowing costs capitalised at a weighted average cost of capital.

8. Tangible fixed assets - Others

GROUP - 2021	Fixtures, fittings and computer equipment £'000
Cost	
At 1 April 2020	44
Additions	27
At 31 March 2021	**71**
Depreciation	
At 1 April 20200	23
Depreciation	13
At 31 March 2021	**36**
Net book value at 31 March 2020	21
Net book value at 31 March 2021	**35**

TRUST - 2021	Fixtures, fittings and computer equipment £'000
Cost	
At 1 April 2020	42
Additions	13
At 31 March 2021	**55**
Depreciation	
At 1 April 2020	23
Depreciation	10
At 31 March 2021	**33**
Net book value at 31 March 2020	19
Net book value at 31 March 2021	**22**

9. Investments

Lar Housing Trust has 100% investment in Lar Operations CIC, SC591592, a Community Interest Company registered in Scotland. The value of the share capital is £100. Lar Operations CIC 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 Operations CIC's results and net assets for the period to 31 March were as follows:

	2021	2020
	£'000	£'000
Sales	**132**	124
Expenditure	**(82)**	(54)
Net interest	**(31)**	(34)
Amounts written off fixed assets	**-**	-
Fair value movement on investment property	**-**	-
Reversal of provision on fixed assets	**-**	10
Tax	**(2)**	(8)
Profit for the period	**17**	38
Net assets	**87**	70

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

	2021	2020
	£'000	£'000
Other income	**9**	147
Expenditure	**(18)**	(7)
Tax	**2**	(27)
Profit/(loss) for the period	**(7)**	113
Net assets	**106**	113

10. Debtors

	Group 2021 £'000	Trust 2021 £'000	Group 2020 £'000	Trust 2020 £'000
Trade debtors	**110**	**68**	35	27
Other debtors	**28**	**-**	358	237
Prepayments	**754**	**752**	797	796
Amount owed by subsidiaries - loans	**-**	**3,025**	-	2,490
Amount owed by subsidiaries - other	**-**	**147**	-	19
Total	**892**	**3,992**	1,190	3,569

Within the Trust, amounts owed by subsidiaries include £1,030,268 (2020: £1,707,319) due in more than one year.

11. Analysis of Current Liabilities and Long-Term Creditors

Creditors under one year	Group 2021 £'000	Trust 2021 £'000	Group 2020 £'000	Trust 2020 £'000
Trade creditors	**389**	**302**	425	403
Other creditors	**16**	**11**	130	7
Accruals and deferred income	**421**	**410**	1,224	1,195
Taxation and Social Security costs	**34**	**30**	66	21
Amounts owed to subsidiaries - other	**-**	**100**	-	-
Total	**860**	**853**	1,845	1,626

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 2021 £'000	Trust 2021 £'000
Deferred income at 1 April 2020	**86**	**81**
Released in the year	**(86)**	**(81)**
Deferred in the year	**85**	**81**
Deferred income at 31 March 2021	**85**	**81**

Creditors over one year	Group and Trust 2021 £'000	Group and Trust 2020 £'000
Concessionary loan	**55,000**	55,000
Bank loan	**65,000**	65,000
Total	**120,000**	120,000

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 instalments 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	Other provisions	Total
	£'000	£'000	£'000
2021			
Balance at 1 April 2020	**12**	**-**	**12**
Charge for the year	-	-	-
Balance at 31 March 2021	**12**	**-**	**12**

	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

Deferred tax relates to revaluation gain on a commercial property held by the Lar Operations CIC

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 to 31 March 2020 following the tenant vacating the property and releasing the company from its obligation.

13. Analysis of Trust Funds

GROUP

Analysis of fund movements – 2021

	Balance b/fwd £'000	Income £'000	Expenditure £'000	Transfers £'000	Valuation movement (net of tax) £'000	Fund c/fwd £'000
Unrestricted funds						
General funds	406	**3,763**	**(2,556)**	**(523)**	-	**1,090**
Designated funds	779	-	**(128)**	**523**	-	**1,174**
Non-distributable reserve	51	-	-	-	-	**51**
Property revaluation reserve	6,729	-	-	-	**3,234**	**9,963**
Total	7,965	**3,763**	**(2,684)**	-	**3,234**	**12,278**

GROUP

Analysis of fund movements – 2020

	Balance b/fwd £'000	Income £'000	Expenditure £'000	Transfers £'000	Valuation movement (net of tax) £'000	Fund c/fwd £'000
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

13. Analysis of Trust Funds *(continued)*

TRUST

Analysis of fund movements – 2021

	Balance b/fwd £'000	Income £'000	Expenditure £'000	Transfers £'000	Valuation movement (net of tax) £'000	Fund c/fwd £'000
Unrestricted funds						
General funds	302	**3,738**	**(2,472)**	**(523)**	-	**1,045**
Designated funds	779		**(128)**	**523**	-	**1,174**
Property revaluation reserve	6,726	-	-		**3,234**	**9,960**
Total	7,807	**3,738**	**(2,600)**	-	**3,234**	**12,179**

TRUST

Analysis of fund movements – 2020

	Balance b/fwd £'000	Income £'000	Expenditure £'000	Transfers £'000	Valuation movement (net of tax) £'000	Fund c/fwd £'000
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

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. The non-distributable reserve relates to the revaluation gain on property held by Lar Operations CIC

13. Analysis of Trust Funds *(continued)*

Analysis of net asset between funds

GROUP	Unrestricted Funds (including Property Revaluation Reserve) 2021 £'000	Unrestricted Funds (including Property Revaluation Reserve) 2020 £'000
Tangible fixed assets	**85,229**	73,372
Net current assets	**47,061**	54,605
Creditors: Amounts falling due after more than one year	**(120,000)**	(120,000)
Provisions	**(12)**	(12)
Total funds	**12,278**	7,965

Analysis of net asset between funds

TRUST	Unrestricted Funds (including Property Revaluation Reserve) 2021 £'000	Unrestricted Funds (including Property Revaluation Reserve) 2020 £'000
Tangible fixed assets	**82,138**	70,912
Net current assets	**50,041**	56,895
Creditors: Amounts falling due after more than one year	**(120,000)**	(120,000)
Total funds	**12,179**	7,807

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

GROUP	2021 £'000	2020 £'000
Net movement in funds	**4,313**	897
Less: Investment income	**(90)**	(409)
Add back: Depreciation charge	**13**	7
Add back: Loss on fixed assets disposal	**-**	-
Add back: Interest paid	**1,033**	1,378
Add: Gains/(losses) on tangible fixed asset valuation	**(3,234)**	(421)
(Increase) / decrease in debtors	**285**	(304)
(Decrease) / increase in creditors	**(985)**	776
Increase / (decrease) in provisions	**-**	(9)
Net cash provided by operating activities	**1,335**	1,915

TRUST	2021 £'000	2020 £'000
Net movement in funds	**4,372**	771
Less: Investment income	**(182)**	(476)
Add back: Depreciation charge	**10**	7
Add back: Interest paid	**1,033**	1,378
Add: Gains/(losses) on tangible fixed asset valuation	**(3,234)**	(422)
(Increase) / decrease in debtors	**112**	(203)
(Decrease) / increase in creditors	**(773)**	598
Net cash provided by operating activities	**1,338**	1,653

15 Capital commitments

	Group 2021 £'000	Trust 2021 £'000	Group 2020 £'000	Trust 2020 £'000
Capital commitments	**37,700**	**37,700**	30,009	4,037

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

16 Leasing commitments

Future minimum operating lease payments are as follows:

	Group 2021 £'000	Trust 2021 £'000	Group 2020 £'000	Trust 2020 £'000
No later than one year	**7**	**22**	7	21
Between 1 and 5 years	**-**	**3**	7	25
	7	**25**	14	46
Lease payments recognised as an expense	**7**	**21**	6	20

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 2021 £'000	Trust 2021 £'000	Group 2020 £'000	Trust 2020 £'000
No later than one year	**420**	**328**	354	288
Between 1 and 5 years	**131**	**-**	137	-
	551	**328**	491	288