

Lar Housing Trust

Report and Consolidated Financial Statements

Year Ended: 31st March 2022



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 2022. 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.

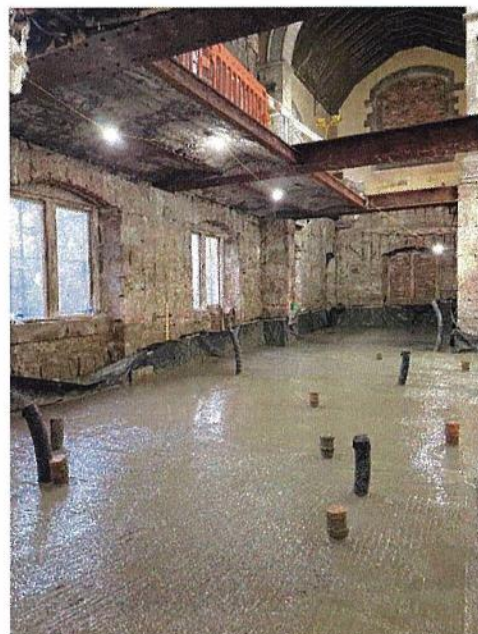
These objectives are to be achieved through providing and/or assisting in the provision of housing for rent at affordable levels and (as ancillary to those primary activities), assisting (whether financially or otherwise) with the development or improvement of public open space, and/or other public amenities 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

Financial year 2021-22 finished with a cost of living crisis beginning to unfold, rising interest rates, weakened sterling, political instability, war within Europe and the aftermath of the pandemic still having a devastating effect on many Scottish lives.

Operationally, it has been an extremely challenging year, particularly for construction but despite the uncertainties, Lar has experienced significant growth and development. In particular Lar has scaled up its construction capabilities through its wholly owned subsidiary, Lar Projects Limited, taking on the site at St Kentigern's Church, in Fountainbridge Edinburgh as main contractor and directly employing site staff, in addition to office based construction personnel.



Trustees' Report *(continued)*

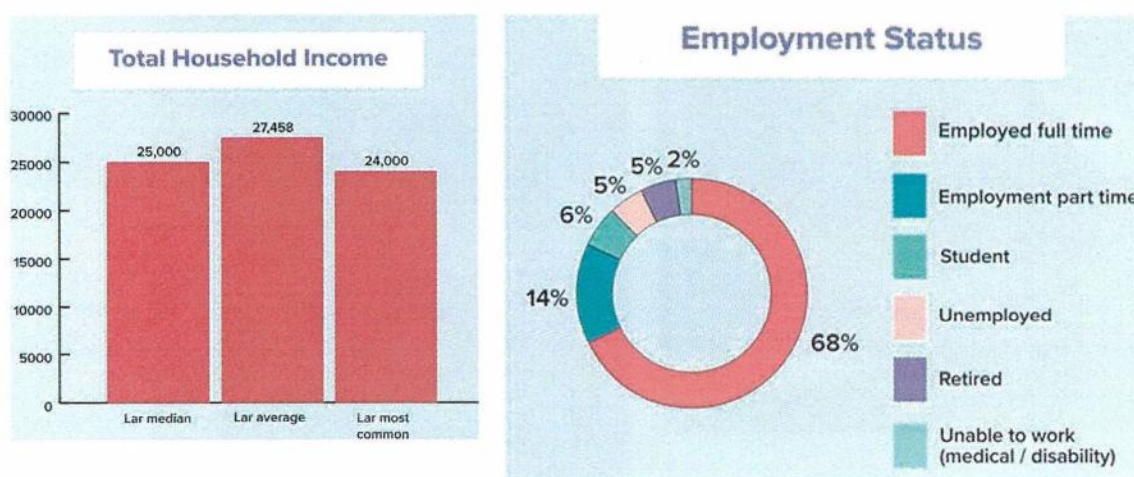
This project was progressing well at the year end and we are delighted to have been able to provide ground source heating in this very tight city centre site. It is hoped that this project will be completed during financial year 2022-23 and will provide exceptional bespoke homes in an area of Scotland that is desperately in need of affordable homes.

Reuse and regeneration continue to be key to Lar's ethos and values. In furtherance of this strategy, Lar purchased an extensive 16 acre site, the former naval barracks at Port Edgar in South Queensferry in September 2021. This project will not only see important historical buildings being retained, but also features significant community engagement, higher education opportunities and partnerships and a strong focus on working with the community to ensure that Lar's homes allow people to put down roots and remain in their local area. Community facilities, including a café, meeting-room and workshop for the Men's Shed charity will be provided within the completed buildings and operated within the auspices of the Lar Group. Lar also purchased a large semi-derelict site in Ruchill, Glasgow consisting of c.2.5 acres in a highly built up area of the City and post year-end secured planning permission to provide 39 flats within the existing envelope of a key building on the site. Construction commenced within one week of planning being granted and we are very excited to be regenerating this key site in close consultation with Glasgow City Council, local Counsellors and community groups.

At year end, the Lar Group had 12 construction sites under its control (in addition to 29 completed developments) and through Lar Projects Limited, the Lar Group is thus developing a highly sustainable and interesting portfolio of sites that will transform the areas in which they are located. Once construction is completed and acting through Lar Operations CIC, we are creating additional community facilities, such as cafés and meeting rooms. We are also bringing more of the local community into our sites with spaces for other adult and children's charities, walking and cycling paths and areas to explore. We are also celebrating the historical connections that our projects make with the past uses of the buildings which we are saving and converting and are indebted to Shelter, Empty Homes Partnership, SURF, Historic Environment Scotland and others for the interest that they have shown in our developments and the advice and support that they have given.

In terms of operations, Lar started the year with the purchase of 89 mid market homes in Telford, Edinburgh from City of Edinburgh Council, thus ensuring that a large number of homes are kept within the affordable sector. This development takes Lar's completed unit numbers in the City up to 182 homes, in addition to a number of other sites which are in construction. As such, during the year and through Lar Operations CIC, the Lar Group has taken on more of its own operational staff covering cleaning, repairs and handy-person services, thus ensuring that we can provide a quicker, proactive service to our tenants across the Lothians.

Much work has been carried out to further understand our tenant groups and it is heartening to see in real time data, how Lar is meeting its charitable purpose. In particular, Lar continues to assist those households that are most in need and at the lower end of our Target Tenant Groups, as is highlighted in the following graphs.



Trustees' Report *(continued)*

It is a sobering statistic that 34% of Lar's tenants are within the lowest income quartile, despite all homes being let as mid-market rent units.

We look forward to continuing to work with our tenants to ensure that the homes and services which Lar provides meets their needs. This is particularly important at this time, given the uncertainty and cost of living crisis which will inevitably affect those on lower incomes more acutely than the rest of the population.

Financial Review

For the year ended 31st March 2022, Lar Housing Trust posted a surplus of £1,577,000 (*2021: surplus of £1,138,000*) and a gain in valuation of £4,636,000 (*2021: gain of £3,234,000*). This increased reserves from £12,179,000 to £18,392,000. The Lar Group posted a surplus of £1,444,000 (*2021: surplus of £1,079,000*) and a gain in valuation of £4,686,000 (*2021: gain of £3,234,000*). This increased reserves from £12,278,000 to £18,408,000. 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.

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 the war in Ukraine, Covid-19 and shortages of supplies and staff related to Brexit and the cost of living crisis;.

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 the cost of living crisis; the effects on the employment prospects and mental health of tenants resulting from the pandemic and general down-turn of the economy; 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 setting aside reserves to enable Lar to maintain the attractiveness of its properties and service Senior Debt repayments; 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 continuing to cement 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;

Trustees' Report *(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 £18,408,000 (2021: £12,278,000) of unrestricted reserves. Of these, £1,787,000 (2021: £1,174,000) were designated: these funds cover forecasted future maintenance and lifecycle costs following professional advice on lifecycle replacement and scheduled debt repayments over the following 12-month period which are reserved on a quarterly basis from rental income. 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.

Long-standing Trustee, Pamela Woodburn left the board at the beginning of the financial year with our grateful thanks for the dedication, guidance and help she has provided to the board and executive team since her assumption as Trustee in 2015. One new Trustee was warmly welcomed to the board during the year, former presiding officer Ken Macintosh, who brings with him a wealth of experience in political, broadcasting and other fields.

A thorough induction process is carried out for Trustees with training and information given prior to their appointment (including visiting Lar's developments and meeting beneficiaries (so far as is possible, given Covid restrictions)).

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

Philip Rodney, Chair
Ann Leslie, Executive Trustee
Andrew Bruce, Partner Trustee
Pamela Woodburn (resigned April 2021)
Rani Dhir (died, January 2022)
Alan Seabourne
David Lee
Karen Murray
Douglas Griffin
Monica Gupta
Ken Macintosh (appointed July 2021)

Chief Executive

Ann Leslie

Principal Office

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

Brodies
110 Queen Street
Glasgow
G1 3BX

Company Secretary

TC Young Solicitors
Merchants' House of Glasgow
Glasgow
G2 1BA

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 operation.

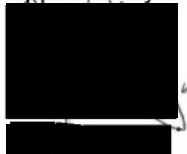
The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities 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 'parent charity') and its subsidiaries ('the group') for the year ended 31 March 2022 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 and parent charity's affairs as at 31 March 2022 and of the group's and the parent charity's incoming resources and application of resources, including the group's and parent charity's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 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 and parent charity 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 group's or parent charity'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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 parent charity 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 Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept by the parent charity, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity 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 set out on page 9, 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 and parent charity'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

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act.

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

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

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:

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 Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

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

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- 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.

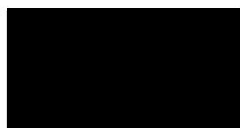
Auditor's responsibilities for the audit of the financial statements *(continued)*

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 recognise 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.

Use of our 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

7 November 2022

Lar Housing Trust

Consolidated Statement of Financial Activities For the Year ending 31 March 2022

	Note	Unrestricted Funds		Total Funds	Unrestricted Funds		Total Funds
		General	Designated	2022	General	Designated	2021
		£'000	£'000	£'000	£'000	£'000	£'000
Income from:							
Charitable activities:							
Rental properties		4,630	-	4,630	3,550	-	3,550
Other trading activities							
- Trading subsidiaries' income		139	-	139	123	-	123
Investments – Bank interest		5	-	5	90	-	90
Other income		1	-	1	-	-	-
Total income	12	4,775	-	4,775	3,763	-	3,763
Expenditure on:							
Raising funds – Trading subsidiaries' costs	3	(151)	-	(151)	(86)	-	(86)
Charitable activities	3	(2,729)	(454)	(3,183)	(2,470)	(128)	(2,598)
Total expenditure	12	(2,880)	(454)	(3,334)	(2,556)	(128)	(2,684)
Net Income/(expenditure)		1,901	(454)	1,441	1,207	(128)	1,079
Transfers between funds	12	(1,067)	1,067	-	(523)	523	-
Other recognised gains/(losses)							
Net gains/(losses) on fixed asset revaluation	12	4,686	-	4,686	3,234	-	3,234
Net movement in funds		5,514	613	6,127	3,918	395	4,313
Total funds brought forward		11,104	1,174	12,278	7,186	779	7,965
Total funds carried forward		16,617	1,787	18,405	11,104	1,174	12,278

Lar Housing Trust

Trust Statement of Financial Activities For the Year ending 31 March 2022

		Unrestricted Funds	Total Funds		Unrestricted Funds	Total Funds	
	Note	General £'000	Designated £'000	2022 £'000	General £'000	Designated £'000	2021 £'000
Income from:							
Charitable activities:							
Rental properties		4,630	-	4,630	3,550	-	3,550
Investments:							
Bank interest		5	-	5	90	-	90
Interest on loans to subsidiaries		127	-	127	92	-	92
Other income							
Management recharges from subsidiaries		-	-	-	6	-	6
Other		1	-	1	-	-	-
Total income	12	4,763	-	4,763	3,738	-	3,738
Expenditure on:							
Charitable activities	3	(2,732)	(454)	(3,186)	(2,472)	(128)	(2,600)
Total expenditure	12	(2,732)	(454)	(3,186)	(2,472)	(128)	(2,600)
Net Income/(Expenditure)		2,031	(454)	1,577	1,266	(128)	1,138
Transfers between funds	12	(1,067)	1,067	-	(523)	523	-
Other recognised gains/(losses)							
Net gains/(losses) on fixed asset revaluation	12	4,636	-	4,636	3,234	-	3,234
Net movement in funds		5,600	613	6,213	3,977	395	4,372
Total funds brought forward		11,005	1,174	12,179	7,028	779	7,807
Total funds carried forward		16,605	1,787	18,392	11,005	1,174	12,179

Lar Housing Trust
Consolidated Balance Sheet
as at 31 March 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Tangible assets – Investment properties	6	150	150
Tangible assets – Properties	6	105,959	85,044
Tangible assets – Others	7	87	35
Total fixed assets		106,196	85,229
Current assets			
Cash at bank and in hand		32,071	47,029
Debtors	9	952	892
Total current assets		33,023	47,921
Liabilities			
Creditors falling due within one year	10	(1,503)	(860)
Total current liabilities		(1,503)	(860)
Net current assets		31,520	47,061
Total assets less current liabilities		137,716	132,290
Creditors: Amounts falling due after more than one year	10	(119,280)	(120,000)
Provisions	11	(31)	(12)
Net assets		18,405	12,278
Funds			
Unrestricted funds			
General funds	12	1,918	1,090
Designated funds	12	1,787	1,174
Property revaluation reserve	12	14,599	9,963
Non-distributable reserve	12	101	51
Total funds		18,405	12,278

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 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Tangible assets – Properties	6	101,277	82,116
Tangible assets – Others	7	23	22
Total fixed assets		101,300	82,138
Investments	8	-	-
Current assets			
Cash at bank and in hand		31,776	46,902
Debtors	9	5,592	3,992
Total current assets		37,368	50,894
Liabilities			
Creditors falling due within one year	10	(996)	(853)
Total current liabilities		(996)	(853)
Net current assets		36,372	50,041
Total assets less current liabilities		137,672	132,179
Creditors: Amounts falling due after more than one year	10	(119,280)	(120,000)
Net assets		18,392	12,179
Funds			
Unrestricted funds			
General funds	12	2,009	1,045
Designated funds	12	1,787	1,174
Property revaluation reserve	12	14,596	9,960
Total funds		18,392	12,179

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 2022

	Note	2022 £'000	2021 £'000
Net cash provided by/(used in) operating activities	13	2,191	1,335
Cash flows from investing activities			
Purchase of property tangible fixed assets		(16,229)	(8,609)
Purchase of other tangible fixed assets		(70)	(14)
Investment income		5	90
Net cash used in investing activities		(16,294)	(8,533)
Cash flows from financing activities			
Loans received		-	-
Interest paid		(855)	(1,033)
Net cash provided by financing activities		(855)	(1,033)
Change in cash and cash equivalents in the year		(14,958)	(8,231)
Cash and cash equivalents brought forward		47,029	55,260
Cash and cash equivalents carried forward		32,071	47,029
		2022 £000	2021 £000
Reconciliation of net cash flow to movement in net debt			
Increase / (decrease) in cash in the year		(14,958)	(8,231)
Cash inflow from financing		-	-
Movement in net funds in the year		(14,958)	(8,231)
Net debt at the start of the year		(72,971)	(64,740)
Net debt at the end of the year		(87,929)	(72,971)

Lar Housing Trust

Trust Statement of Cash Flows as at 31 March 2022

	Note	2022 £'000	2021 £'000
Net cash provided by/(used in) operating activities	13	1,718	1,338
Cash flows from investing activities			
Purchase of property tangible fixed assets		(14,525)	(7,988)
Purchase of other tangible fixed assets		(12)	(13)
Investment income		132	182
Loans advanced to subsidiaries		(1,584)	(535)
Capital repayments on loans to subsidiaries		-	-
Net cash used in investing activities		(15,989)	(8,354)
Cash flows from financing activities			
Loans received		-	-
Interest paid		(855)	(1,033)
Net cash provided by financing activities		(855)	(1,033)
Change in cash and cash equivalents in the year		(15,126)	(8,049)
Cash and cash equivalents brought forward		46,902	54,951
Cash and cash equivalents carried forward		31,776	46,902
		2022 £000	2021 £000
Reconciliation of net cash flow to movement in net debt			
Increase / (decrease) in cash in the year		(15,126)	(8,049)
Cash inflow from financing		-	-
Movement in net funds in the year		(15,126)	(8,049)
Net debt at the start of the year		(73,098)	(65,049)
Net debt at the end of the year		(88,224)	(73,098)

Lar Housing Trust

Notes to the Accounts

For the year ended 31 March 2022

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 8PL.

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 effects of the 2020-21 COVID-19 pandemic, current economic turbulence and global uncertainties have had a significant impact on the Trust's trading environment. In response to the current economic uncertainties, 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. The Trustees of Lar and the Directors of its subsidiaries have taken into consideration the ongoing cost of living crisis and are of the view that it is unlikely to have a significant impact on the operation of Lar and its subsidiaries taking into account the group's financial structure and the make-up of its stock of units and tenants.

The lack of supply and increases in the cost of materials have resulted in delays to properties under development and will impact future completion dates and costs. Remaining Pipeline sites are progressing well and due to be completed by summer of 2023.

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.

Lar Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2022

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 (f) 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 2022

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.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the net income/(expenditure) for the year.

(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 2022

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) Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or provide termination benefits.

(p) 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 3.

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.

(q) Leases

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

(r) 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.

(s) 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 Trustees 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.

Lar Housing Trust

Notes to the Accounts *(continued)* For the year ended 31 March 2022

Accounting policies *(continued)*

(t) Taxation

The Trust is recognised 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.

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 or Managing Director of Lar Projects Limited. The Chief Executive, Ann Leslie, was paid gross salary of £137,636 (2021: £126,875), car allowance of £12,764 (2021: £12,688) and employer pension contributions of £14,040 (2021: £13,956). Expenses were paid to the Trustees in the year totalling £632 (2021: £306). These expenses were made up of 2 trustees (2021: 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.

Lar Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2022

3 Expenditure analysis

3.1 Raising funds – Trading subsidiaries' costs

	2022	2021
GROUP	£'000	£'000
Direct expenses	46	46
Administrative expenses	79	40
Corporation tax charge	26	-
	151	86

Lar Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2022

3 Expenditure analysis *(continued)*

3.2 Charitable activities

GROUP - 2022	Allocation Basis	Housing provision £'000	Support – Governance £'000	Other support £'000	Total Support £'000	Total 2022 £'000
Properties costs	Direct	1,371	-	-	-	1,371
Depreciation	Staff time	8	-	3	3	11
Other costs	Mixed	109	46	58	104	213
Finance costs	Staff time	87	-	-	-	87
Interest on borrowings	Direct	855	-	-	-	855
Staff costs	Staff time	398	61	187	248	646
Total 2022		2,828	107	248	355	3,183

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

Lar Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2022

3 Expenditure analysis *(continued)*

3.2 Charitable activities

TRUST - 2022	Allocation Basis	Housing provision £'000	Support – Governance £'000	Other support £'000	Total Support £'000	Total 2022 £'000
Properties costs	Direct	1,371	-	-	-	1,371
Depreciation	Staff time	8	-	3	3	11
Other costs	Mixed	120	37	59	96	216
Finance costs	Staff time	87	-	-	-	87
Interest on borrowings	Direct	855	-	-	-	855
Staff costs	Staff time	398	61	187	248	646
Total 2022		2,839	98	249	347	3,186
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

Lar Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2022

3 Expenditure analysis *(continued)*

3.3 Governance cost:

	Group 2022 £'000	Trust 2022 £'000	Group 2021 £'000	Trust 2021 £'000
Trustee expenses	-	-	-	-
Auditors' remuneration (note 5)	21	14	18	11
Legal and professional	25	23	11	11
Support costs	61	61	57	57
	107	98	86	79

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

	2022 £'000	2021 £'000
Salaries and wages	766	624
Social Security costs	84	69
Pension contributions	76	63
Total	926	756

The average number of employees during the year was 18 (2021: 14).

There were £11,275 (2021: £8,851) 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, Operations Director (till July 2021), and the Directors of the subsidiaries. The total employment benefits including employer pension contributions of the key executive team were £514,182 (2021: £349,859).

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

	2022 No	2021 No
£150,000-£159,000	1	-
£130,000-£139,999	-	1
£100,000-£109,999	1	-
£90,000 - £99,999	-	1
£80,000 - £89,999	-	-
£70,000 - £79,999	2	-
£60,000 - £69,999	-	2

5. Auditors' remuneration

	Group 2022 £'000	Trust 2022 £'000	Group 2021 £'000	Trust 2021 £'000
Audit fee	21	14	18	11

Lar Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2022

6. Tangible fixed assets – Properties

GROUP - 2022	Investment Properties £'000	Completed Properties £'000	Properties Under Construction £'000	Total £'000
Cost or valuation				
At 1 April 2021	150	77,616	7,428	85,194
Additions	-	18	16,211	16,229
Transfers	-	12,407	(12,407)	-
Revaluation	-	4,686	-	4,686
At 31 March 2022	150	94,727	11,232	106,109
Depreciation				
At 1 April 2021 and 31 March 2022	-	-	-	-
Net book value at 31 March 2021	150	77,616	7,428	85,194
Net book value at 31 March 2022	150	94,727	11,232	106,109

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 £79,231,380 (2021: £66,806,877). Valuations have been performed by Savills, JLL and Frank Knight.

The amounts above include £1,502,191 (2021: £1,268,324) of borrowing costs capitalised during the period at a weighted average cost of capital.

Lar Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2022

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

TRUST - 2022	Completed Properties £'000	Properties Under Construction £'000	Total £'000
Cost or valuation			
At 1 April 2021	76,766	5,350	82,116
Additions	18	14,507	14,525
Transfers	12,407	(12,407)	-
Revaluation	4,636	-	4,636
At 31 March 2022	93,827	7,450	101,277
Depreciation			
At 1 April 2021 and 31 March 2022	-	-	-
Net book value at 31 March 2021	76,766	5,350	82,116
Net book value at 31 March 2022	93,827	7,450	101,277

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 £79,231,380 (2021: £66,806,877). Valuations have been performed by Savills, JLL and Frank Knight.

The amounts above include £1,502,191 (2021: £1,268,324) of borrowing costs capitalised during the period at a weighted average cost of capital.

Lar Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2022

7. Tangible fixed assets - Others

GROUP - 2022

Cost

At 1 April 2021

Additions

At 31 March 2022

Depreciation

At 1 April 2021

Depreciation

At 31 March 2022

Net book value at 31 March 2021

Net book value at 31 March 2022

**Fixtures, fittings
and computer
equipment
£'000**

71

70

141

36

18

54

35

87

TRUST - 2022

Cost

At 1 April 2021

Additions

At 31 March 2022

Depreciation

At 1 April 2021

Depreciation

At 31 March 2022

Net book value at 31 March 2021

Net book value at 31 March 2022

**Fixtures, fittings
and computer
equipment
£'000**

55

12

67

33

11

44

22

23

Lar Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2022

8. 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 by 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 and to develop property for others.

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

	2022 £'000	2021 £'000
Sales	156	132
Expenditure	(102)	(82)
Net interest	(31)	(31)
Amounts written off fixed assets	-	-
Fair value movement on investment property	-	-
Reversal of provision on fixed assets	-	-
Tax	(8)	(2)
Profit for the period	15	17
Net assets	152	87

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

	2022 £'000	2021 £'000
Other income	100	9
Expenditure	(35)	(18)
Tax	14	2
Profit/(loss) for the period	79	(7)
Net assets	185	106

Lar Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2022

9. Debtors

	Group 2022 £'000	Trust 2022 £'000	Group 2021 £'000	Trust 2021 £'000
Trade debtors	112	80	110	68
Other debtors	84	-	28	-
Prepayments	756	735	754	752
Amount owed by subsidiaries - loans	-	4,609	-	3,025
Amount owed by subsidiaries - other	-	168	-	147
Total	952	5,592	892	3,992

Within the Trust, amounts owed by subsidiaries include £4,472,901 (2021: £1,030,268) due in more than one year.

10. Analysis of Current Liabilities and Long-Term Creditors

	Group 2022 £'000	Trust 2022 £'000	Group 2021 £'000	Trust 2021 £'000
Creditors under one year				
Trade creditors	510	75	389	302
Other creditors	29	8	16	11
Accruals and deferred income	202	154	421	410
Taxation and Social Security costs	42	39	34	30
Other borrowings	720	720	-	-
Amounts owed to subsidiaries - other	-	-	-	100
Total	1,503	996	860	853

Lar Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2022

10. 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 2022 £'000	Trust 2022 £'000
Deferred income at 1 April 2021	85	81
Released in the year	(85)	(81)
Deferred in the year	90	90
Deferred income at 31 March 2022	90	90

	Group and Trust 2022 £'000	Group and Trust 2021 £'000
Creditors over one year		
Concessionary loan	55,000	55,000
Bank loan	65,000	65,000
Total	119,280	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.

Lar Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2022

11 Provisions for liabilities

GROUP	Deferred taxation £'000	Other provisions £'000	Total £'000
2022			
Balance at 1 April 2021	12	-	12
Charge for the year	19	-	19
Balance at 31 March 2022	31	-	31
	Deferred taxation £'000	Other provisions £'000	Total £'000
2021			
Balance at 1 April 2019	12	-	12
Charge for the year	-	-	-
Balance at 31 March 2021	12	-	12

Deferred tax relates to revaluation gain on a commercial property held by Lar Operations CIC and accelerated capital allowances within the two subsidiaries.

Lar Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2022

12. Analysis of Trust Funds

GROUP

Analysis of fund movements – 2022

	Balance b/fwd £'000	Income £'000	Expenditure £'000	Transfers £'000	Valuation movement (net of tax) £'000	Fund c/fwd £'000
Unrestricted funds						
General funds	1,090	4,775	(2,880)	(1,067)	-	1,918
Designated funds	1,174	-	(454)	1,067	-	1,787
Non-distributable reserve	51	-	-	-	50	101
Property revaluation reserve	9,963	-	-	-	4,636	14,599
Total	12,278	4,775	(3,331)	-	4,686	18,408

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

Lar Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2022

12. Analysis of Trust Funds *(continued)*

TRUST

Analysis of fund movements – 2022

	Balance b/fwd £'000	Income £'000	Expenditure £'000	Transfers £'000	Valuation movement (net of tax) £'000	Fund c/fwd £'000
Unrestricted funds						
General funds	1,045	4,763	(2,732)	(1,067)	-	2,009
Designated funds	1,174	-	(454)	1,067	-	1,787
Property revaluation reserve	9,960	-	-	-	4,636	14,596
Total	12,179	4,763	(3,186)	-	4,636	18,392

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

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, and debt service obligations for the following 12-month period in accordance with the Trust's Debt Reserve Policy. The non-distributable reserve relates to the revaluation gain on property held by Lar Operations CIC.

Lar Housing Trust

Notes to the Accounts *(continued)* for the year ended 31 March 2022

12. Analysis of Trust Funds *(continued)*

Analysis of net asset between funds

	Unrestricted Funds (including Property Revaluation Reserve) 2022 £'000	Unrestricted Funds (including Property Revaluation Reserve) 2021 £'000
GROUP		
Tangible fixed assets	106,196	85,229
Net current assets	31,520	47,061
Creditors: Amounts falling due after more than one year	(119,280)	(120,000)
Provisions	(31)	(12)
Total funds	18,405	12,278

Analysis of net asset between funds

	Unrestricted Funds (including Property Revaluation Reserve) 2022 £'000	Unrestricted Funds (including Property Revaluation Reserve) 2021 £'000
TRUST		
Tangible fixed assets	101,300	82,138
Net current assets	36,372	50,041
Creditors: Amounts falling due after more than one year	(119,280)	(120,000)
Total funds	18,392	12,179

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Notes to the Accounts *(continued)* for the year ended 31 March 2022

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

	2022 £'000	2021 £'000
GROUP		
Net movement in funds	6,127	4,313
Less: Investment income	(5)	(90)
Add back: Depreciation charge	18	13
Add back: Loss on fixed assets disposal	-	-
Add back: Interest paid	855	1,033
Add: Gains/(losses) on tangible fixed asset valuation	(4,686)	(3,234)
(Increase) / decrease in debtors	(60)	285
(Decrease) / increase in creditors	(77)	(985)
Increase / (decrease) in provisions	19	-
Net cash provided by operating activities	2,191	1,335
	2022 £'000	2021 £'000
TRUST		
Net movement in funds	6,213	4,372
Less: Investment income	(132)	(182)
Add back: Depreciation charge	11	10
Add back: Interest paid	855	1,033
Add: Gains/(losses) on tangible fixed asset valuation	(4,636)	(3,234)
(Increase) / decrease in debtors	(16)	112
(Decrease) / increase in creditors	(577)	(773)
Net cash provided by operating activities	1,718	1,338

14 Capital commitments

	Group 2022 £'000	Trust 2022 £'000	Group 2021 £'000	Trust 2021 £'000
Capital commitments	17,323	17,323	37,700	37,700

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

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Notes to the Accounts *(continued)* for the year ended 31 March 2022

15 Leasing commitments

Future minimum operating lease payments are as follows:

	Group 2022 £'000	Trust 2022 £'000	Group 2021 £'000	Trust 2021 £'000
No later than one year	-	4	7	22
Between 1 and 5 years	-	-	-	3
	-	4	7	25
Lease payments recognised as an expense	7	23	7	21

16 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 2022 £'000	Trust 2022 £'000	Group 2021 £'000	Trust 2021 £'000
No later than one year	485	400	420	328
Between 1 and 5 years	160	-	131	-
	645	400	551	328