Lar Housing Trust

Annual Report and Consolidated Financial Statements

Year Ended: 31st March 2024

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

Contents

Trustees Report..... 3

Trustees' Responsibilities in Relation to the Financial Statements..... 7

Independent Auditor's Report to the Trustees of Lar Housing Trust..... 9

Consolidated Statement of Financial Activities..... 13

Statement of Financial Activities..... 14

Consolidated Balance Sheet..... 15

Balance Sheet..... 16

Consolidated Statement of Cash Flows..... 17

Statement of Cash Flows..... 18

Notes to the Financial Statements..... 19

Trustees' Report

Reference and Administrative Information

Trustees

Ken Macintosh, (appointed as chair 27 April 2023)
Philip Rodney, Chair (resigned 27 April 2023)
Ann Leslie, Executive Trustee
Alan Seabourne
Christa Reekie
David Lee (resigned 27 April 2023)
Douglas Griffin
Karen Murray
Mikko Ramstedt (appointed 25 July 2024)
Monica Gupta
Neil Rutherford, Partner Trustee (appointed 20 October 2023)

Chief Executive

Ann Leslie

Secretary

Andrew Cowan

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
75 George Street
Edinburgh
EH2 3EW

Solicitors

Brodies
110 Queen Street
Glasgow
G1 3BX

Company Secretary

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

Trustees' Report (continued)

The Trustees present their annual report and financial statements for Lar Housing Trust ("**Lar**") for the year ended 31st March 2024. The financial statements have been prepared in accordance with the accounting policies set out in note 1 of the financial statements 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 Charites: 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

The financial year ended 31 March 2024 was a very good year for Lar and our tenants across the board as we approached the conclusion of phase 1 of our programme.

With the completion of our 754th home shortly after the financial year end, we have substantially over-delivered against all of our targets set by the Scottish Government, providing further proof that Lar's wholly loan based funding model can succeed in the Mid-Market Rent environment without the aid of traditional grant funding. Lar's model is one that delivers for tenants in need, and one which our tenants themselves really value in the midst of a housing crisis. The Trustees recognise that the ongoing delivery of Lar's activities is down to its excellent staff team, to which they wish to express their thanks for another successful year.

During the period, Lar Housing Trust's portfolio of operational units increased to 740 through the completion of Jim Bush Drive, Gardiner Square, the Willows and our second partnership development with the Edinburgh Health and Social Care Partnership at Ford's Road which also won the Inside Housing UK *Partnership of the Year* award. A net gain on valuation was achieved on units completed in the year, as detailed under the 'Financial Review' section.

In terms of operational performance during the period, Lar achieved void levels at 0.18% for the year, bad debt at 0.42% for the year and 100% compliance testing and repairs exceeding the 95% time target set by the board. Customer satisfaction was also recorded as 4.62/5, with many encouraging and kind anecdotal comments and communications received from tenants. These results are a testament to the outstanding performance of Lar's inhouse property management team.

Overall, Lar has made considerable strides during the year to build up its inhouse capacities for both construction and operation, with staff numbers rising from 33 to 37 during the financial year. Lar is now a well-established organisation with a growth strategy which will enable it to continue past the first phase of its operations and to further extend its charitable reach.

In addition to the four construction completions executed during the period, Lar reached a significant milestone by completing its last phase 1 development shortly after the financial year end. Lar's Rope Walk development at Fountainbridge, Edinburgh, was officially opened on the 6th of June which

Trustees' Report (continued)

Achievements and Performance (continued)

closed off phase 1, bringing the total homes owned to 754 units. Whilst a milestone development, it faced significant delays in particular due to planning and covid, leading to increased cost and Lar recognising an impairment loss in the year.

Lar was established in 2015 as a pathfinder start-up organisation, to ascertain whether affordable homes could be built using solely loan finance, rather than more traditional grant finance. In order to do this, Lar was capitalised with £55m of seed funding from the Scottish Government at a 0.1% interest rate, fully repayable at the end of a normal 25 year mortgage term. In return for this capital, Lar was obliged to acquire 400 homes, secure matching investment with which to increase the number of affordable homes further and to provide a housing service. A Deed of Entrustment was also entered into between Lar and the Scottish Government to regulate operational aspects, such as maximum rent levels, rent increase limits and the target tenant group to whom properties should be allocated.

Lar secured £65m of commercial debt in 2017, from Scottish Widows, arranged by the Bank of Scotland. Shortly after the end of this financial year Lar completed all construction obligations under its loan agreements with its funders, thereby successfully finishing Phase 1 of its operations.

Lar is delighted to have proven that loan, rather than grant, finance is not only beneficial in terms of the replication that it allows by re-using the original finance to purchase further affordable homes at the end of the loan term (or otherwise repay the finance to the public purse) - but indications are that the initial capital required to finance each affordable home built is also considerably less per unit than the equivalent Mid Market Rent grant figure, as published by the Scottish Government, in 2021.

The team at Lar are delighted that the pathfinder model that it was set up to trial has proven to be so successful and would commend the finance model, together with the operational and governance freedoms upon which it is based, to other providers in the sector.

While Lar's discussions with the Scottish Government over additional finance have not received traction, taking into account Lar's operational performance, track record and landbank of development opportunities, Lar through its subsidiaries is well placed to build upon its solid foundations and continue to extend its operations past its current pipeline of properties.

Financial Review

For the year ended 31st March 2024, Lar Housing Trust posted a surplus of £411k *(2023: surplus of £583k)* and a gain in valuation of £577k *(2023: gain of £8,201k)*. This increased reserves from £27,176k to £28,164k. The Lar Group (comprising Lar Housing Trust and its wholly owned subsidiaries, Lar Operations CIC and Lar Projects Limited, collectively, "Lar Group") posted a deficit of £16k *(2023: surplus of £160k)* and a gain in valuation of £1,132k *(2023: gain of £8,171k)*. This increased reserves from £26,736k to £27,852k. 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 new risks are considered together with their mitigation.

The primary key risk – failure to complete pipeline 1, has now been extinguished with the completion of Phase 1. In terms of future growth, key risks which have been identified include: increased costs of construction resource and materials, sales risk and increased operational costs due to high inflation and Scottish Government policy objectives in relation to rent caps (in addition to the caps which are already contained within Lar's Deed of Entrustment), and other measures as set out in the newly issued Housing Bill.

Risk Management (continued)

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 likelihood of increased health and safety risks with more sites in our ownership and more construction and operational works being undertaken by Lar and its subsidiaries.

These risks have been considered by the Trustees and executive team and are being mitigated and reduced, so far as it is possible to do so, by employing the following actions: benchmarking and revising assumptions used in assessing viability, 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 local government, 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 secure more capital debt, if required;

To continue to grow the business of our subsidiary companies, thus allowing Lar to provide additional high quality, safe and affordable in perpetuity housing options to new tenants, irrespective of further financial support from the Scottish Government. In particular, construction work is programmed to start on the Port Edgar site during 2024/25 which will result in new affordable homes for Lar in addition to the first sales product being constructed.

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 and in partnership with other organisations in the voluntary, public and private sector.

To continue to invest in the advancement of community development, Lar's second key charitable objective. To this end, Lar has appointed its first inhouse Community Engagement Worker – signalling our increased maturity as an organisation and further building our capacity to engage with tenants and local communities across current and future developments where there are plans in place to establish community facilities.

Reserves Policy

At the year end, the Group held £27,852k *(2023: £26,736k)* of unrestricted reserves. Of these, £2,585k *(2023: £2,408k)* 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. The remainder of unrestricted funds at 31 March 2024 comprise £25,193k (2023: £24,061k) property revaluation reserve, £147k (2023: £147k) other reserves, £33k (2023: £33k) non-distributable reserves and a £106k deficit (2023: £87k surplus) in general funds. It is intended that Lar's reserves policy is further refined in future financial years, once more 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;

Trustees' Report (continued)

Structure, Governance and Management (continued)

- 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.

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 and the Chief Operating Officer – appointed post year end) was paid in the year. Details of trustee expenses and related party transactions are disclosed in Note 2 to the financial statements.

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 and Chief Operating Officer is reviewed annually by the Board of Trustees (excluding the Chief Executive and Chief Operating Officer).

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.

Trustees' Report (continued)

Disclosure of Information to the Auditor

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.

Approval

Approved by the Trustees and signed on their behalf by:



Ken Macintosh
Chair

Date 12th Dec 2024

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 2024 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 2024 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

Other information (continued)

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.

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, 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.

Responsibilities of Trustees (continued)

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.

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

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 are detailed below.

As part of our planning process:

- We enquired of management the systems and controls the group and parent charity has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. Management informed us that there were no instances of known, suspected or alleged fraud;
- We obtained an understanding of the legal and regulatory frameworks applicable to the group and parent charity. We determined that the following were most relevant: GDPR; FRS 102; Health and Safety; employment law (including the Working Time Directive); and compliance with OSCR, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended);
- We considered the incentives and opportunities that exist in the group and parent charity, including the extent of management bias, which present a potential for irregularities and fraud to be perpetrated, and tailored our risk assessment accordingly; and
- Using our knowledge of the group and parent charity, together with the discussions held with management at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing Board meeting minutes for discussions of irregularities including fraud;
- Review of correspondence with regulators including OSCR and the Health & Safety Executive;
- Review of legal fee expenditure;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Documenting and verifying all significant related party balances and transactions;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

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

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. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. The primary responsibility of the prevention and detection of irregularities and fraud rests with the trustees.

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.



Diana Penny

Date: 12 December 2024

Senior Statutory Auditor

For and on behalf of Henderson Loggie LLP

Chartered Accountants

Statutory Auditor

Lar Housing Trust
Consolidated Statement of Financial Activities
for the year ended 31 March 2024

	Note	Unrestricted Funds		Total Funds 2024	Unrestricted Funds		Total Funds 2023
		General £'000	Designated £'000	£'000	General £'000	Designated £'000	£'000
Income from:							
Charitable activities:							
Rental properties		5,419	-	**5,419**	4,828	-	**4,828**
Grants		89	-	**89**	-	-	**-**
Other trading activities							
- Trading subsidiaries' income		181	-	**181**	145	-	**145**
Investments – Bank interest		77	-	**77**	26	-	**26**
Total income		**5,766**	**-**	**5,766**	**4,999**	**-**	**4,999**
Expenditure on:							
Raising funds – Trading subsidiaries' costs		(496)	-	**(496)**	(417)	-	**(417)**
Charitable activities	3	(4,955)	(331)	**(5,286)**	(4,139)	(283)	**(4,422)**
Total expenditure		**(5,451)**	**(331)**	**(5,782)**	**(4,556)**	**(283)**	**(4,839)**
Net Income/(expenditure)		**315**	**(331)**	**(16)**	443	(283)	**160**
Transfers between funds	12	**(508)**	**508**	**-**	**(904)**	**904**	**-**
Other recognised gains							
Net gains on fixed asset revaluation	12	1,132	-	**1,132**	8,171	-	**8,171**
Net movement in funds		**939**	**177**	**1,116**	**7,710**	**621**	**8,331**
Total funds brought forward		24,328	2,408	**26,736**	16,618	1,787	**18,405**
Total funds carried forward		**25,267**	**2,585**	**27,852**	**24,328**	**2,408**	**26,736**

Lar Housing Trust
Trust Statement of Financial Activities
for the year ended 31 March 2024

	Note	Unrestricted Funds		Total Funds	Unrestricted Funds		Total Funds
		General £'000	Designated £'000	2024 £'000	General £'000	Designated £'000	2023 £'000
Income from:							
Charitable activities:							
Rental properties		5,419	-	**5,419**	4,828	-	**4,828**
Grants		89	-	**89**	-	-	**-**
Investments:							**-**
Bank Interest		77	-	**77**	26	-	**26**
Interest on loans to subsidiaries		158	-	**158**	163	-	**163**
Other income		242	-	**242**	6	-	**6**
Total income		**5,985**	**-**	**5,985**	**5,023**	**-**	**5,023**
Expenditure on:							
Charitable activities	3	(5,243)	(331)	**(5,574)**	(4,157)	(283)	**(4,440)**
Total expenditure		**(5,243)**	**(331)**	**(5,574)**	**(4,157)**	**(283)**	**(4,440)**
Net Income/(expenditure)		**742**	**(331)**	**411**	866	(283)	**583**
Transfers between funds	12	**(508)**	**508**	**-**	**(904)**	**904**	**-**
Other recognised gains							
Net gains/(losses) on fixed asset revaluation	12	577	-	**577**	8,201	-	**8,201**
Net movement in funds		**811**	**177**	**988**	**8,163**	**621**	**8,784**
Total funds brought forward		**24,768**	**2,408**	**27,176**	**16,605**	**1,787**	**18,392**
Total funds carried forward		**25,579**	**2,585**	**28,164**	**24,768**	**2,408**	**27,176**

Lar Housing Trust
Consolidated Balance Sheet
as at 31 March 2024

	Note	2024 £'000	2023 £'000
Fixed assets			
Tangible assets – Investment Properties	6	120	120
Tangible assets – Properties	6	133,303	125,028
Tangible assets – Others	7	196	181
Total fixed assets		**133,619**	**125,329**
Current assets			
Cash at bank and in hand		12,304	20,801
Debtors	9	1,205	1,005
Total current assets		**13,509**	**21,806**
Liabilities			
Creditors falling due within one year	10	(1,984)	(2,033)
Total current liabilities		**(1,984)**	**(2,033)**
Net current assets		**11,525**	**19,773**
Total assets less current liabilities		**145,144**	**145,102**
Creditors: Amounts falling due after more than one year	10	(117,240)	(118,320)
Provisions	11	(52)	(46)
Net assets		**27,852**	**26,736**
Funds			
Unrestricted funds			
General funds	12	(106)	87
Designated funds	12	2,585	2,408
Property revaluation reserve	12	25,193	24,061
Other reserves	12	147	147
Non-distributable reserve	12	33	33
Total funds		**27,852**	**26,736**

The notes on pages 19 to 37 form part of these financial statements.

Approved by the Trustees and signed on their behalf by:

[redacted]

Ken Macintosh
Chair

Date: 12th Dec 2024

Lar Housing Trust
Trust Balance Sheet
as at 31 March 2024

	Note	2024 £'000	2023 £'000
Fixed assets			
Tangible assets – Properties	6	128,996	119,371
Tangible assets – Others	7	13	19
Total fixed assets		**129,009**	**119,390**
Investments in subsidiaries	8	-	-
Current assets			
Cash at bank and in hand		12,019	20,558
Debtors	9	5,860	6,997
Total current assets		**17,879**	**27,555**
Liabilities			
Creditors falling due within one year	10	(1,484)	(1,449)
Total current liabilities		**(1,484)**	**(1,449)**
Net current assets		**16,395**	**26,106**
Total assets less current liabilities		**145,404**	**145,496**
Creditors: Amounts falling due after more than one year	10	(117,240)	(118,320)
Net assets		**28,164**	**27,176**
Funds			
Unrestricted funds			
General funds	12	941	707
Designated funds	12	2,585	2,408
Property revaluation reserve	12	24,638	24,061
Total funds		**28,164**	**27,176**

The notes on pages 19 to 37 form part of these financial statements.

Approved by the Trustees and signed on their behalf by:

[redacted]

Ken Macintosh
Chair

Date: 12th Dec 2024

Lar Housing Trust
Consolidated Statement of Cash Flows
for the year ended 31 March 2024

	Note	2024 £'000	2023 £'000
Net cash provided by operating activities	13	**2,169**	**2,441**
Cash flows from investing activities			
Purchase of property tangible fixed assets	6	(7,732)	(11,040)
Purchase of other tangible fixed assets	7	(67)	(132)
Investment income		77	26
Net cash used in investing activities		**(7,722)**	**(11,146)**
Cash flows from financing activities			
Loans repaid	10	(960)	(720)
Interest paid		(1,984)	(1,845)
Net cash provided by financing activities		**(2,944)**	**(2,565)**
Change in cash and cash equivalents in the year		(8,497)	(11,270)
Cash and cash equivalents brought forward		20,801	32,071
Cash and cash equivalents carried forward		**12,304**	**20,801**

	2024 £'000	2023 £'000
Reconciliation of net cash flow to movement in net debt		
Decrease in cash in the year	(8,497)	(11,270)
Cash outflow from financing	960	720
Movement in net debt in the year	**(7,537)**	**(10,550)**
Net debt at the start of the year	(98,479)	(87,929)
Net debt at the end of the year	**(106,016)**	**(98,479)**

Lar Housing Trust
Trust Statement of Cash Flows
for the year ended 31 March 2024

	Note	2024 £'000	2023 £'000
Net cash provided by operating activities	13	**2,794**	**1,951**
Cash flows from investing activities			
Purchase of property tangible fixed assets	6	(9,967)	(10,856)
Purchase of other tangible fixed assets	7	(4)	(9)
Investment income		235	189
Capital repayments on loans to subsidiaries		1,346	72
Net cash used in investing activities		**(8,390)**	**(10,604)**
Cash flows from financing activities			
Loans repaid	10	(960)	(720)
Interest paid		(1,984)	(1,845)
Net cash provided by financing activities		**(2,944)**	**(2,565)**
Change in cash and cash equivalents in the year		**(8,539)**	**(11,218)**
Cash and cash equivalents brought forward		20,558	31,776
Cash and cash equivalents carried forward		**12,019**	**20,558**

	2024 £'000	2023 £'000
Reconciliation of net cash flow to movement in net debt		
Decrease in cash in the year	(8,539)	(11,218)
Cash outflow from financing	960	720
Movement in net debt in the year	**(7,579)**	**(10,498)**
Net debt at the start of the year	(98,722)	(88,224)
Net debt at the end of the year	**(106,301)**	**(98,722)**

Lar Housing Trust
Notes to the Financial Statements
for the year ended 31 March 2024

1. Accounting Polices

(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 financial statements. 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 Trustees of Lar, in conjunction with the Directors of its subsidiaries, have also considered the key risks that Lar faces, namely increased costs of construction resource and materials, sales risk, increased operational costs due to high inflation and Scottish Government policy objectives in relation to rent caps (in addition to the caps which are already contained within Lar's Deed of Entrustment) and other measures set out in the recently issued Housing Bill. The Trustees have ultimately concluded that these risks are 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.

Based on these considerations and having regard to the resources available to Lar, 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 financial statements.

(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.

(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.

1. Accounting Polices (continued)

(d) Income recognition (continued)

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

(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.

(i) Tangible fixed assets – Properties

Housing units are split between:
Completed Properties
Properties under Construction

In line with the provisions of FRS 102 section 16.3A, the property within the Trust is held primarily for the provision of social benefit and is therefore accounted for under property, plant and equipment and not classified as investment property.

Properties under construction are recognised at historic cost less impairment. Properties included within work in progress at subsidiary level are classified as properties under construction at group level.

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

1. Accounting Polices (continued)

(i) Tangible fixed assets – Properties (continued)

Completed properties are initially recognised at cost then subsequently measured 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 accumulated within 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.

One of the properties 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.

(j) 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 expense 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 financial 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.

(k) Investments in subsidiaries

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

(l) Cash at bank and in hand

Cash at bank and in hand in the Balance Sheet comprise cash deposits held with the Trust's bankers, and petty cash balances. Included within cash at bank and in hand are amounts held within an account that can only be accessed on completion of construction of property and subsequent valuation, which when approved by the bank, allows the Trust to withdraw funds.

(m) Debtors

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

1. Accounting Polices (continued)

(n) Creditors

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

(o) 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.

(p) 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 or subsidiary is demonstrably committed to terminate the employment of an employee or provide termination benefits.

(q) 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.

(r) Leases

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

(s) Financial instruments

The Trust 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.

(t) Key accounting judgements and estimates

In the application of the charity's accounting policies, the Trustees are required to make judgements and produce estimates, such as 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.

1. Accounting Polices (continued)

(t) Key accounting judgements and estimates (continued)

In preparing these financial statements, the Trustees have identified the following key judgements and estimates:

- The valuation of investment properties and completed properties included within tangible fixed assets are considered a key accounting estimate. This is due to the judgemental nature of a number of the underlying inputs used in assessing fair value, such as a selection of an appropriate discount rate. The Trust uses external professional valuation experts to support the Trustees in producing an appropriate estimate of fair value for use in the Trust's financial statements. See Note 6 for further detail.
- The carrying value of properties under contruction is based on historic cost less any impairment losses. As the asset nears completion, it is possible to make a more reliable estimate of its valuation on completion, supported by professional valuation experts, and therefore assess whether any impairment is required. This estimate is intrinsically linked to the above estimation of the fair value of completed properties, but for assets nearing completion.
- 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.

(u) 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, as long as it is applied for charitable purposes. The Trust's subsidiaries are subject to taxation, and the sections below are therefore applicable to the Consolidated position only. 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.

1. Accounting Polices (continued)

(u) Taxation (continued)

Deferred tax (continued)
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

Transactions with Trustees

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. Note that post year end, Mikko Ramstedt has been appointed as a Trustee, taking the role of Chief Operating Officer, and therefore this disclosure does not currently include his remuneration but shall do so in future financial years. Ann Leslie was paid total remuneration of £168,195 (2023: £159,845) comprising gross salary of £86,011 (2023: £123,297), car allowance of £13,871 (2023: £13,210) and employer pension contributions of £68,313 (2023: £23,338). This aggregate total consists of £79,893 (2023: £79,922) paid in relation to her role as CEO of Lar Housing Trust, £79,893 (2023: £79,922) paid in relation to her role as Managing Director of Lar Projects Limited, and £8,409 (2023: £0) paid in relation to her role as Director of Lar Operations CIC. No additional remuneration was paid in relation to her position as a Trustee. The balance of salary and employer pension contributions changed in the year due to the implementation of a salary sacrifice pension scheme during the previous financial year, meaning that a portion of remuneration previously recognised as salary, is now recognised as employer pension contributions. This remuneration is also included within the relevant disclosure within Note 4. Expenses were paid to the Trustees in the year totaling £618 (2023: £556). These expenses were made up of 3 trustees (2023: 4 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. Neil Rutherford is the nominated Partner Trustee.

Transactions and balances with other related parties

Lar Housing Trust has two wholly owned subsidiaries – Lar Projects Limited and Lar Operations CIC with which it has transacted during the financial year

Each entity within the Group employs staff directly, however payroll costs are initially paid via Lar Housing Trust, with each subsidiary's share 'recharged' at nil margin. The amounts detailed within the 'Transactions' section below represents the amounts recharged by Lar Housing Trust to each subsidiary (inclusive of salary cost, employer national insurance and pension contributions made).

Lar Projects Limited

Transactions
Donations received without conditions: £242,100 (2023: £6,188).
Interest income receivable on inter-company loan balances: £132,224 (2023: £132,652).
Purchase of property assets: £8,025,177 (2023: £9,175,454).
Payroll cost recharged: £826,223 (2023: £692,974).

2 Related party transactions and Trustees' expenses and remuneration (continued)

Lar Projects Limited (continued)

Balances
Amounts owed by subsidiary - loan balance: £2,376,815 (2023: £3,734,742).
Amounts owed by subsidiary - debtor balance: £1,605,414 (2023: £1,537,037).

Lar Operations CIC

Transactions
Interest income receivable on inter-company loan balances: £25,815 (2023: £30,787).
Rent and service charge expenses paid: £18,203 (2023: £34,464).
Payroll cost recharged: £94,776: (2023: £23,807).

Balances
Amounts owed by subsidiary - loan balance: £814,154 (2023: £802,420).
Amounts owed by subsidiary - debtor balance: £238,887 (2023: £134,272).

3 Expenditure analysis

3.1 Raising funds – Trading subsidiaries' costs

GROUP	2024 £'000	2023 £'000
Direct expenses	78	50
Administrative expenses	412	354
Tax charge	6	13
	496	**417**

3.2 Charitable activities

GROUP - 2024	Allocation Basis	Housing Provision £'000	Support-Governance £'000	Other Support £'000	Total Support £'000	Total 2024 £'000
Properties costs	Direct	1,420	-	-	**-**	**1,420**
Depreciation	Staff Time	7	-	3	**3**	**10**
Other costs	Mixed	693	119	45	**164**	**857**
Finance costs	Staff Time	131	-	-	**-**	**131**
Interest on borrowings	Direct	1,984	-	-	**-**	**1,984**
Staff costs	Staff Time	608	65	211	**275**	**884**
Total 2024		**4,843**	**184**	**259**	**442**	**5,286**

GROUP - 2023	Allocation Basis	Housing Provision £'000	Support-Governance £'000	Other Support £'000	Total Support £'000	Total 2023 £'000
Properties costs	Direct	1,203	-	-	**-**	**1,203**
Depreciation	Staff Time	10	-	3	**3**	**13**
Other costs	Mixed	275	46	67	**113**	**388**
Finance costs	Staff TIme	186	-	-	**-**	**186**
Interest on borrowings	Direct	1,845	-	-	**-**	**1,845**
Staff costs	Staff Time	571	61	155	**216**	**787**
Total 2023		**4,090**	**107**	**225**	**332**	**4,422**

3.2 Charitable activities (continued)

TRUST - 2024	Allocation Basis	Housing Provision £'000	Support-Governance £'000	Other Support £'000	Total Support £'000	Total 2024 £'000
Properties costs	Direct	1,420	-	-	**-**	**1,420**
Depreciation	Staff Time	7	-	3	**3**	**10**
Other costs	Mixed	1,024	59	63	**122**	**1,146**
Finance costs	Staff Time	131	-	-	**-**	**131**
Interest on borrowings	Direct	1,984	-	-	**-**	**1,984**
Staff costs	Staff Time	608	65	210	**274**	**883**
Total 2024		**5,174**	**124**	**276**	**399**	**5,574**

TRUST - 2023	Allocation Basis	Housing Provision £'000	Support-Governance £'000	Other Support £'000	Total Support £'000	Total 2023 £'000
Properties costs	Direct	1,203	-	-	**-**	**1,203**
Depreciation	Staff Time	10	-	3	**3**	**13**
Other costs	Mixed	298	30	78	**108**	**406**
Finance costs	Staff Time	186	-	-	**-**	**186**
Interest on borrowings	Direct	1,845	-	-	**-**	**1,845**
Staff costs	Staff Time	571	61	155	**216**	**787**
Total 2023		**4,113**	**91**	**236**	**327**	**4,440**

3 Governance cost:

	Group 2024 £'000	Trust 2024 £'000	Group 2023 £'000	Trust 2023 £'000
Auditors' remuneration (note 5)	31	14	30	16
Legal and professional	88	45	16	14
Support costs	65	65	61	61
	184	**124**	**107**	**91**

4 Analysis of staff costs and remuneration of key management personnel

Staff Costs	**2024 £'000**	**2023 £'000**
Salaries and wages	1,407	1,193
Social Security costs	152	134
Pension contributions	253	172
Total	**1,812**	**1,499**

All payroll costs of the Group are initially paid by Lar Housing Trust, with a portion recharged to each of its wholly owned subsidiaries as detailed in note 2. This disclosure has therefore been presented on a Group basis. Included within the total cost above is £588,747 (2023: £475,300) which has been capitalised as part of the costs of Properties under Construction.

The Group has implemented a 'salary sacrifice' option for employees who wish to make additional contributions to the plan managed by the Group's pension provider. This allows staff to 'sacrifice' a portion of their wages and salaries in exchange for increased employer pension contributions. As such, some amounts which would previously have been disclosed as 'salaries and wages' are now disclosed as 'Pension contributions'

The average number of employees during the year was 33 (2023: 30).

There were £24,799 (2023: £25,642) outstanding pension contributions at the year end. Payment was made post year end in advance of the statutory deadline.

Remuneration of key management personnel

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, Head of Legal & Governance and the Directors of the subsidiaries. The total staff costs relating to key management personnel was £700,903 (2023: £622,386). Note that further detail is given on the remuneration of the Chief Executive Ann Leslie within Note 2, as they are also a Trustee of Lar.

Termination payments of £0 (2023 - £36,453) were made by the group during the year.

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

	2024 No	2023 No
£130,000-£139,999	-	1
£100,000-£109,999	1	1
£90,000 - £99,999	2	-
£80,000 - £89,999		
£70,000 - £79,999	1	1
£60,000 - £69,999	2	1

5 Auditors' remuneration

	Group 2024 £'000	Trust 2024 £'000	Group 2023 £'000	Trust 2023 £'000
Audit Fee	**31**	**14**	30	16

6 Tangible fixed assets – Properties

Group 2024	Investment Properties £'000	Completed Properties £'000	Properties Under Construction £'000	Total £'000
Cost or valuation				
At 1 April 2023	120	104,052	20,976	125,148
Additions	-	2,889	4,843	7,732
Transfers	-	8,665	(8,665)	-
Impairment	-	-	(589)	(589)
Revaluation	-	1,132	-	1,132
At 31 March 2024	**120**	**116,738**	**16,565**	**133,423**
Depreciation				
At 1 April 2023 and 31 March 2024	-	-	-	-
Net book value at 31 March 2023	120	104,052	20,976	125,148
Net book value at 31 March 2024	**120**	**116,738**	**16,565**	**133,423**

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 10).

The sites included within completed properties and investment 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 the completed properties is £93,258,096 (2023: £80,124,140). Valuations of completed properties have been performed by Avison Young as at 31 March 2023, Knight Frank as at 31 March 2023 and J&E Shepherd as at 24 March 2022 of £21,342,560, £94,496,000 and £900,000 respectively. The valuation of investment properties was performed by J&E Shepherd as at 23 October 2022 of £120,000. The Trustees consider that these valuations continue to present a fair reflection of the market value of the properties at 31 March 2024.

The amounts above include £267,524 (2023: £450,682) of borrowing costs capitalised during the period at a weighted average cost of capital.

6 Tangible fixed assets – Properties (continued)

Trust 2024	Completed Properties £'000	Properties Under Construction £'000	Total £'000
Cost or valuation			
At 1 April 2023	103,152	16,219	119,371
Additions	2,889	7,078	9,967
Transfers	9,221	(9,221)	-
Impairment	-	(919)	(919)
Revaluation	577	-	577
At 31 March 2024	**115,839**	**13,157**	**128,996**
Depreciation			
At 1 April 2023 and 31 March 2024	-	-	-
Net book value at 31 March 2023	103,152	16,219	119,371
Net book value at 31 March 2024	**115,839**	**13,157**	**128,996**

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).

A Standard Security over Buchan House (within completed properties) 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 (within properties under construction) 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 £92,942,631 (2023: £80,355,456). Valuations have been performed by Avison Young as at 31 March 2023, Knight Frank as at 31 March 2023 of £21,342,560 and £94,496,000 respectively. The Trustees consider that these valuations continue to present a fair reflection of the market value of the properties at 31 March 2024.

The amounts above include £267,524 (2023: £450,682) of borrowing costs capitalised during the period at a weighted average cost of capital.

An impairment loss has been recognised due to total cost of assets under construction on the Fountainbridge development - being expected to exceed the fair value of the asset on completion, with construction sufficiently well progressed as to be able to make a reasonable estimate of cost to complete, and fair value on completion. This development faced significant delays in particular due to planning and covid, leading to increased cost. Impairment losses have been charged to the Statement of Financial Activities under 'Expenditure on Charitable activities', and allocated to 'Other costs - Housing Provision' within Note 3.2.

7 Tangible fixed assets – Others

GROUP - 2024	Fixtures, fittings and computer equipment
	£'000
Cost	
At 1 April 2023	273
Additions	67
At 31 March 2024	**340**
Depreciation	
At 1 April 2023	92
Depreciation	52
At 31 March 2024	**144**
Net book value at 31 March 2023	181
Net book value at 31 March 2024	**196**

TRUST - 2024	Fixtures, fittings and computer equipment £'000
Cost	
At 1 April 2023	76
Additions	4
Disposals	(21)
At 31 March 2024	**59**
Depreciation	
At 1 April 2023	57
Depreciation	10
Disposals	(21)
At 31 March 2024	**46**
Net book value at 31 March 2023	19
Net book value at 31 March 2024	**13**

8 Investments

Lar Housing Trust has 100% investment in Lar Operations CIC, SC591592, a Community Interest
Lar Operations CIC's results and net assets for the period to 31 March were as follows:

	2024 £'000	2023 £'000
Turnover	198	167
Expenditure	(171)	(108)
Net Interest	(26)	(30)
Fair value movement on property revaluations	-	(30)
Tax	(7)	(1)
Profit / (Loss) for the period	**(5)**	**(2)**
Net assets	**134**	**139**

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

	2024 £'000	2023 £'000
Turnover	8,043	9,202
Expenditure	(7,934)	(8,876)
Tax	1	(13)
Profit for the period	**110**	**313**
Distributions to parent charity under gift aid	(242)	(6)
Net assets	**335**	**467**

9 Debtors

	Group 2024 £'000	Trust 2024 £'000	Group 2023 £'000	Trust 2023 £'000
Trade debtors	231	102	74	57
Other debtors	138	-	180	24
Prepayments	836	723	751	722
Amount owed by subsidiaries - loans	-	3,191	-	4,537
Amount owed by subsidiaries - other	-	1,844	-	1,657
Total	**1,205**	**5,860**	**1,005**	**6,997**

10 Analysis of Current Liabilities and Long-Term Creditors

	Group 2024 £'000	Trust 2024 £'000	Group 2023 £'000	Trust 2023 £'000
Trade creditors	543	200	623	182
Other creditors	98	26	182	125
Accruals and deferred income	218	133	221	137
Taxation and Social Security costs	45	45	47	45
Other borrowings	1,080	1,080	960	960
Total	**1,984**	**1,484**	**2,033**	**1,449**

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

	Group 2024 £'000	Trust 2024 £'000
Deferred income at 1 April 2023	40	15
Released in the year	(40)	(15)
Deferred in the year	55	36
Deferred income at 31 March 2024	**55**	**36**

Creditors over one year	Group and Trust 2024 £'000	Group and Trust 2023 £'000
Concessionary loan	55,000	55,000
Bank loan	62,240	63,320
Total	**117,240**	**118,320**

The Scottish Ministers have provided a 25 year £55m funding facility with a bullet repayment to be made in September 2040 and any excess profits made reducing the loan balance during the term. 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 made on 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.

11 Provisions for liabilities

GROUP	Deferred Taxation £'000	Other Provisions £'000	Total £'000
2024			
Balance at 1 April 2023	46	-	46
Charge for the year	6		6
Balance at 31 March 2024	**52**	**-**	**52**
2023			
Balance at 1 April 2022	31	-	31
Charge for the year	15	-	15
Balance at 31 March 2023	**46**	**-**	**46**

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

12 Analysis of Trust Funds

GROUP
Analysis of fund movements – 2024

	Balance b'fwd £000	Income £000	Expenditure £000	Transfers £000	Valuation movement (net of tax) £000	Funds c/fwd £000
Unrestricted Funds						
General funds	87	5,766	(5,451)	(508)	-	**(106)**
Designated funds	2,408	-	(331)	508	-	**2,585**
Non-distributable reserve	33	-	-	-	-	**33**
Other reserves	147	-	-	-	-	**147**
Property revaluation reserve	24,061	-	-	-	1,132	**25,193**
Total	**26,736**	**5,766**	**(5,782)**	**-**	**1,132**	**27,852**

GROUP
Analysis of fund movements – 2023

	Balance b'fwd £000	Income £000	Expenditure £000	Transfers £000	Valuation movement (net of tax) £000	Funds c/fwd £000
Unrestricted Funds						
General funds	1,824	4,999	(4,556)	(1,963)	(217)	**87**
Designated funds	1,787	-	(283)	904	-	**2,408**
Non-distributable reserve	51	-	-	(18)	-	**33**
Other reserves	147	-	-	-	-	**147**
Property revaluation reserve	14,596	-	-	1,077	8,388	**24,061**
Total	**18,405**	**4,999**	**(4,839)**	**-**	**8,171**	**26,736**

12 Analysis of Trust Funds (continued)

TRUST
Analysis of fund movements – 2024

	Balance b'fwd	Income	Expenditure	Transfers	Valuation movement (net of tax)	Funds c/fwd
	£000	£000	£000	£000	£000	£000
Unrestricted Funds						
General funds	707	5,985	(5,243)	(508)	-	**941**
Designated funds	2,408	-	(331)	508	-	**2,585**
Property revaluation reserve	24,061	-	-	-	577	**24,638**
Total	**27,176**	**5,985**	**(5,574)**	**-**	**577**	**28,164**

TRUST
Analysis of fund movements – 2023

	Balance b'fwd	Income	Expenditure	Transfers	Valuation movement (net of tax)	Funds c/fwd
	£000	£000	£000	£000	£000	£000
Unrestricted Funds						
General funds	2,009	5,023	(4,157)	(1,981)	(187)	**707**
Designated funds	1,787	-	(283)	904	-	**2,408**
Property revaluation reserve	14,596	-	-	1,077	8,388	**24,061**
Total	**18,392**	**5,023**	**(4,440)**	**-**	**8,201**	**27,176**

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 Property revaluation reserve relates to the revaluation gain on property held by Lar Housing Trust.

Analysis of net asset between funds

GROUP	Unrestricted Funds (including Property Revaluation Reserve) 2024 £'000	Unrestricted Funds (including Property Revaluation Reserve) 2023 £'000
Tangible fixed assets	133,619	125,329
Net current assets	11,525	19,773
Creditors:Amounts falling due after more than one year	(117,240)	(118,320)
Provisions	(52)	(46)
Total funds	**27,852**	**26,736**

12 Analysis of Trust Funds (continued)

Analysis of net asset between funds (continued)

TRUST	Unrestricted Funds (including Property Revaluation Reserve) 2024 £'000	Unrestricted Funds (including Property Revaluation Reserve) 2023 £'000
Tangible fixed assets	129,009	119,390
Net current assets	16,395	26,106
Creditors:Amounts falling due after more than one year	(117,240)	(118,320)
Total funds	**28,164**	**27,176**

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

GROUP	2024 £'000	2023 £'000
Net movement in funds	1,116	8,331
Less: Investment income	(77)	(26)
Add back: Depreciation charge	52	38
Add back: Impairment	589	172
Add back: Interest paid	1,984	1,845
Add: (Gains)/losses on tangible fixed asset valuation	(1,132)	(8,171)
(Increase) / decrease in debtors	(200)	(53)
Increase / (decrease) in creditors	(169)	290
Increase / (decrease) in provisions	6	15
Net cash provided by operating activities	**2,169**	**2,441**

TRUST	2024 £'000	2023 £'000
Net movement in funds	988	8,784
Less: Investment income	(235)	(189)
Add back: Depreciation charge	10	13
Add back: Impairment	919	172
Add back: Interest paid	1,984	1,845
Add: (Gains)/losses on tangible fixed asset valuation	(577)	(8,201)
(Increase) / decrease in debtors	(209)	(686)
Increase / (decrease) in creditors	(86)	213
Net cash provided by operating activities	**2,794**	**1,951**

14 Capital commitments

	Group 2024 £'000	Trust 2024 £'000	Group 2023 £'000	Trust 2023 £'000
Capital commitments	-	-	718	-

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

15 Leasing commitments

Future minimum operating lease payments are as follows:

	Group 2024 £'000	Trust 2024 £'000	Group 2023 £'000	Trust 2023 £'000
No later than one year	2	19	7	-
Between 1 and 5 years	-	38	12	-
	2	**57**	**19**	**-**
Lease payments recognised as an expense	7	24	7	24

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 2024 £'000	Trust 2024 £'000	Group 2023 £'000	Trust 2023 £'000
No later than one year	688	596	490	408
Between 1 and 5 years	598	553	358	178
Later than 5 years	334	334	186	152
	1,619	**1,483**	**1,034**	**738**

The comparative figures presented above have been updated in line with the current year disclosure to reflect the fact that 2 (2023: 1) of Lar Housing Trust's developments are leased for a longer time period than the standard Private Residential Tenancy which has a 1 month notice period as standard.

17 Events after the end of the reporting period

On 10th April 2024, Lar Housing Trust increased its investment in Lar Projects by £1.5m, purchasing 1.5 million newly issued ordinary shares at nominal value of £1 each, settled in cash. It also increased its investment in Lar Operations CIC by £2.2m, purchasing 2.2 million newly issued ordinary shares at nominal value of £1 each. This transaction was partly effected via a 'debt for equity swap agreement' whereby the existing intercompany loan balance payable by Lar Operations to Lar, amounting to £814,154, was settled. The residual amount of £1,385,846 was settled in cash.