

Lien Viet Housing Association Limited
Financial Statements
Year Ended 31 March 2018

Co-operative and Community Benefit Societies Act 2014 IP26206R
Homes and Communities Agency registration number: LH 3867



INVESTOR IN PEOPLE

Contents

	Page
Board members	2
Report of the Board of Management	3
Independent Auditor's Report to the members of Lien Viet Housing Association Limited	7
Statement of Comprehensive Income	9
Statement of Changes in Reserves	10
Statement of Financial Position	11
Statement of Cash Flows	12
Notes to the Financial Statements	13

Registered with the Financial Conduct Authority as a registered society under the Co-operative and Community Benefit Societies Act 2014 IP26206R
Registered with the Homes and Communities Agency number LH3867

BOARD MEMBERS

Board members

Chair Merlene Emerson CBE

Other members Trinh Bui resigned 19 September 2017
Suzanah Kwok
Kim Nguyen
Hong Khaou
Roz Spencer
Stephen Stringer
Megan Worthing-Davies joined 9 October 2017
Clare Thomson (Secretary)

Registered Office 102 Blackstock Road
London
N4 2DR

Auditors Grant Thornton UK LLP
Victoria House
199 Avebury Boulevard
Milton Keynes
MK9 1AU

Report of the Board of Management of Lien Viet Housing Association Limited

The Board presents its report and the audited financial statements for the year ended 31 March 2018.

Principal Activities

Lien Viet Housing Association Limited ('Lien Viet') currently owns 122 units (2017: 122 units) including 1 shared ownership unit (2017: 1 units) and 19 hostel rooms. 35 units (2017: 35) are managed on behalf of Islington & Shoreditch Housing Association ("ISHA") and London and Quadrant.

Lien Viet is a subsidiary Housing Association of ISHA Group, and its landlord functions are delivered by the Group. The Lien Viet Board's priority is to make sure that services are culturally sensitive and to be recognised as voice for the Vietnamese, Laotian and Cambodian communities in London.

Review of the year

The announcement of the 1% rent reduction, year on year for four years, starting in 2015-16, has challenged the Board to make sure that Lien Viet HA remains financially viable whilst remaining true to its community mission. A revised action plan has been agreed to enhance opportunities for Lien Viet customers and the Vietnamese community more broadly.

The £1,000,000 intercompany loan issued to Islington & Shoreditch Housing Association was repaid on 5 April 2018. On 6 April 2018, a £1,000,000 one-year fixed term loan was issued on the same terms to Islington & Shoreditch Housing Association.

Key Outreach and Support Work achievements 2017/18

- 138 active support cases, 23% of whom were not Lien Viet/ISHA customers
- 182 drop-in visits at Blackstock Road, by 72 people, 14% of whom were not Lien Viet/ISHA customers
- 11 community drop in sessions held, receiving 29 visits by 23 people, 96% of whom were not Lien Viet/ISHA customers
- 2 hostel residents moved to permanent accommodation
- 45 people attended the Vietnamese Community Group

Employees

Lien Viet Housing Association Limited does not directly employ any staff, and all functions that support Lien Viet's activities are carried out by staff employed by the parent company, ISHA. The services provided by the parent company to Lien Viet are set out through a service level agreement, and ISHA staff support is included in that agreement. There are three Lien Viet staff members who are employed in roles that predominantly support the operations of Lien Viet Housing Association Limited. Two in Outreach and Support and one in the Finance function

Statement of the Board's responsibilities

The Board is responsible for preparing financial statements for each financial year in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice which give a true and fair view of the state of affairs of the Association and of the surplus or deficit for that period. In preparing those financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- 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 Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Association and to enable it to ensure that the financial statements are compliant with regulatory and statutory requirements. It is also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

Value for Money

The Board concentrates on the value-added objectives of representing the housing need issues for its customers and provide support and advice to its wider constituent communities within London. The community development plan has been developed with input from Lien Viet residents and the wider South East Asian community and is available on the ISHA /Lien Viet website (www.isha.co.uk).

ISHA provides the landlord services to Lien Viet. Key Performance areas include

- rent collection, with arrears at 5.1% (2017: 5.1%),
- two Lien Viet residents moved into a permanent Lien Viet home from a hostel room (two in 2016/17),
- investment in renewing components within Lien Viet's homes 2017/18 £19,208 (2016/17: £23,763).

Lien Viet's landlord services are included within ISHA's benchmarking and service improvement plans. These are published in the Group accounts, and a more detailed value for money report is provided in ISHA Group's Annual report to customers.

Board disclosure to auditors

The Board members who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which the auditors are unaware; and each board member has taken all the steps that he/ she ought to have taken as a board member to make himself/ herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Corporate governance and internal control

The Board has adopted the NHF 2015 Code of Governance, and is compliant with that code.

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

- *Monitoring and corrective action*

Regular management reporting on control issues provides assurance to management and to the Board. This includes a procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the financial statements.

- *Control environment and control procedures*

The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including treasury strategy and new investment projects. The Board disseminates its requirements to all employees through the Association's policies with regard to the quality, integrity and ethics of its employees. It is supported by clear and comprehensive financial standing orders, describing responsibilities, levels of authority and segregation of duties.

- *Regulatory Code*

The Board has responsibility for ensuring that the Association complied with its obligations under the regulatory code.

- *Information and financial reporting systems*

Financial reporting procedures include annual budgets, reviewed every three months, and a long term business plan which is reviewed and updated annually. These are reviewed and approved by the Board. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

The internal control framework was reviewed by internal auditors and approved by the Board. As part of the service level agreement with ISHA a regular review of internal controls is performed.

Financial Statements for the year ended 31 March 2018

The Board confirms there is an ongoing process for identifying, evaluating and managing significant risks faced by the Association,

- *Fraud*

Policy and procedures on the identification and reporting of fraud are in place. As part of our fraud procedures we have a clear whistleblowing policy. Regular consideration of the main risks facing the association and the internal audit ensures system weaknesses are addressed.

Going Concern

The Board has a reasonable expectation that the Association has adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

External auditors

A resolution to reappoint Grant Thornton UK LLP will be proposed at the forthcoming annual general meeting.



On behalf of the Board
CLARE THOMSON
Secretary
13 June 2018

Independent auditor's report to the members of Lien Viet Housing Association Limited

Opinion

We have audited the financial statements of Lien Viet Housing Association Limited (the 'society') for the year ended 31 March 2018 which comprise the statement of comprehensive income, the statement of changes in reserves, the statement of financial position, the statement of cash flows and the 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 Financial Reporting Standard 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 society's affairs as at 31 March 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Basis for opinion

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with regulations made under that Act. 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 society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

This report is made solely to the society's members, as a body, in accordance with regulations made under Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Who we are reporting to

This report is made solely to the society's members, as a body, in accordance with regulations made under Section 87 of the Co-operative and Community Benefit Societies

Independent auditor's report to the members of Lien Viet Housing Association Limited

Act 2014. Our audit work has been undertaken so that we might state to the society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the society's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue

Other information

The board is responsible for the other information. The other information comprises the information included in the Report of the Board of Management, set out on pages 3 to 6 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

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

Independent auditor's report to the members of Lien Viet Housing Association Limited

Responsibilities of the board for the financial statements

As explained more fully in the Statement of Board's Responsibilities set out on page 3, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board is responsible for assessing the society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Central Milton Keynes

10 July 2018

Statement of Comprehensive Income as at 31 March

	Notes	2018 £	2017 £
Turnover	3	1,172,439	1,164,835
Operating expenditure	3	(946,239)	(926,296)
Operating surplus	3	226,200	238,539
Surplus from sale of properties and land	16	-	15,587
Loss on disposal of fixed assets	4	(4,171)	(2,356)
Movement in fair value of Investment Properties	17	45,000	15,000
Interest receivable	7a)	9,738	7,762
Interest and financing costs	7b)	(32,596)	(35,530)
		<u>17,971</u>	<u>463</u>
Surplus and total comprehensive income for the financial year		<u>244,171</u>	<u>239,002</u>

The Association's results relate wholly to continuing activities. The accompanying notes on pages 14 to 26 form part of these financial statements.

The financial statements were approved by the Board of Management at its meeting on 13 June 2018 and were signed on its behalf by:



Merlene Emerson Chair



Clare Thomson Secretary



Stephen Stringer Board Member

Statement of Changes in Reserves

	Income and Expenditure Reserves	Total
	£	£
Balance as at 1 April 2017	2,372,687	2,372,687
Surplus and total comprehensive income for the year	<u>239,002</u>	<u>239,002</u>
Balance as at 31 March 2017	2,611,689	2,611,689
Surplus and total comprehensive income for the year	<u>244,171</u>	<u>244,171</u>
Balance as at 31 March 2018	<u>2,855,860</u>	<u>2,855,860</u>

The Association's results relate wholly to continuing activities.

The accompanying notes on pages 14 to 26 form part of these financial statements.


Financial Statements for the year ended 31 March 2018


Statement of Financial Position as at 31 March

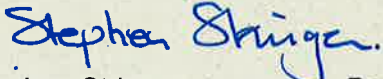
	Not e	2018 £	2017 £
Fixed Assets			
Tangible Fixed Assets	9	8,212,784	8,319,889
Investment Properties	17	355,000	310,000
		8,567,784	8,629,889
Other fixed assets	9	3,112	1,051
		8,570,896	8,630,940
Current assets			
Trade and other debtors	10	1,091,103	905,611
Cash and cash equivalents		664,159	546,392
		1,755,262	1,452,003
Creditors: amounts falling due within one year	11	(484,557)	(390,164)
Net current assets		1,270,705	1,061,839
Total assets less current liabilities		9,841,601	9,692,779
Creditors: amounts falling due after more than one year	12	(6,985,741)	(7,081,090)
Total net assets		2,855,860	2,611,689
Reserves			
Income and expenditure reserves		2,855,860	2,611,689
Total reserves		2,855,860	2,611,689

The accompanying notes on pages 13 to 25 form part of these financial statements.

The financial statements were approved by the Board of Management at its meeting on 13 June 2018 and were signed on its behalf by:


Merlene Emerson Chair


Clare Thomson Secretary


Stephen Stringer Board Member

Statement of Cash Flows

	Notes	2018 £	2017 £
Net cash generated from operating activities	15	208,328	(372,815)
Cash flow from investing activities			
Purchase of tangible fixed assets	9	(27,239)	(23,763)
Proceeds from sale of tangible fixed assets	16	-	20,400
Interest received	7a	9,738	7,762
		<hr/>	<hr/>
		190,827	(368,416)
Cash flow from financing activities			
Interest paid	7b	(32,596)	(35,530)
Repayment of borrowings		(40,464)	(37,154)
		<hr/>	<hr/>
Net change in cash and cash equivalent		117,767	(441,100)
Cash and cash equivalent at 1 April		546,392	987,492
		<hr/>	<hr/>
Cash and cash equivalent at 31 March		<u>664,159</u>	<u>546,392</u>

The accompanying notes on pages 13 to 25 form part of these financial statements.

Notes to the financial statements

1. Legal Status

The Association is incorporated with limited liability as a charitable Housing Association under the Co-operative and Community Benefit Societies Act 2014 and is a registered provider of social housing.

2. Accounting policies

Basis of accounting

The financial statements of the Association are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

The financial statements are presented in Sterling (£).

Going concern

The Association continues to adopt the going concern basis in the preparation of the financial statements as the board has reasonable expectation that the Association will continue in operational existence for the foreseeable future. Foreseeable future being at least twelve months after the date that the report and financial statement are signed.

Significant judgements and estimations

Preparations of the financial statements require management to make significant judgements and estimates. Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts where required or appropriate and other relevant factors. The items in the financial statements where these judgements have been made include:

Impairment

Annually housing properties are assessed for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where a scheme is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less costs to sell.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components. Accumulated depreciation at 31 March 2018 was £2,086,335, shown in note 9.

Financial Statements for the year ended 31 March 2018

Turnover

Turnover comprises rental and service charge income receivable in the year, income from shared ownership first tranche sales and other services included at the invoiced value excluding VAT where recoverable of services supplied in the year and revenue grants receivable in the year.

Rental income is recognised from the point where properties under developments reach practical completion or otherwise become available for letting net of voids. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Revenue grants are recognised when the conditions for receipt of the agreed grant funding have been met. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Interest payable

Interest payable is charged to income and expenditure for the year.

Financial instruments

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

Financial assets for the year includes an intercompany loan of £1,000,000 (2017: £800,000) attracting floating interest at rates that vary with the bank rates.

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally available for rent and are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the cost of acquiring land and buildings, development costs and interest charges incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Investment properties

Investment properties consist of commercial properties and other properties not held for the social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in fair value recognised in income and expenditure.

Financial Statements for the year ended 31 March 2018

Government grants

Government grants include grants receivable from the Homes and Communities Agency (the HCA), local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with the HCA. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in income and expenditure.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to income and expenditure. Upon disposal of the associated property, the group is required to recycle these proceeds and recognise them as a liability.

Depreciation of housing properties

The association separately identifies the major components which comprise its housing properties, and charges depreciation, so as to write down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life.

The association depreciates the major components of its housing properties at the following annual rates:

Component	Useful economic life (years)
Pitched roofs	60
Flat roofs	60
External doors	30
Windows	30
Electrical installation	25
General heating (excluding boilers)	25
Boilers	15
Lifts	25
Kitchens	15
Bathrooms	20
Residual structure (Building)	150

Financial Statements for the year ended 31 March 2018

Other tangible fixed assets

Other tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for other assets are:

Office premises	1.66%
Hostel scheme and office furniture and equipment	20%
Office fittings	20%
Computer hardware and software	33.3%

No depreciation is provided on freehold land.

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus for the year.

Taxation

The Association is an exempt Charity and its activities in the year did not give rise to a tax liability.

Pensions

Retirement benefits to employees are provided by a defined contribution scheme. Contributions are charged to the income & expenditure account in the period to which they are incurred.

Financial Statements for the year ended 31 March 2018

3a. Particulars of turnover, cost of sales, operating expenditure and operating surplus

	2018		
	Turnover	Operating Expenditure	Operating Surplus/(Deficit)
	£	£	£
Letting activities			
Social housing (Note 3b)	1,146,257	(938,593)	207,664
Shared ownership	6,091	(2,193)	3,898
Total	1,152,348	(940,786)	211,562
Other social housing activities			
Charges for support services	-	(1,606)	(1,606)
Management services	-	(3,847)	(3,847)
Total		(5,453)	(5,453)
Activities other than Social Housing			
Commercial properties	20,091	-	20,091
Total	1,172,439	(946,239)	226,200

	2017		
	Turnover	Operating Expenditure	Operating Surplus/(Deficit)
	£	£	£
Letting activities			
Social housing (Note 3b)	1,137,220	(911,599)	225,621
Shared ownership	8,348	(2,193)	6,155
Total	1,145,568	(913,792)	231,776
Other social housing activities			
Charges for support services	-	(1,446)	(1,446)
Management services	-	(11,058)	(11,058)
Total	-	(12,504)	(12,504)
Non Social Housing			
Commercial Properties	19,267	-	19,267
Total	1,164,835	(926,296)	238,539

Financial Statements for the year ended 31 March 2018

3b. Particulars of turnover and operating expenditure from Social Housing Lettings

	General Needs Housing £	Supported Housing £	Shared Ownership £	Total 2018 £	Total 2017 £
Income					
Rent receivable net of identifiable service charge	861,842	78,524	4,609	944,975	951,015
Service charges income	112,508	41,012	1,482	155,002	142,182
Amortised government grant	47,999	4,372	-	52,371	52,371
Turnover from Social Housing Lettings	1,022,349	123,908	6,091	1,152,348	1,145,568
Operating expenditure					
Management	489,017	48,598	-	537,615	522,464
Service charge costs	90,783	31,283	1,288	123,354	104,431
Routine maintenance	72,446	37,835	-	110,281	111,330
Planned maintenance	40,266	2,582	-	42,848	48,963
Bad debts	-	-	-	-	-
Depreciation of housing properties	117,687	8,096	905	126,688	126,604
Operating expenditure on Social Housing Lettings	810,199	128,394	2,193	940,786	913,792
Operating surplus/(deficit) on Social Housing Lettings	212,150	(4,485)	3,898	211,562	231,776
Void losses	-	(2,557)	-	(2,557)	(2,936)

3c. Accommodation in management

At the end of the year accommodation in management for each class of accommodation was as follows:

	2018 No. of properties	2017 No. of properties
Social Housing		
General needs social rent	102	102
Supported housing	19	19
Shared Ownership	1	1
Total owned	122	122
Accommodation managed for others	35	35
Total owned and managed	157	157

Financial Statements for the year ended 31 March 2018

4. DISPOSALS OF FIXED ASSET COMPONENTS

	Other fixed assets	Total 2018	Total 2017
	£	£	£
Disposal at cost	(13,226)	(13,226)	(19,869)
Depreciation on disposals	9,055	9,055	17,513
Deficit on disposal	<u>(4,171)</u>	<u>(4,171)</u>	<u>(2,356)</u>

5a. Key management personnel

As at 31 March 2018 none of the board members received emoluments in excess of £60,000 (2017: nil). The board members are considered to represent key management personnel.

5b. Employees

Average monthly number of employees expressed as full time equivalents:

	2018	2017
	Number	Number
Administration	3	3
	<u>3</u>	<u>3</u>

	2018	2017
	£	£
Employee costs:		
Wages and salaries	81,903	85,380
Social security costs	7,723	5,993
Pension costs	6,638	4,327
	<u>96,264</u>	<u>95,700</u>

6. Pensions

All Lien Viet employees have joint contracts of employment with Islington & Shoreditch Housing Association. All employees are currently members of the Social Housing Pension Scheme.

7a. Interest receivable and other income

	2018	2017
	£	£
Interest receivable and similar income	9,738	7,762
	<u>9,738</u>	<u>7,762</u>

Financial Statements for the year ended 31 March 2018

7b. Interest and financing costs

	2018	2017
	£	£
Loans and bank overdrafts	32,596	35,530
	<u>32,596</u>	<u>35,530</u>

8. Operating surplus

The operating surplus is arrived after charging/(crediting):

	2018	2017
	£	£
Depreciation of housing properties	126,688	126,604
Depreciation of other tangible fixed assets	1,424	1,484
Surplus on sale of properties and land	-	15,587
Deficit on sale of fixed assets	<u>(4,171)</u>	<u>(2,356)</u>
Auditors' remuneration (excluding VAT)		
– Audit of the financial statements of the Association	<u>5,445</u>	<u>5,520</u>

9. Fixed assets – housing properties and other fixed assets

	Social housing properties held for letting £	Shared Ownership £	Subtotal housing properties	Plant, vehicles and equipment £	Subtotal other fixed assets	Total £
Cost						
At 1 April 2017	10,169,576	65,060	10,234,636	53,582	53,582	10,288,218
Additions	23,754	-	23,754	3,485	3,485	27,239
Disposals	(13,226)	-	(13,226)	-	-	(13,226)
At 31 March 2018	<u>10,180,104</u>	<u>65,060</u>	<u>10,245,164</u>	<u>57,067</u>	<u>57,067</u>	<u>10,302,231</u>
Depreciation						
At 1 April 2017	1,907,505	7,242	1,914,747	52,531	52,531	1,967,278
Charge for year	125,783	905	126,688	1,424	1,424	128,112
Released on disposals	(9,055)	-	(9,055)	-	-	(9,055)
At 31 March 2018	<u>2,024,233</u>	<u>8,147</u>	<u>2,032,380</u>	<u>53,955</u>	<u>53,955</u>	<u>2,086,335</u>
Net book value						
At 31 March 2018	<u>8,155,871</u>	<u>56,913</u>	<u>8,212,784</u>	<u>3,112</u>	<u>3,112</u>	<u>8,215,896</u>
At 31 March 2017	<u>8,262,071</u>	<u>57,818</u>	<u>8,319,889</u>	<u>1,051</u>	<u>1,051</u>	<u>8,320,940</u>

Financial Statements for the year ended 31 March 2018

9. Fixed assets – housing properties and other fixed assets – *continued*

Expenditure on works to existing properties

	2018	2017
	£	£
Components Capitalised	23,754	23,763
Amount charged to income and expenditure	34,242	41,210
	<u>57,996</u>	<u>64,973</u>

10. Trade and other debtors

	2018	2017
	£	£
Due within one year		
Rent and service charges receivable	66,465	54,718
Less: provision for bad and doubtful debts	<u>(22,677)</u>	<u>(23,379)</u>
	43,788	31,339
Amount due from parent company	1,030,893	841,398
Prepayments and accrued income	<u>16,422</u>	<u>32,874</u>
	<u>1,091,103</u>	<u>905,611</u>

11. Creditors: amounts falling due within one year

	2018	2017
	£	£
Loans repayable (note 14)	37,438	34,923
Trade creditors	26,271	-
Deferred grant income	52,371	52,371
Amounts owed to group undertaking	118,027	141,701
Accruals and deferred income	224,428	118,817
Rent and service charges received in advance	<u>26,022</u>	<u>42,352</u>
	<u>484,557</u>	<u>390,164</u>

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

	2018	2017
	£	£
Debt (note 14)	368,287	411,266
Deferred grant income	<u>6,617,454</u>	<u>6,669,824</u>
	<u>6,985,741</u>	<u>7,081,090</u>

Financial Statements for the year ended 31 March 2018

13. Deferred grant income

	2018 £	2017 £
At 1 April	6,722,199	6,774,570
Released to income in the year	(52,371)	(52,371)
At 31 March	<u>6,669,828</u>	<u>6,722,199</u>

	2018 £	2017 £
Amounts to be released within one year	52,371	52,371
Amounts to be released in more than one year	6,617,457	6,669,828
	<u>6,669,828</u>	<u>6,722,199</u>

14. Debt analysis

Borrowings

	2018 £	2017 £
Due within one year		
Bank loans	37,438	34,923
Due after more than one year		
Bank loans	368,287	411,266
Total loans	<u>405,725</u>	<u>446,189</u>

Housing Loans are from private lenders and in the main secured by specific charges on the Group's housing properties

Loan Portfolio	Interest Rate
Orchardbrook ex HC – Fixed 30 Yr	9.375%
Orchardbrook ex HC – Deferred 30 Yr	LIBOR + 1.5%

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	2018 £	2017 £
Within one year or on demand	37,438	34,923
One year or more but less than two years	40,721	37,718
Two years or more but less than five years	145,775	134,585
Five years or more	181,791	238,963
	<u>405,725</u>	<u>446,189</u>

Financial Statements for the year ended 31 March 2018

15. Cash flow from operating activities

	2018	2017
	£	£
Surplus for the year	244,171	239,002
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	128,112	128,080
Amortisation of grant income	(52,371)	(52,371)
Decrease/(increase) in trade and other debtors	(185,491)	(788,904)
Increase/(decrease) in trade and other creditors	91,878	101,841
Net gain/loss on sale of fixed assets	4,171	2,356
Surplus on staircasings	-	(15,587)
Movement in value of investment property	(45,000)	(15,000)
Interest receivable	(9,738)	(7,762)
Interest payable	32,596	35,530
Net cash generated from operating activities	<u>208,328</u>	<u>(372,815)</u>

16. Surplus on sale of fixed assets – housing properties

	2018	2017
	£	£
Disposal proceeds	-	20,400
Carrying value of fixed assets	-	(4,813)
	<u>-</u>	<u>15,587</u>

17. Investment properties: non-social housing properties held for letting

	£
At 1 April 2017	310,000
Increase in value	45,000
At 31 March 2018	<u>355,000</u>

Investment properties were valued as at 31 March 2018. The association's investment property has been valued by Resolution Property Surveyors, professional external valuers. The full valuation of the property was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors on the basis of fair value. The investment property is a commercial office and a rent capitalisation methodology was adopted coupled with an assessment of what an owner occupier might pay to arrive at the fair value, with reference to respective rental and capital value market data/sentiment.

Financial Statements for the year ended 31 March 2018

18. Share Capital

The association is limited by guarantee and therefore has no share capital. Each member (see numbers below) agrees to contribute £1 in the event on the association winding up.

	2018 Number	2017 Number
Number of members		
At 1 April	8	8
Joining during the year	-	-
Leaving during the year	-	-
At 31 March	<u>8</u>	<u>8</u>

19. Financial assets and liabilities

Categories of financial assets and financial liabilities

	2018 £	2017 £
Financial assets that are debt instruments measured at amortised cost		
Other debtors	91,103	105,611
Loan to parent company	1,000,000	800,000
	<u>1,091,103</u>	<u>905,611</u>

Financial liabilities measured amortised cost

Loans (Note 14)	405,725	446,189
Creditors	7,064,574	7,025,065
Total	<u>7,470,299</u>	<u>7,471,254</u>

Financial assets includes short term debtors and an intercompany loan of £1,000,000 (2017: £800,000) at a floating rate, attracting interest at rates that vary with the bank rates.

Financial liabilities include all creditors and loan amounts payable.

20. Related parties

The Association has taken advantage of the exemption in FRS 102, section 33.1A concerning related party transactions by virtue of its status as a 100% owned subsidiary of a parent whose accounts are consolidated and made publicly available.

21. Parent undertaking

The parent association is Islington & Shoreditch Housing Association, a Registered Provider of Social Housing incorporated in the United Kingdom as a Co-operative and Community Benefit Society and under the Housing and Regeneration Act 2008. Its accounts are available from 102 Blackstock Road, London, N4 2DR.

Lien Viet financial statements are consolidated in Islington & Shoreditch Housing Association financial statements.

22. Post balance sheet event

Islington & Shoreditch Housing Association repaid the £1,000,000 intercompany loan to the Association on 5 April 2018. On 6 April 2018, a £1,000,000 one-year fixed term loan was issued on the same terms to Islington & Shoreditch Housing Association.

