



**Alexander Sloan**  
Accountants and Business Advisers

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# **Lochfield Park Housing Association Limited**

Report and Financial Statements

For the year ended 31 March 2023

Registered Social Landlord No. HAC268

FCA Reference No. 2444R(S)

Scottish Charity No. SC037694

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# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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## REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

### Contents

	<b>Page</b>
Members of the Management Committee, Executive and Advisers	1
Report of the Management Committee	2 – 7
Report by the Auditors on corporate governance matters	8
Report of the Auditors	9 -12
Statement of comprehensive income	13
Statement of financial position	14
Statement of cash flows	15
Statement of changes in equity	16
Notes to the financial statements	17 - 35

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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## MANAGEMENT COMMITTEE, EXECUTIVE AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2023

### MANAGEMENT COMMITTEE

Hannah McDonald	
Steven Gallacher	Chairperson
Marie Quinn	Secretary
Joan Buchanan	
Kate Serries	
Jade McCulloch	
Moira Gilfillan	Treasurer
Helen Black	
Michelle Lavery	Resigned – August 2022
Audrey Gilfillan	Vice Chairperson
Jenna Vance	From September 2022
Joyce Hennessy	From September 2022
Karen Bowman	Co-opted March 2023
Lorraine Keegan	From September 2022
Maria Oguntayo	From September 2022

### EXECUTIVE OFFICERS

Kenneth Halliday	Director
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### REGISTERED OFFICE

37 Drumlanrig Avenue  
Easterhouse  
Glasgow  
G34 0JF

### EXTERNAL AUDITORS

Alexander Sloan  
Accountants and Business Advisers  
180 St Vincent Street  
Glasgow  
G2 5SG

### INTERNAL AUDITORS

Quinn Internal Audit  
55 Lady Place  
Livingston  
EH54 6TB

### FINANCE AGENTS

FMD Financial Services  
Limited

### BANKERS

Clydesdale Bank PLC  
47 Main Street  
Baillieston  
Glasgow  
G69 6AD

### SOLICITOR

TC Young  
7 West George Street  
Glasgow  
G2 1BA

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2023

The Management Committee presents its report and the financial statements for the year ended 31 March 2023.

### Legal Status

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No. 2444R(S)), the Scottish Housing Regulator as a registered social landlord (No. HAC268) under the Housing (Scotland) Act 2010 and as is a registered Scottish Charity with the charity number SC037694.

### Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

### Review of Business and Future Developments

Although staff have been full time back in the office for the last year, it has been a continuation of the previous one in terms of the effects of Covid on society. From an organisational perspective, it has been another strange year of coping with the restrictions and limitations on how we do things.

We use this review to consider performance against targets and objectives as a means of assessing performance, pointing the way forward into the next year. However, we have been particularly busy this year dealing with the two new housing developments and maintaining services to tenants.

Positives from the last twelve months included:

- 84 new properties completed at Phase 10, Abbeycraig Road, (including 8 for GGHSCP).
- 15 new build properties completed at Phase 11, Abbeygreen Street,
- The 2021/22 audit produced another clean External Audit report from Alexander Sloan.
- We managed to have a successful, well attended Annual General Meeting in September 2022 where four new committee members were elected. We now have fourteen committee members.
- Our cash reserves at 31st March 2023 are £3.639m despite the contribution of approximately £1.2m from our own reserves towards the two new housing developments.
- We successfully managed the £6m CAF Bank loan facility and the £11m HAG facility to fund the two new developments. Both developments were completed with relatively minor additional costs, which was a good performance considering the economic pressures resulting from the energy price crisis, Brexit and the Ukraine war.
- We carried out major repairs to two properties in Glassel Road which suffered from pest infestation and have learned lessons from these expensive cases going forward.
- We conducted major paint contracts during the year within budget.
- We provided normal services to tenants throughout the year despite ongoing Covid issues.
- We managed to maintain the governance requirements of the Association, the SHR and all other regulatory bodies including lenders.
- We contributed to the local community through the Cash for Kids, donation to the FARE gala day and Christmas hampers. We donated to CLAPA, distributed funds to tenants in collaboration with GCC and EHRA.
- We had a very successful Santa's Grotto and Christmas hamper raffles for the local community.

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2023

### Finance

During the year we;

- Received a clean audit report from our external auditor (despite the demands of FRS 102).
- Reviewed the Five-Year Projections and sent them to the Regulator on time.
- Updated the 30 year financial projections.
- Reduced our outstanding RBS loan debt.
- ~~Maintained strong cash reserves through efficient financial management.~~
- Rental income has increased significantly because of the 99 new tenancies and the continuing acquisition of empty homes at Brucefield Park.
- Tight control of expenditure has once again resulted in the Association performing well against peer group comparisons, which will be detailed in the ARC statistics produced by the Scottish Housing Regulator later in the year. (ARC is due in May).
- Short, medium and long-term projections are all very healthy and the Association's business plan is almost complete.
- Spend has been in line with budget projections in most areas, the notable exception being reactive repairs due to exceptional circumstances identified in the SMO's regular reports.
- Rent arrears have remained relatively steady over the last year as noted in the Property Management Review.
- Despite these small deviations sound financial performance has been exhibited throughout the year.
- We expect the year end accounts to confirm our healthy financial position.

### Maintenance

Our long term maintenance manager retired in July last year and we employed a new senior maintenance officer to fill the post. As with any periods of change this can upset the normal way of doing things however the change has been seamless, and it has been business as usual since the new employee started.

- We continue to provide a good service to tenants despite Covid restrictions as confirmed by our repairs reporting procedures and tenant feedback exercises. Performance against targets is good and consistent with last year.
- We continue to update the planned maintenance programme to ensure we continue to meet the requirements of the Scottish Housing Quality Standards and the EESSH.
- We engaged Grant Murray Architects to carry out a full stock condition survey and a report on our readiness and preparedness for EESSH 2 in 2032.
- We carried out a full gutter cleaning contract.
- We renewed 39 boilers in the last year which was an increase on last year.
- We carried out repairs to two balconies at Phase 4b.

Although reactive spend was over budget, planned and cyclical spend remain under control and the budget setting process is continually refined to ensure we have an effective, efficient process that maximises resources for the good of the Association.

### Housing Management

Housing management staff have performed exceptionally well this year considering the additional workload associated with creating 99 new tenancies at the new build housing developments.

- Facebook and twitter continue to allow us to enhance further the communication between the Association and its tenants.
- The Welfare/Money Advice service provided by Paul Harrison continues to be well used and is almost indispensable to local people.
- Staff continue to take a proactive approach to their work and are ensuring compliance with our policies and procedures.

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2023

- The staff team have also contributed to the EHRA Common Housing Register (CHR) and assisted in ensuring this initiative works.
- We employed a new housing assistant, Megan, who has settled in very well and has been a great addition to the staff team over the last busy period.

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### **The Association's Image**

We have continued to project a positive image over the last twelve months through;

- Producing newsletters to tenants.
- Producing an Annual Report/Annual Return on the Charter.
- Having a successful AGM in September 2022.
- Contributing to Brucefield park regeneration and EHRA.
- Providing as good a service as possible during the last twelve months despite the additional workload of the 99 new properties and the continuing issues relating to Covid, which has not gone away.
- Promoting Facebook and Twitter pages for the Association.
- Updating the Association's website regularly.

### **Governance**

We are once again grateful to the 14 members of the Management Committee over the last year, who have ensured all meetings were quorate and allowed the Association to meet all governance requirements.

We continue to meet the SHR Regulatory requirements for good governance and have only recently received our 2023/24 notification that we remain compliant, and continue to operate at the top level of Registered Social Landlords.

### **Staffing Matters**

In my opinion, the entire staff team has performed particularly well over the last twelve months and contributed greatly towards ensuring that the organisation performed to the highest standards, maintaining the good name of the Association.



# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2023

### **Management Committee and Executive Officers**

The members of the Management Committee and the Executive officers are listed on page 1.

Each member of the Management Committee holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of directors, they act as executives within the authority delegated by the Management Committee.

The members of the Management Committee are also trustees of the charity. Members of the Management Committee are appointed by the members at the Association's Annual General Meeting.

### **Statement of Management Committee's Responsibilities**

The Co-operative and Community Benefit Societies Act 2014 requires the Management Committee to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those financial statements the Management Committee 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 a going concern basis unless it is inappropriate to presume that the Association will continue in business; and
- prepare a statement on internal financial control.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to: ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

### **Going Concern**

Based on its budgetary and forecasting processes the Management Committee has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future; therefore, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2023

### Statement on Internal Financial Control

The Management Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Association, or for publication;
- the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposition.

It is the Management Committee's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- the Management Committee receives reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year end 31 March 2022. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

### Disclosure of Information to the Auditor

The members of the Management Committee at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

### Auditor

A resolution to reappoint the Auditors, Alexander Sloan, Accountants and Business Advisers, will be proposed at the Annual General Meeting.



# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2023

By order of the Management Committee



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**MARIE QUINN**

Secretary

8 August 2023

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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## REPORT BY THE AUDITORS TO THE MEMBERS OF LOCHFIELD PARK HOUSING ASSOCIATION ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the financial statements, we have reviewed your statement on page 6 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

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### **Basis of Opinion**

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

### **Opinion**

In our opinion the Statement of Internal Financial Control on page 6 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

Through enquiry of certain members of the Management Committee and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



**ALEXANDER SLOAN**  
Accountants and Business Advisers  
Statutory Auditors  
GLASGOW  
8 August 2023



**Alexander Sloan**  
Accountants and Business Advisers

The logo for Alexander Sloan, featuring a stylized blue 'A' composed of three vertical bars of varying heights.

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOCHFIELD PARK HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2023

### Opinion

We have audited the financial statements of Lochfield Park Housing Association Limited (the 'Association') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, 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 Association's affairs as at 31 March 2023 and of the surplus 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 Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019.

### 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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 audit opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Management Committee's 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 Association'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 Management Committee with respect to going concern are described in the relevant sections of this report.

### Other Information

The Management Committee is responsible for the other information. The other information comprises the information contained in the annual report, 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.

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOCHFIELD PARK HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2023 (continued)

### Other Information (Contd.)

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 require us to report to you if, in our opinion:

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of the Management Committee

As explained more fully in the statement of Management Committee's responsibilities as set out on page 5, the Management Committee is responsible for the preparation of the financial statements and for being satisfied that they give true and fair view, and for such internal control as the Management Committee determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee is responsible for assessing the Association'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 Management Committee either intend to liquidate the Association 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.

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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:



# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOCHFIELD PARK HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2023 (continued)

### **The extent to which the audit was considered capable of detecting irregularities including fraud**

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we gained an understanding of the legal and regulatory framework applicable to the Association through discussions with management, and from our wider knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Association, including the Co-operative and Community Benefit Societies Act 2014 (and related regulations), the Housing (Scotland) Act 2010 and other laws and regulations applicable to a registered social housing provider in Scotland. We also considered the risks of non-compliance with the other requirements imposed by the Scottish Housing Regulator and we considered the extent to which non-compliance might have a material effect on the financial statements.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Association's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing the Association's Assurance Statement and associated supporting information; and
- reviewing correspondence with the Scottish Housing Regulator.



# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOCHFIELD PARK HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2023 (continued)

### The extent to which the audit was considered capable of detecting irregularities including fraud (Contd.)

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Directors and other management and the inspection of regulatory and legal correspondence, if any.

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Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

### Use of our Report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association'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 Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.



**ALEXANDER SLOAN**  
Accountants and Business Advisers  
Statutory Auditors  
GLASGOW  
8 August 2023



**Alexander Sloan**  
Accountants and Business Advisers

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023	2022
		£	£
Revenue	2	3,388,633	3,003,403
Operating costs	2	2,631,960	2,089,403
<b>OPERATING SURPLUS</b>		<u>756,673</u>	<u>914,000</u>
Interest receivable and other income		49,721	5,503
Interest payable and similar charges	7	(475,264)	(407,383)
Other Finance income/(charges)	9	-	(4,000)
		<u>(425,543)</u>	<u>(405,880)</u>
<b>SURPLUS FOR THE YEAR</b>		<u><b>331,130</b></u>	<u><b>508,120</b></u>
<b>Other comprehensive income</b>			
Pension asset not recognised	17	-	(101,000)
Actuarial gains/(losses) on defined benefit pension plan	17	(83,000)	298,000
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><b>248,130</b></u>	<u><b>705,120</b></u>

The results relate wholly to continuing activities.

The notes on pages 17 to 36 form an integral part of these financial statements.

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Notes	2023		2022	
		£	£	£	£
<b>NON-CURRENT ASSETS</b>					
Housing properties - depreciated cost	10		43,310,399		42,028,014
Other tangible assets	10		578,549		577,122
			<u>43,888,948</u>		<u>42,605,136</u>
<b>CURRENT ASSETS</b>					
Receivables	11	100,400		76,538	
Investments	12	1,052,232		1,035,093	
Cash and cash equivalents	13	2,587,041		5,410,317	
			<u>3,739,673</u>	<u>6,521,948</u>	
<b>CREDITORS: Amounts falling due within one year</b>	14	(1,158,698)		(1,337,260)	
			<u>2,580,975</u>	<u>5,184,688</u>	
<b>NET CURRENT ASSETS</b>					
			<u>2,580,975</u>	<u>5,184,688</u>	
<b>TOTAL ASSETS LESS CURRENT</b>			<u>46,469,923</u>	<u>47,789,824</u>	
<b>CREDITORS: Amounts falling due after</b>	15		(11,288,027)		(12,027,013)
<b>PENSIONS AND OTHER PROVISIONS scheme</b>	17	(41,000)		-	
			<u>(41,000)</u>		
<b>DEFERRED INCOME</b>					
Social housing grants	18	(25,398,351)		(26,241,665)	
Other grants	18	(1,058,269)		(1,084,995)	
			<u>(26,456,620)</u>	<u>(27,326,660)</u>	
<b>NET ASSETS</b>			<u>8,684,276</u>	<u>8,436,151</u>	
<b>EQUITY</b>					
Share capital	19		167		172
Revenue reserves			8,725,109		8,435,979
Pension reserves			(41,000)		-
			<u>8,684,276</u>	<u>8,436,151</u>	

The financial statements were approved by the Management Committee and authorised for issue and signed on their behalf on 8 August 2023.

  
Committee Member

  
Committee Member

  
Secretary

The notes on pages 17 to 36 form an integral part of these financial statements.

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023		2022	
		£	£	£	£
<b>Surplus for the Year</b>			331,130		508,120
<i>Adjustments for non-cash items:</i>					
Depreciation of tangible fixed assets	10	1,230,899		837,446	
Amortisation of capital grants	18	(870,040)		(850,506)	
Non-cash adjustments to pension provisions		(42,000)		(47,000)	
Share capital written off	19	(14)		(12)	
			318,845		(60,072)
Interest receivable			(49,721)		(5,503)
Interest payable	7		475,264		407,383
<b>Operating cash flows before movements in working capital</b>			1,075,518		849,928
Change in debtors		(23,862)		5,156	
Change in creditors		(580,775)		568,430	
			(604,637)		573,586
<b>Net cash inflow from operating activities</b>			470,881		1,423,514
<b>Investing Activities</b>					
Acquisition and construction of properties		(2,484,776)		(9,412,434)	
Purchase of other fixed assets		(29,935)		(1,056)	
Social housing grant received		-		4,512,310	
Other grants received		-		257,043	
Changes on short term deposits with banks		(17,139)		(2,831)	
<b>Net cash outflow from investing activities</b>			(2,531,850)		(4,646,968)
<b>Financing Activities</b>					
Loan Advances Received		-		6,000,000	
Interest received on cash and cash equivalents		49,721		5,503	
Interest paid on loans		(475,264)		(407,383)	
Loan principal repayments		(336,773)		(255,216)	
Share capital issued	19	9		1	
<b>Net cash (outflow) / inflow from financing activities</b>			(762,307)		5,342,905
<b>(decrease)/increase in cash</b>	20		(2,823,276)		2,119,451
<b>Opening cash &amp; cash equivalents</b>			5,410,317		3,290,866
<b>Closing cash &amp; cash equivalents</b>			<b>2,587,041</b>		<b>5,410,317</b>
<b>Cash and cash equivalents as at 31 March</b>					
Cash	20		2,587,041		5,410,317
			<b>2,587,041</b>		<b>5,410,317</b>

The notes on pages 17 to 36 form an integral part of these financial statements.

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2023

	Share Capital	Scottish Pension reserve	Revenue Reserve	
	£	£	£	
<b>Balance as at 1 April 2021</b>	183	(244,000)	7,974,859	7,7
Issue of Shares	1	-	-	
Cancellation of Shares	(12)	-	-	
Other comprehensive income	-	197,000	-	7
Other movements	-	47,000	(47,000)	
Surplus for the year	-	-	508,120	8
<b>Balance as at 31 March 2022</b>	<b>172</b>	<b>-</b>	<b>8,435,979</b>	<b>8,4</b>
<b>Balance as at 1 April 2022</b>	172	-	8,435,979	8,4
Issue of Shares	9	-	-	
Cancellation of Shares	(14)	-	-	
Other comprehensive income	-	(83,000)	-	
Other movements	-	42,000	(42,000)	
Surplus for the year	-	-	331,130	9
<b>Balance as at 31 March 2023</b>	<b>167</b>	<b>(41,000)</b>	<b>8,725,109</b>	<b>8,0</b>

The notes on pages 17 to 36 form an integral part of these financial statements.



# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS

### 1. PRINCIPAL ACCOUNTING POLICIES

#### Statement of Compliance and Basis of Accounting

These financial statements were prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice for social housing providers 2018. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods beginning on or after 1 January 2019. They comply with the Determination of Accounting Requirements 2019. A summary of the principal accounting policies is set out below.

#### Revenue

Revenue comprises rental and service charge income receivable in the period, income from shared ownership first tranche sales, sales of properties built for sale, other services provided, revenue grants receivable and government grants released to income in the period.

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government grants are released to income over the expected useful life of the asset to which they relate. Revenue grants are receivable when the conditions for receipt of the agreed grant funding have been met.

#### Retirement Benefits

The Association participates in the Scottish Housing Association Pension Scheme (SHAPS), a multi-employer defined benefit scheme. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102.

#### Going Concern

On the basis that the Management Committee has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, the Association has adopted the going concern basis of accounting in preparing these financial statements.

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 1. PRINCIPAL ACCOUNTING POLICIES (continued.)

#### Housing Properties

Housing properties are held for the provision of social housing. Housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes acquisition of land and buildings and development cost. The Association depreciates housing properties over the useful life of each major component. Housing under construction and land are not depreciated.

<i>Component</i>	<i>Useful Economic Life</i>
Land	Not Depreciated
Kitchen Units	Over 15 years
Bathroom Suits	Over 25 years
Windows	Over 30 years
Rewiring	Over 30 years
Marlec Doors	Over 30 years
Structure	Over 50 years

#### Depreciation and Impairment of Other Tangible Assets

Non-current assets are stated at cost less accumulated depreciation. Depreciation is charged over the expected economic useful lives of the assets at the following annual rates:

<i>Asset Category</i>	<i>Depreciation Rate</i>
Office Premises	2%
Furniture and Fittings	20%
Computer & Office Equipment	33%

The carrying values of non-current assets are reviewed for impairment at the end of each reporting period.

#### Social Housing Grants and Other Capital Grants

Social housing grants and other capital grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which they relate.

Social housing grant attributed to individual components is written off to the statement of comprehensive income when these components are replaced.

Although social housing grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

#### Sales Of Housing Properties

First tranche shared ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the statement of recommended practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the statement of comprehensive income.

Disposals under shared equity schemes are accounted for in the statement of comprehensive income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

#### Taxation

The Association is a Registered Scottish Charity and is not liable to taxation on its charitable activities.

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1. PRINCIPAL ACCOUNTING POLICIES (continued.)

#### Leases

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives or the term of the lease, whichever is shorter.

#### Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property, a material reduction in future maintenance costs, or a significant extension of the life of the property.

#### Capitalisation Of Development Overheads

Directly attributable development administration costs relating to ongoing development activities are capitalised.

#### Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a non-current asset. Surpluses made on the disposal of first tranche sales are taken to the Statement of Comprehensive Income.

Property developments that are intended for resale are included in current assets until disposal.

#### Housing Property Managed By Agents

Where a third party manages the Association's housing property the accounting treatment reflects the substance of the transactions. The property is only excluded if the rights and obligations associated with the scheme has been transferred to the third party.

#### Financial Instruments - Basic

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

The Association's debt instruments are measured at amortised cost using the effective interest rate method.

#### Cash and Liquid Resources

Cash comprises cash at bank and in hand, deposits repayable on demand less overdrafts. Liquid resources are current asset investments that can't be disposed of without penalty and are readily convertible into amounts of cash at their carrying value.

#### Impairment

The Association assesses at the end of each accounting period whether there are indications that a non-current asset may be impaired or that an impairment loss previously recognised has fully or partially reversed.

Where the carrying value of non-current assets is less than their recoverable amounts the shortfall is recognised as an impairment loss in the Statement of Comprehensive Income. The recoverable amount is the higher of the fair value less costs to sell and value-in-use of the asset based on its service potential.

Impairment losses previously recognised are reversed if the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income.

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 1. PRINCIPAL ACCOUNTING POLICIES (continued.)

#### **Key Judgements and estimates made in the application of Accounting Policies**

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the Association to exercise judgement in applying the its accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below.

#### Key Judgements

##### *a) Categorisation of Housing Properties*

In the judgement of the Management Committee the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

##### *b) Identification of cash generating units*

The Management Committee considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

##### *c) Financial instrument break clauses*

The Management Committee has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In their judgement these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.

##### *d) Pension Liability*

The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. The Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method. In May 2022 the Association was informed by the Pension Trust that liabilities could, potentially, be understated. No adjustment has been made for this and more details of this can be found in note 17.

#### Estimation Uncertainty

##### *a) Rent Arrears - Bad Debt Provision*

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history, arrangements in place and court action.

##### *b) Life Cycle of Components*

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

##### *c) Useful life of properties, plant and equipment*

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

##### *d) Costs of shared ownership*

The Association allocates costs to shared ownership properties on an percentage basis split across the number of properties the Association owns.

##### *e) Defined pension liability*

In determining the value of the Association's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds.



# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT

	Notes	2023			2022		
		Turnover £	Operating costs £	Operating surplus / (deficit) £	Turnover £	Operating costs £	Operating surplus / (deficit) £
Affordable letting activities	3	3,378,727	2,593,766	784,961	3,003,403	2,065,993	937,410
Other Activities	4	9,906	38,194	(28,288)	-	23,410	(23,410)
<b>Total</b>		<b>3,388,633</b>	<b>2,631,960</b>	<b>756,673</b>	<b>3,003,403</b>	<b>2,089,403</b>	<b>914,000</b>

### 3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Shared Ownership £	2023 Total £	2022 Total £
<b>Revenue from Lettings</b>				
Rent receivable net of service charges	2,455,038	40,502	2,495,540	2,136,384
<b>Gross income from rent and service charges</b>	2,455,038	40,502	2,495,540	2,136,384
Less: Rent losses from voids	20,143	-	20,143	13,661
<b>Income from rents and service charges</b>	2,434,895	40,502	2,475,397	2,122,723
Grants released from deferred income	858,018	12,021	870,039	850,505
Other revenue grants	33,291	-	33,291	30,175
<b>Total turnover from affordable letting activities</b>	3,326,204	52,523	3,378,727	3,003,403
<b>Expenditure on affordable letting activities</b>				
Management and maintenance administration costs	784,065	12,935	797,000	717,006
Planned and cyclical maintenance, including major repairs	390,572	-	390,572	311,353
Reactive maintenance costs	193,045	-	193,045	224,281
Bad Debts - rents and service charges	10,758	-	10,758	4,454
Depreciation of affordable let properties	1,188,878	13,513	1,202,391	808,899
<b>Operating costs of affordable letting activities</b>	2,567,318	26,448	2,593,766	2,065,993
<b>Operating surplus on affordable letting activities</b>	<b>758,886</b>	<b>26,075</b>	<b>784,961</b>	<b>937,410</b>
<b>2022</b>	<b>912,650</b>	<b>24,760</b>		

The past service deficit payments made by the Association during the year were £35,692 (2022 - £69,305).

Planned Maintenance costs, above of £390,572 (2022 - £311,353) include major repair costs of £159,584 (2022- £157,791).



# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER A

	Other income £	Turn
Wider role activities	9,906	9
<b>Total From Other Activities</b>	<b>9,906</b>	<b>9</b>
<b>2022</b>	<b>-</b>	<b>-</b>

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 5. OFFICERS' EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.

	2023 £	2022 £
Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions)	<u>82,476</u>	<u>78,812</u>
Emoluments payable to Director (excluding pension contributions)	<u>82,476</u>	<u>78,812</u>
Total emoluments paid to key management personnel	<u>82,476</u>	<u>78,812</u>

The number of Officers, including the highest paid Officer, who received emoluments, including pension contributions, over £60,000 was in the following ranges:-

	Number	Number
£70,001 to £80,000	-	1
£80,001 to £90,000	<u>1</u>	<u>-</u>

### 6. EMPLOYEE INFORMATION

	2023 No.	2022 No.
Average monthly number of full time equivalent persons employed during the year	<u>10</u>	<u>10</u>
Staff costs were:	£	£
Wages and salaries	437,647	402,318
National insurance costs	43,273	37,835
Pension costs	47,240	68,717
	<u>528,160</u>	<u>508,870</u>

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 7. INTEREST PAYABLE AND SIMILAR CHARGES

	2023	2022
	£	£
On bank loans and overdrafts	<u>475,264</u>	<u>407,383</u>

## 8. SURPLUS FOR THE YEAR

	2023	2022
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	1,230,899	837,446
Auditors' remuneration - audit services	<u>9,500</u>	<u>8,160</u>

## 9. OTHER FINANCE INCOME / (CHARGES)

	2023	2022
	£	£
Net interest on pension obligations	<u>-</u>	<u>(4,000)</u>

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 10. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
<b>COST</b>				
At 1 April 2022	40,571,379	15,776,436	806,850	57,154,665
Additions	10,050	2,474,726	-	2,484,776
Disposals	(3,531)	-	-	(3,531)
Transfers	17,749,804	(17,749,804)	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
At 31 March 2023	58,327,702	501,358	806,850	59,635,910
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>DEPRECIATION</b>				
At 1 April 2022	14,842,550	-	284,101	15,126,651
Charge for Year	1,188,878	-	13,513	1,202,391
Disposals	(3,531)	-	-	(3,531)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
At 31 March 2023	16,027,897	-	297,614	16,325,511
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>NET BOOK VALUE</b>				
At 31 March 2023	42,299,805	501,358	509,236	43,310,399
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
At 31 March 2022	25,728,829	15,776,436	522,749	42,028,014
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

Expenditure on Existing Properties	2023		2022	
	Component £	Improvement £	Component £	Improvement £
Amounts capitalised	10,050	-	17,324	-
Amounts charged to the statement of comprehensive income	-	583,617	-	535,634
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

All land and housing properties are heritable.

The Association's lenders have standard securities over housing property with a carry value of £20,570,125 (2022 - £21,188,512).

## LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 10. NON CURRENT ASSETS (continued)

(b) Other tangible assets	Office Premises £	Furniture & Equipment £	Total £
<b>COST</b>			
At 1 April 2022	797,078	208,114	1,005,192
Additions	-	29,935	29,935
	-----	-----	-----
At 31 March 2023	797,078	238,049	1,035,127
	-----	-----	-----
<b>DEPRECIATION</b>			
At 1 April 2022	223,184	204,886	428,070
Charge for year	15,942	12,566	28,508
	-----	-----	-----
At 31 March 2023	239,126	217,452	456,578
	-----	-----	-----
<b>NET BOOK VALUE</b>			
At 31 March 2023	557,952	20,597	578,549
	-----	-----	-----
At 31 March 2022	573,894	3,228	577,122
	-----	-----	-----



# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 11. RECEIVABLES

	2023	2022
	£	£
Gross arrears of rent & service charges	93,079	89,146
Less: Provision for doubtful debts	(45,000)	(45,000)
<i>Net arrears of rent and service charges</i>	48,079	44,146
Other receivables	52,321	32,392
	<u>100,400</u>	<u>76,538</u>

### 12. CURRENT ASSET INVESTMENTS

	2023	2022
	£	£
Short term deposits	1,052,232	1,035,093
	<u>1,052,232</u>	<u>1,035,093</u>

### 13. CASH AND CASH EQUIVALENTS

	2023	2022
	£	£
Cash at bank and in hand	2,587,041	5,410,317
	<u>2,587,041</u>	<u>5,410,317</u>

### 14. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Bank loans	694,626	292,413
Trade payables	58,256	58,869
Rent received in advance	102,280	76,933
Other payables	270,936	877,518
Accruals and deferred income	32,600	31,527
	<u>1,158,698</u>	<u>1,337,260</u>

### 15. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023	2022
	£	£
Bank loans	11,288,027	12,027,013
	<u>11,288,027</u>	<u>12,027,013</u>

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 16. DEBT ANALYSIS - BORROWINGS

	2023	2022
	£	£
<b>Bank Loans</b>		
Amounts due within one year	694,626	292,413
Amounts due in one year or more but less than two years	551,740	437,437
Amounts due in two years or more but less than five years	1,679,526	1,544,664
Amounts due in more than five years	9,056,760	10,044,912
	<u>11,982,652</u>	<u>12,319,426</u>

The Association has a number of bank loans the principal terms of which are as follows:

<b>Lender</b>	<b>Number of Properties Secured</b>	<b>Effective Interest Rate</b>	<b>Maturity Variable or (Year) Fixed</b>
Royal Bank of Scotland	266	5.6%	2037 Fixed
Royal Bank of Scotland	266	5.7%	2037 Fixed
Royal Bank of Scotland	266	4.3%	2034 Fixed
Royal Bank of Scotland	266	BoE Base + 0.23%	2039 Variable
Glasgow City Council	Nil	Nil	2023 N/A
Scottish Government	Nil	Nil	2025 N/A
CAF Bank	128	BoE Base + 1.6%	2047 Variable

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 17. RETIREMENT BENEFIT OBLIGATIONS

#### Scottish Housing Association Pension Scheme

Lochfield Park Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pensions schemes in the UK.

The last valuation of the Scheme was performed as at 30 September 2021 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £1,173m. The valuation revealed a shortfall of assets compared with the value of liabilities of £27m (equivalent to a past service funding level of 98%).

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal, then the liability of the withdrawing employer is reapportioned amongst the remaining employers. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

#### Present values of defined benefit obligation, fair value of assets and defined benefit asset / (liability)

	2023	2022	2021
	£	£	£
Fair value of plan assets	1,810,000	3,123,000	2,859,000
Present value of defined benefit obligation	1,851,000	3,022,000	3,103,000
Surplus / (deficit) in plan	(41,000)	101,000	(244,000)
Unrecognised surplus	-	(101,000)	-
Defined benefit asset / (liability) to be recognised	(41,000)	-	(244,000)

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 17. RETIREMENT BENEFIT OBLIGATIONS (continued)

#### Scottish Housing Association Pension Scheme (continued.)

#### Reconciliation of opening and closing balances of the defined benefit obligation

	2023 £	2022 £
Defined benefit obligation at the start of period	3,022,000	3,103,000
Current service cost	43,000	67,000
Expenses	2,000	2,000
Interest expense	83,000	69,000
Contributions by plan participants	49,000	49,000
Actuarial losses (gains) due to scheme experience	(223,000)	69,000
Actuarial losses (gains) due to changes in demographic assumptions	(41,000)	9,000
Actuarial losses (gains) due to changes in financial assumptions	(926,000)	(308,000)
Benefits paid and expenses	(158,000)	(38,000)
Defined benefit obligation at the end of period	<u>1,851,000</u>	<u>3,022,000</u>

#### Reconciliation of opening and closing balances of the fair value of plan assets

	2023 £	2022 £
Fair value of plan assets at start of period	3,123,000	2,859,000
Interest income	86,000	65,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(1,377,000)	68,000
Contributions by the employer	87,000	120,000
Contributions by plan participants	49,000	49,000
Benefits paid and expenses	(158,000)	(38,000)
Fair value of plan assets at the end of period	<u>1,810,000</u>	<u>3,123,000</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2023 was £(1,291,000).

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 17. RETIREMENT BENEFIT OBLIGATIONS (continued)

#### Scottish Housing Association Pension Scheme (continued.)

#### Defined benefit costs recognised in the statement of comprehensive income

	2023 £	2022 £
Current service cost	43,000	67,000
Expenses	2,000	2,000
Net interest expense	-	4,000
Defined benefit costs recognised in statement of comprehensive income	<u>45,000</u>	<u>73,000</u>

#### Defined benefit costs recognised in the other comprehensive income

	2023 £	2022 £
Experience on plan assets (excluding amounts included in interest income) - gain /(loss)	(1,377,000)	68,000
Experience gains and losses arising on plan liabilities - gain /(loss)	223,000	(69,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain /(loss)	41,000	(9,000)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	926,000	308,000
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	<u>(187,000)</u>	<u>298,000</u>
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) - gain / (loss)	104,000	(101,000)
Total amount recognised in other comprehensive income - gain (loss)	<u>(83,000)</u>	<u>197,000</u>



# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 17. RETIREMENT BENEFIT OBLIGATIONS (continued)

#### Scottish Housing Association Pension Scheme (continued.)

##### Assets

	2023	2022	2021
	£	£	£
Absolute Return	25,000	143,000	141,000
Alternative Risk Premia	10,000	129,000	115,000
Corporate Bond Fund	2,000	197,000	216,000
Credit Relative Value	69,000	100,000	82,000
Distressed Opportunities	56,000	112,000	98,000
Emerging Markets Debt	14,000	116,000	115,000
Global Equity	48,000	617,000	443,000
Infrastructure	195,000	195,000	160,000
Insurance-Linked Securities	50,000	65,000	60,000
Liability Driven Investment	767,000	756,000	688,000
Long Lease Property	61,000	90,000	66,000
Net Current Assets	4,000	10,000	21,000
Over 15 Year Gilts	-	1,000	1,000
Private Debt	81,000	79,000	67,000
Property	75,000	81,000	51,000
Risk Sharing	132,000	102,000	102,000
Secured Income	121,000	167,000	157,000
Opportunistic Illiquid Credit	80,000	104,000	73,000
Liquid Credit	-	20,000	49,000
High Yield	9,000	30,000	75,000
Cash	8,000	9,000	1,000
Opportunistic Credit	-	11,000	78,000
Currency Hedging	3,000	(11,000)	
Total assets	1,810,000	3,123,000	2,859,000

None of the fair values of the assets shown above include any direct investment in the Association's own financial instruments or any property occupied by, or other assets used by the Association.

##### Key Assumptions

	2023	2022	2021
Discount Rate	4.8%	2.8%	2.2%
Inflation (RPI)	3.2%	3.4%	3.2%
Inflation (CPI)	2.8%	3.1%	2.9%
Salary Growth	3.8%	4.1%	3.9%
Allowance for commutation of pension for cash at retirement	75% of max allowance		

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	Life expectancy at age 65 years (years)
Male retiring in 2023	20.5
Female retiring in 2023	23.0
Male retiring in 2043	21.7
Female retiring in 2043	24.4

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 18. DEFERRED INCOME

	Social Housing Grants £	Other Housing Grants £	Total £
<b>Capital grants received</b>			
At 1 April 2022	39,937,516	1,262,301	41,199,817
At 31 March 2023	39,937,516	1,262,301	41,199,817
<b>Amortisation</b>			
At 1 April 2022	13,695,851	177,306	13,873,157
Amortisation in year	843,314	26,726	870,040
At 31 March 2023	14,539,165	204,032	14,743,197
<b>Net book value</b>			
At 31 March 2023	25,398,351	1,058,269	26,456,620
At 31 March 2022	26,241,665	1,084,995	27,326,660

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2023 £	2022 £
Amounts due within one year	870,039	850,505
Amounts due in more than one year	25,586,581	26,476,155
	26,456,620	27,326,660

### 19. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2023 £	2022 £
At 1 April	172	183
Issued in year	9	1
Cancelled in year	(14)	(12)
At 31 March	167	172

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 20. STATEMENT OF CASH FLOWS

#### Reconciliation of net cash flow to movement in net funds

	£	2023 £	£	2022 £
(Decrease) / increase in cash	(2,823,276)		2,119,451	
Change in liquid resources	17,139		2,831	
Cashflow from change in net debt	336,773		(5,744,784)	
Movement in net debt during the year		(2,469,364)		(3,622,502)
Net debt at 1st April 2022		(5,874,016)		(2,251,514)
Net debt at 31 March 2023		(8,343,380)		(5,874,016)

	At 01 April 2022	Cashflows	Other Changes	At 31 March 2023
Cash at bank and in hand	5,410,317	(2,823,276)	-	2,587,041
Liquid resources	5,410,317	(2,823,276)	-	2,587,041
Debt: Due within one year	1,035,093	17,139	-	1,052,232
Due after more than one year	(292,413)	336,773	(738,986)	(694,626)
	(12,027,013)	-	738,986	(11,288,027)
Net Debt	(5,874,016)	(2,469,364)	-	(8,343,380)

### 21. CAPITAL COMMITMENTS

	2023 £	2022 £
Capital Expenditure that has been contracted for but has not been provided for in the financial statements	81,245	2,247,098

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources

### 22. COMMITMENTS UNDER OPERATING LEASES

	2023 £	2022 £
<b>Other</b>		
Due within one year	6,678	6,983
Due between 2-5 years	17,270	23,947

### 23. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 37 Drumlanrig Avenue, Easterhouse, Glasgow, G34 0JF.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Easterhouse, Glasgow.

## LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023 NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 24. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £475 (2022 - £432) in the year by way of reimbursement of expenses. No remuneration is paid to Management Committee members in respect of their duties to the Association.

#### 25. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2023 No.	2022 No.
General needs	600	501
Shared ownership	18	18
	<u>618</u>	<u>519</u>

#### 26. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 102.

Any transactions between the Association and any entity with which a Management Committee member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Management Committee members (and their close family) were as follows:

	2023 £	2022 £
Rent received from tenants on the Management Committee and their close family members	56,188	51,425

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £2,966 (2022 - £2,417).

At the year end total factoring arrears owed by owner occupiers on the Management Committee (and their close family) were £0 (2022 - £0).

Members of the Management Committee who are tenants	12	9
Members of the Management Committee who are owner occupiers	1	1

#### 27. CONTINGENT LIABILITIES

We were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before the end of 2024 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities by £27m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.