



**Alexander Sloan**  
Accountants and Business Advisers

# **Lochfield Park Housing Association Limited**

Report and Financial Statements  
For the year ended 31 March 2020

Registered Social Landlord No. HAC268

FCA Reference No. 2444R(S)

Scottish Charity No. SCO37694

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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## REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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## MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2020

### Management Committee

Hannah McDonald	Chairperson
Ann Whitley	Vice-Chairperson
Joan Buchanan	Secretary
Cathy White	(Resigned February 2020)
Margaret Cox	
Steven Gallacher	
Jane Boyce	
Marie Quinn	Treasurer
Kate Serries	
Jade McCulloch	
Moirra Gillian	
Helen Black	(Appointed September 2019)
Michelle Lavery	(Appointed September 2019)
Stuart Bermingham	(Appointed September 2019)

### 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  
14 Ladyloan Place  
Glasgow  
G15 8LB

### BANKERS

Clydesdale Bank PLC  
47 Main Street  
Baillieston  
Glasgow  
G69 6AD

### SOLICITOR

TC Young  
7 West George Street  
Glasgow  
G2 1BA

# LOCHFELD PARK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2020

The Management Committee presents its report and the Financial Statements for the year ended 31 March 2020.

### 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) and as a registered Scottish Charity with the charity number SCO37694.

### Principal Activities

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

### Review of Business and Future Developments

The last year has seen the Association consolidate and strengthen its financial position through good governance, sound financial management and increasing stock numbers. The Management Committee and staff team have also ensured that targets and objectives agreed at the Strategy Day held in April 2019 have been achieved.

Highlights this year include:

- SFHA Spotlight article in the March 2019 edition of Housing magazine.
- Completion of kitchen contract at Phase 4b
- Upgrade of bathrooms at Phase 6
- Gutter cleaning to all properties.
- Well attended Annual General Meeting held in September 2019 with over 30 attendees and 14 committee members in place
- Increased stock numbers through acquisition and improvement of properties in Brucefield Park area.
- Short, medium and long term projections updated.
- Welfare Rights / Financial Advice Service continued to grow.
- Performance Targets achieved in all key service areas.
- Upgraded Website, Facebook and Twitter Pages
- Carried out £30,000 of Medical Adaptations to properties
- Loan Debts were reduced and cash backed reserves increased
- Phase 10 Abbeycraig Road project approved (84 homes for rent) and contractor in place. Site start planned 2020

The Association sought to further improve the long term prospects of the organisation through updating Financial and Planning Systems along with a full updated Stock valuation.

Despite the negativity surrounding austerity measures and the current financial climate, Lochfield Park successfully tendered for a £6m private finance package to fund our Phase 10 and Phase 11 new build developments.

These are exciting opportunities for the Association to be involved in and offer great potential for significant community development in this part of Easterhouse.

Lochfield Park has continued to increase stock numbers through the acquisition and refurbishment of empty homes in the Brucefield Park Area. At the 31<sup>st</sup> March Lochfield Park had acquired and refurbished 41 empty properties of which 39 are now tenanted.

The Management Committee remains committed to investing in its staff team to ensure we have the right people with the necessary skills to provide the level of service our tenants expect. We are also aware of the need for continual training and support for our committee members to ensure they have the skills necessary to perform their duties effectively.



# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2020

### 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 Act 2014 requires the Management Committee to prepare Financial Statements for each financial year which 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 the 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 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 2020

### 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

- 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 ended 31 March 2020. 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.

### Donations

During the year the Association made charitable donations amounting to £1,183 (2019 - £739).

### 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 auditors.

### Auditors

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 2020

By order of the Management Committee



**JOAN BUCHANAN**

Secretary

4 August 2020



# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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

In addition to our audit of the Financial Statements, we have reviewed your statement on page 4 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.

### **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 reasons given for non-compliance.

### **Opinion**

In our opinion the Statement on Internal Financial Control on page 4 has provided the disclosures required by the relevant Regulatory Standards with the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes 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 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  
7 August 2020



**Alexander Sloan**  
Accountants and Business Advisers

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

### Opinion

We have audited the financial statements of Lochfield Park Housing Association Limited (the 'Association') for the year ended 31 March 2020 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 2020 and of its 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 for 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 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.

### 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 Management Committee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Management Committee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association'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 Management Committee is responsible for the other information. The other information comprises the information included 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.

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.



# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOCHFIELD PARK HOUSING ASSOCIATION LIMITED (Continued)

### 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:

- 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 3, the Management Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee 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 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 intends to liquidate the Association or to cease operations, or has 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 <https://www.frc.org.uk/auditorresponsibilities>. This 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

7 August 2020



**Alexander Sloan**  
Accountants and Business Advisers

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020	2019
		£	£
Revenue	2	2,754,292	2,737,496
Operating costs	2	2,027,831	1,896,430
<b>OPERATING SURPLUS</b>		726,461	841,066
(Loss)/ Gain on sale of housing stock	7	(5,022)	12,479
Interest receivable and other income		22,165	19,355
Interest payable and similar charges	8	(334,751)	(341,898)
Other Finance income/(charges)	10	(10,000)	(9,000)
		(327,608)	(319,064)
<b>SURPLUS FOR THE YEAR</b>		<b>398,853</b>	<b>522,002</b>
<b>Other comprehensive income</b>			
Adjustment relating to opening pension liability	18	-	(142,000)
Pension asset not recognised	18	(77,000)	-
Actuarial gains/(losses) on defined benefit pension plan	18	488,000	(81,000)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>809,853</b>	<b>299,002</b>

The results relate wholly to continuing activities.

The notes on pages 13 to 32 form an integral part of these financial statements.



# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	2020		2019
		£	£	£
<b>NON-CURRENT ASSETS</b>				
Housing properties - depreciated cost	11		28,966,419	28,982,763
Other tangible assets	11		631,461	637,500
			<u>29,597,880</u>	<u>29,620,263</u>
<b>CURRENT ASSETS</b>				
Receivables	12	192,256	595,024	
Investments	13	1,029,501	2,039,233	
Cash and cash equivalents	14	2,898,940	1,371,041	
		<u>4,120,697</u>	<u>4,005,298</u>	
<b>CREDITORS: Amounts falling due within one year</b>	15	<u>(647,795)</u>	<u>(683,184)</u>	
<b>NET CURRENT ASSETS</b>			<u>3,472,902</u>	<u>3,322,114</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>33,070,782</u>	<u>32,942,377</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	16		(6,538,905)	(6,619,436)
<b>PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES</b>				
Scottish housing association pension scheme	18	-	(419,000)	
			-	(419,000)
<b>DEFERRED INCOME</b>				
Social housing grants	19	(18,182,259)	(18,348,450)	
Other grants	19	(761,672)	(777,400)	
		<u>(18,943,931)</u>	<u>(19,125,850)</u>	
<b>NET ASSETS</b>			<u>7,587,946</u>	<u>6,778,091</u>
<b>EQUITY</b>				
Share capital	20		190	188
Revenue reserves			7,587,756	7,196,903
Pension reserves			-	(419,000)
			<u>7,587,946</u>	<u>6,778,091</u>

The financial statements were approved by the Management Committee and authorised for issue and signed on their behalf on 4 August 2020.

  
Committee Member

  
Committee Member

  
Secretary

The notes on pages 13 to 32 form an integral part of these financial statements.

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Notes	£	2020 £	£	2019 £
<b>Surplus for the Year</b>			398,853		522,002
<i>Adjustments for non-cash items:</i>					
Depreciation of tangible fixed assets	11	849,302		844,406	
Amortisation of capital grants	19	(647,239)		(655,601)	
Gain on disposal of tangible fixed assets		(900)		(12,479)	
Non-cash adjustments to pension provisions		(8,000)		(41,000)	
Change in market value of investments		-		-	
Share capital written off	20	-		(4)	
			193,163		135,322
Interest receivable			(22,165)		(19,355)
Interest payable	8		334,751		304,508
<b>Operating cash flows before movements in working capital</b>			904,602		942,477
Change in debtors		16,054		4,332	
Change in creditors		(12,475)		(23,019)	
			3,579		(18,687)
<b>Net cash inflow from operating activities</b>			908,181		923,790
<b>Investing Activities</b>					
Acquisition and construction of properties		(829,892)		(585,727)	
Purchase of other fixed assets		(24,750)		(4,425)	
Social housing grant received		861,551		-	
Social housing grant repaid		(20,517)		-	
Other grants received		10,998		-	
Changes on short term deposits with banks		1,009,732		(14,898)	
Proceeds on disposal of housing properties		22,701		12,479	
Proceeds on disposal of other tangible assets		5,922		-	
<b>Net cash inflow / (outflow) from investing activities</b>			1,023,001		(592,571)
<b>Financing Activities</b>					
Loan Advances Received		-		4,800,000	
Interest received on cash and cash equivalents		22,165		19,355	
Interest paid on loans		(334,751)		(304,508)	
Loan principal repayments		(103,445)		(5,020,356)	
Share capital issued	20	2		4	
<b>Net cash outflow from financing activities</b>			(416,029)		(505,505)
<b>Increase/(decrease) in cash</b>	21		1,527,899		(174,286)
<b>Opening cash &amp; cash equivalents</b>			1,371,041		1,545,327
<b>Closing cash &amp; cash equivalents</b>			<b>2,898,940</b>		<b>1,371,041</b>
<b>Cash and cash equivalents as at 31 March</b>					
Cash	21		2,898,940		1,371,041
			<b>2,898,940</b>		<b>1,371,041</b>

The notes on pages 13 to 32 form an integral part of these financial statements.

## LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

### STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2020

	Share Capital	Scottish Housing Association Pension reserve	Revenue Reserve	Total
	£	£	£	£
Balance as at 1 April 2018	188	-	6,478,901	6,479,089
Issue of Shares	4	-	-	4
Cancellation of Shares	(4)	-	-	(4)
Other comprehensive income	-	(223,000)	-	(223,000)
Other movements	-	(196,000)	196,000	-
Surplus for the year	-	-	522,002	522,002
<b>Balance as at 31 March 2019</b>	<b>188</b>	<b>(419,000)</b>	<b>7,196,903</b>	<b>6,778,091</b>
Balance as at 1 April 2019	188	(419,000)	7,196,903	6,778,091
Issue of Shares	2	-	-	2
Other comprehensive income	-	411,000	-	411,000
Other movements	-	8,000	(8,000)	-
Surplus for the year	-	-	398,853	398,853
<b>Balance as at 31 March 2020</b>	<b>190</b>	<b>-</b>	<b>7,587,756</b>	<b>7,587,946</b>

The notes on pages 13 to 32 form an integral part of these financial statements.

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 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 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 2020 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 2020  
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.

### **VAT**

The Association is VAT registered but the substantial proportion of its income is exempt for VAT purposes. As a result most of the VAT paid is not recovered and therefore expenditure is shown inclusive of VAT.

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 1. PRINCIPAL ACCOUNTING POLICIES (continued.)

### **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 2020 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.

#### 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 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Notes	2020			2019		
		Turnover £	Operating costs £	Operating surplus / (deficit) £	Turnover £	Operating costs £	Operating surplus / (deficit) £
Affordable letting activities	3	2,754,292	2,005,628	748,664	2,736,624	1,848,772	887,852
Other Activities	4	-	22,203	(22,203)	872	47,658	(46,786)
<b>Total</b>		<b>2,754,292</b>	<b>2,027,831</b>	<b>726,461</b>	<b>2,737,496</b>	<b>1,896,430</b>	<b>841,066</b>

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

	General Needs Housing £	Shared Ownership £	2020 Total £	2019 Total £
<b>Revenue from Lettings</b>				
Rent receivable net of service charges	2,051,387	40,144	2,091,531	2,035,796
<b>Gross income from rent and service charges</b>	<b>2,051,387</b>	<b>40,144</b>	<b>2,091,531</b>	<b>2,035,796</b>
Less: Rent losses from voids	3,025	-	3,025	2,252
<b>Income from rents and service charges</b>	<b>2,048,362</b>	<b>40,144</b>	<b>2,088,506</b>	<b>2,033,544</b>
Grants released from deferred income	635,217	12,022	647,239	655,601
Revenue grants from Scottish Ministers	-	-	-	47,479
Other revenue grants	18,547	-	18,547	-
<b>Total turnover from affordable letting activities</b>	<b>2,702,126</b>	<b>52,166</b>	<b>2,754,292</b>	<b>2,736,624</b>
<b>Expenditure on affordable letting activities</b>				
Management and maintenance administration costs	676,785	12,377	689,162	592,687
Planned and cyclical maintenance, including major repairs	343,841	-	343,841	311,271
Reactive maintenance costs	135,621	-	135,621	117,094
Bad Debts - rents and service charges	18,491	-	18,491	14,872
Depreciation of affordable let properties	805,000	13,513	818,513	812,848
<b>Operating costs of affordable letting activities</b>	<b>1,979,738</b>	<b>25,890</b>	<b>2,005,628</b>	<b>1,848,772</b>
<b>Operating surplus on affordable letting activities</b>	<b>722,388</b>	<b>26,276</b>	<b>748,664</b>	<b>887,852</b>
<b>2019</b>	<b>861,937</b>	<b>25,915</b>		

## LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020  
NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Other income	Total Turnover	Other operating costs	Operating surplus / (deficit) 2020	Operating surplus / (deficit) 2019
	£	£	£	£	£
Wider role activities	-	-	22,203	(22,203)	(47,658)
Factoring	-	-	-	-	872
<b>Total From Other Activities</b>	<u>-</u>	<u>-</u>	<u>22,203</u>	<u>(22,203)</u>	<u>(46,786)</u>
<b>2019</b>	<u>872</u>	<u>872</u>	<u>47,658</u>	<u>(46,786)</u>	

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 5. OFFICERS' EMOLUMENTS

	2020	2019
	£	£
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.		
Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions)	77,108	75,386
Emoluments payable to Director (excluding pension contributions)	77,108	75,386
Total emoluments paid to key management personnel	77,108	75,386
The number of Officers, including the highest paid Officer, who received emoluments, including pension contributions, over £60,000 was in the following ranges:-		
	<b>Number</b>	<b>Number</b>
£70,001 to £80,000	1	1

#### 6. EMPLOYEE INFORMATION

	2020	2019
	No.	No.
Average monthly number of full time equivalent persons employed during the year	10	9
Staff costs were:	£	£
Wages and salaries	367,110	347,860
National insurance costs	39,194	37,167
Pension costs	35,655	33,777
	<u>441,959</u>	<u>418,804</u>



# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

## 7. (LOSS) / GAIN ON SALE OF HOUSING STOCK

	2020	2019
	£	£
Sales proceeds	32,500	12,479
Cost of sales	<u>37,522</u>	<u>-</u>
(Loss) / Gain on sale of housing stock	<u>(5,022)</u>	<u>12,479</u>

## 8. INTEREST PAYABLE AND SIMILAR CHARGES

	2020	2019
	£	£
On bank loans and overdrafts	<u>334,751</u>	<u>341,898</u>
	<u>334,751</u>	<u>341,898</u>

## 9. SURPLUS FOR THE YEAR

	2020	2019
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	849,302	844,406
Auditors' remuneration - audit services	8,634	8,250
Gain / (loss) on sale of other non-current assets	<u>(5,922)</u>	<u>12,479</u>

## 10. OTHER FINANCE INCOME / (CHARGES)

	2020	2019
	£	£
Net interest on pension obligations	<u>(10,000)</u>	<u>(9,000)</u>

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

## 11. 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 2019	40,305,921	649,968	848,922	41,804,811
Additions	290,362	539,530	-	829,892
Disposals	(112,889)	-	(42,072)	(154,961)
Transfers	75,849	(75,849)	-	-
At 31 March 2020	<u>40,559,243</u>	<u>1,113,649</u>	<u>806,850</u>	<u>42,479,742</u>
<b>DEPRECIATION</b>				
At 1 April 2019	12,564,147	-	257,901	12,822,048
Charge for Year	805,000	-	13,513	818,513
Disposals	(112,899)	-	(14,339)	(127,238)
At 31 March 2020	<u>13,256,248</u>	<u>-</u>	<u>257,075</u>	<u>13,513,323</u>
<b>NET BOOK VALUE</b>				
At 31 March 2020	<u>27,302,995</u>	<u>1,113,649</u>	<u>549,775</u>	<u>28,966,419</u>
At 31 March 2019	<u>27,741,774</u>	<u>649,968</u>	<u>591,021</u>	<u>28,982,763</u>

	2020		2019	
	<i>Component replacement</i> £	<i>Improvement</i> £	<i>Component replacement</i> £	<i>Improvement</i> £
<b>Expenditure on Existing Properties</b>				
Amounts capitalised	290,362	Nil	107,200	Nil
Amounts charged to the statement of comprehensive income	Nil	343,841	Nil	311,271
	<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 £12,285,492 (2019 - £12,389,290)

## LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020  
 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 11. NON CURRENT ASSETS (continued)

(b) Other tangible assets	Office Premises £	Furniture & Equipment £	Total £
<b>COST</b>			
At 1 April 2019	797,078	183,700	980,778
Additions	-	24,750	24,750
Eliminated on disposals	-	(4,865)	( 4,865)
At 31 March 2020	<u>797,078</u>	<u>203,585</u>	<u>1,000,663</u>
<b>DEPRECIATION</b>			
At 1 April 2019	175,359	167,919	343,278
Charge for year	15,941	14,848	30,789
Eliminated on disposals	-	(4,865)	( 4,865)
At 31 March 2020	<u>191,300</u>	<u>177,902</u>	<u>369,202</u>
<b>NET BOOK VALUE</b>			
At 31 March 2020	<u>605,778</u>	<u>25,683</u>	<u>631,461</u>
At 31 March 2019	<u>621,719</u>	<u>15,781</u>	<u>637,500</u>



# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

## 12. RECEIVABLES

	2020	2019
	£	£
Gross arrears of rent & service charges	80,656	106,342
<b>Less:</b> Provision for doubtful debts	(45,000)	(45,000)
<i>Net arrears of rent and service charges</i>	35,656	61,342
Social housing grant receivable	119,332	506,044
Other receivables	37,268	27,638
	<u>192,256</u>	<u>595,024</u>

## 13. CURRENT ASSET INVESTMENTS

	2020	2019
	£	£
Short term deposits	1,029,501	2,039,233
	<u>1,029,501</u>	<u>2,039,233</u>

## 14. CASH AND CASH EQUIVALENTS

	2020	2019
	£	£
Cash at bank and in hand	2,898,940	1,371,041
	<u>2,898,940</u>	<u>1,371,041</u>

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

	2020	2019
	£	£
Bank loans	332,490	355,404
Trade payables	85,458	60,664
Rent received in advance	38,174	40,383
Other payables	156,913	192,443
Accruals and deferred income	34,760	34,290
	<u>647,795</u>	<u>683,184</u>

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

	2020	2019
	£	£
Bank loans	6,538,905	6,619,436
	<u>6,538,905</u>	<u>6,619,436</u>

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020  
 NOTES TO THE FINANCIAL STATEMENTS (continued)

## 17. DEBT ANALYSIS - BORROWINGS

	2020	2019
	£	£
<b>Bank Loans</b>		
Amounts due within one year	332,490	355,404
Amounts due in one year or more but less than two years	206,729	233,209
Amounts due in two years or more but less than five years	602,394	866,434
Amounts due in more than five years	5,729,782	5,519,793
	<u>6,871,395</u>	<u>6,974,840</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 (Year)</b>	<b>Variable or Fixed</b>
Royal Bank of Scotland	260	5.6%	2037	Fixed
Royal Bank of Scotland	260	5.7%	2037	Fixed
Royal Bank of Scotland	260	4.3%	2034	Fixed
Royal Bank of Scotland	260	0.2%	2039	Variable
Glasgow City Council	Nil	Nil	2023	N/A
Scottish Government	Nil	Nil	2025	N/A

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 18. 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 2018 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £877m. The valuation revealed a shortfall of assets compared with the value of liabilities of £121m (equivalent to a past service funding level of 89%). A recovery plan is in place to eliminate the past service deficit which runs to 28 February 2022.

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 employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

In 2019 the Pensions Trust, the administrator of the Scheme developed a method of determining the share of assets and liabilities for individual employers. This method was adopted by the Association in 2019 and resulted in an adjustment to the opening pension liability recognised in the statement of financial position of £(-142000).

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

	2020	2019
	£	£
Fair value of plan assets	2,436,000	2,047,000
Present value of defined benefit obligation	2,359,000	2,466,000
Surplus / (deficit) in plan	77,000	(419,000)
Unrecognised surplus	(77,000)	-
Defined benefit asset / (liability) to be recognised	-	(419,000)

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Reconciliation of opening and closing balances of the defined benefit obligation

	2020	2019
	£	£
Defined benefit obligation at the start of period	2,466,000	2,234,000
Current service cost	79,000	51,000
Expenses	2,000	2,000
Interest expense	59,000	59,000
Contributions by plan participants	35,000	36,000
Actuarial losses (gains) due to scheme experience	106,000	(67,000)
Actuarial losses (gains) due to changes in demographic assumptions	(14,000)	6,000
Actuarial losses (gains) due to changes in financial assumptions	(339,000)	179,000
Benefits paid and expenses	(35,000)	(34,000)
Defined benefit obligation at the end of period	<u>2,359,000</u>	<u>2,466,000</u>

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

	2020	2019
	£	£
Fair value of plan assets at start of period	2,047,000	1,855,000
Interest income	49,000	50,000
Experience on plan assets (excluding amounts included in interest income)		
- gain (loss)	241,000	37,000
Contributions by the employer	99,000	103,000
Contributions by plan participants	35,000	36,000
Benefits paid and expenses	(35,000)	(34,000)
Fair value of plan assets at the end of period	<u>2,436,000</u>	<u>2,047,000</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2020 was £290,000



# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

## 18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Defined benefit costs recognised in the statement of comprehensive income

	2020	2019
	£	£
Current service cost	79,000	51,000
Expenses	2,000	2,000
Net interest expense	10,000	9,000
	<u>91,000</u>	<u>62,000</u>
Defined benefit costs recognised in statement of comprehensive income	91,000	62,000

Defined benefit costs recognised in the other comprehensive income

	2020	2019
	£	£
Experience on plan assets (excluding amounts included in interest income) - gain /(loss)	241,000	37,000
Experience gains and losses arising on plan liabilities - gain /(loss)	(106,000)	67,000
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain /(loss)	14,000	(6,000)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	339,000	(179,000)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	488,000	(81,000)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) - gain / (loss)	(77,000)	-
Total amount recognised in other comprehensive income - gain (loss)	<u>411,000</u>	<u>(81,000)</u>

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 18. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

#### Assets

	2020	2019	2018
	£	£	£
Absolute Return	150,000	173,000	220,000
Alternative Risk Premia	195,000	114,000	70,000
Corporate Bond Fund	178,000	144,000	130,000
Credit Relative Value	59,000	36,000	-
Distressed Opportunities	44,000	35,000	8,000
Emerging Markets Debt	87,000	66,000	64,000
Fund of Hedge Funds	-	6,000	53,000
Global Equity	335,000	329,000	334,000
Infrastructure	144,000	86,000	34,000
Insurance-Linked Securities	65,000	53,000	51,000
Liability Driven Investment	642,000	728,000	653,000
Long Lease Property	60,000	25,000	-
Net Current Assets	18,000	2,000	3,000
Over 15 Year Gilts	31,000	53,000	60,000
Private Debt	48,000	26,000	17,000
Property	45,000	41,000	73,000
Risk Sharing	77,000	59,000	17,000
Secured Income	135,000	71,000	68,000
Total assets	<u>2,436,000</u>	<u>2,047,000</u>	<u>1,855,000</u>

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

	2020	2019	2018
Discount Rate	2.4%	2.4%	2.6%
Inflation (RPI)	2.6%	3.3%	3.1%
Inflation (CPI)	1.6%	2.3%	2.1%
Salary Growth	2.6%	3.3%	3.1%
Allowance for commutation of pension for cash at retirement	75% of max allowance	75% of max allowance	75% of max allowance

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	Life expectancy at age 65 years (years)
Male retiring in 2019	21.5
Female retiring in 2019	23.2
Male retiring in 2039	22.8
Female retiring in 2039	<u>24.5</u>

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020  
NOTES TO THE FINANCIAL STATEMENTS (continued)

## 19. DEFERRED INCOME

	Social Housing Grants £	Other Housing Grants £	Total £
<b>Capital grants received</b>			
At 1 April 2019	30,273,371	874,528	31,147,899
Additions in the year	474,839	10,998	485,837
Eliminated on disposal	(91,411)	-	(91,411)
At 31 March 2020	<u>30,656,799</u>	<u>885,526</u>	<u>31,542,325</u>
<b>Amortisation</b>			
At 1 April 2019	11,924,921	97,128	12,022,049
Amortisation in year	620,513	26,726	647,239
Eliminated on disposal	(70,894)	-	(70,894)
At 31 March 2020	<u>12,474,540</u>	<u>123,854</u>	<u>12,598,394</u>
<b>Net book value</b>			
At 31 March 2020	<u>18,182,259</u>	<u>761,672</u>	<u>18,943,931</u>
At 31 March 2019	<u>18,348,450</u>	<u>777,400</u>	<u>19,125,850</u>

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

	2020 £	2019 £
Amounts due within one year	647,239	655,601
Amounts due in more than one year	18,296,692	18,470,249
	<u>18,943,931</u>	<u>19,125,850</u>

## 20. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2020 £	2019 £
At 1 April	188	188
Issued in year	2	4
Cancelled in year	-	(4)
At 31 March	<u>190</u>	<u>188</u>

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 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 21. STATEMENT OF CASH FLOWS

<i>Reconciliation of net cash flow to movement in net funds</i>		2020		2019	
	£	£	£	£	£
Increase / (decrease) in cash	1,527,899		(174,286)		
Change in liquid resources	(1,009,732)		-		
Cashflow from change in net debt	103,445		412,641		
		621,612		238,355	
Movement in net debt during the year		(3,564,566)		(3,802,921)	
Net debt at 1st April 2019					(3,564,566)
Net debt at 31 March 2020		(2,942,954)			(3,564,566)
	<i>At</i>		<i>Other</i>		<i>At</i>
<i>Analysis of changes in net debt</i>	<i>01 April 2019</i>	<i>Cashflows</i>	<i>Changes</i>		<i>31 March 2020</i>
Cash at bank and in hand	1,371,041	1,527,899	-		2,898,940
	1,371,041	1,527,899	-		2,898,940
Liquid resources	2,039,233	(1,009,732)	-		1,029,501
Debt: Due within one year	(355,404)	103,445	(80,531)		(332,490)
Due after more than one year	(6,619,436)	-	80,531		(6,538,905)
Net Debt	(3,564,566)	621,612	-		(2,942,954)

#### 22. CAPITAL COMMITMENTS

	2020	2019
	£	£
Capital Expenditure that has been contracted for but has not been provided for in the financial statements	13,350,570	nil

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

#### 23. COMMITMENTS UNDER OPERATING LEASES

	2020	2019
	£	£
<b>Other</b>		
Expiring in the next year	1,032	1,032
Expiring later than one year and not later than five years	1,806	2,838

#### 24. 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 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 25. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £454 (2019 - £853) 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.

#### 26. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2020 No.	2019 No.
General needs	498	495
Shared ownership	18	19
	<u>516</u>	<u>514</u>

#### 27. 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:

	2020 £	2019 £
Rent received from tenants on the Management Committee and their close family members	<u>47,482</u>	<u>42,146</u>

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £53 (2019 - £413).

Members of the Management Committee who are tenants	13	11
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#### 28. EVENTS AFTER THE REPORTING DATE

##### Covid-19

At the time of approving the Financial Statements the United Kingdom is impacted by the Coronavirus pandemic. While the Association's strong financial position means that it is well placed to manage the impact on operations, it continues to monitor the position and update its plans accordingly. Like most businesses, however, the virus is likely to have some impact in the