



**Alexander Sloan**  
Accountants and Business Advisers

# **Lochfield Park Housing Association Limited**

Report and Financial Statements

For the year ended 31 March 2022

Registered Social Landlord No. HAC268

FCA Reference No. 2444R(S)

Scottish Charity No. SC037694

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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## REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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## MANAGEMENT COMMITTEE, EXECUTIVE AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2022

### MANAGEMENT COMMITTEE

Ann Whitley	Deceased April 2022
Hannah McDonald	
Steven Gallacher	Chairperson
Marie Quinn	Secretary
Joan Buchanan	
Kate Serries	
Jade McCulloch	
Moira Gilfillan	Treasurer
Helen Black	
Michelle Lavery	
Stuart Bermingham	Resigned – August 2021
Audrey Gilfillan	Vice Chairperson

### 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

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2022

The Management Committee presents its report and the financial statements for the year ended 31 March 2022.

### 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

The last year has been similar to the previous year with the organization coping with the Covid19 pandemic restrictions and limitations imposed on us.

In this review we try to consider performance against targets and objectives as a means of assessing performance with a view to pointing the way forward into the next year.

There have been positives to note in the last year including:

- We have been very successful in progressing Phase 10 Abbeycraig Road (84 units) and Phase 11 (15 units) which when completed will add 99 new properties to the Associations' housing stock.
- We had another clean External Audit Report from Alexander Sloan.
- We managed to have a successful Annual General Meeting in September 2021, along with a Special General Meeting where we adopted New Rules based upon the SFHA Model Rules 2020...
- Cash reserves at the 31st March 2021 are healthy and once the Association has contributed approximately £1.1m towards development capital costs cash is expected to remain above £3m going forward...
- The £6m facility negotiated with CAF Bank to fund Phase 10 and 11 has been executed effectively and efficiently.
- We managed to maintain almost normal services to tenants throughout the year despite Covid19 restrictions.
- We carried out 5 Paint Programs during the year
- We carried out gutter cleaning to all properties during the year.
- 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, Our own "Help for kids", Christmas Hampers and "Help for pensioners" and we also contributed to the FARE Christmas Hamper appeal.

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2022

### Review of Business and Future Developments (Contd.)

#### Finance

During the last year we:

- Received a clean Audit report from our external auditors (despite the demands required by FRS102)
- Reviewed the Five Year Projections and sent them to the Regulator on time.
- Updated the 30 Year Financial Projections.
- Reduced our outstanding RBS loan debts
- Maintained healthy cash reserves through efficient and effective financial management.

Tight control of expenditure has once again resulted in the Association performing well against peer group comparison which will be detailed in the ARC Statistics produced by the Scottish Housing Regulator later in the year.

Short, Medium and Long Term projections are all very healthy and the Associations' Business Plan Review is underway.

Spend has been in line with budget projections in most areas, the notable exception being Reactive Repairs which has seen increased costs as a result of Covid19 and Brexit issues.

Rent Arrears have shown a slight increase over the last year which is less than was expected bearing in mind the financial constraints that families are feeling nationwide.

Despite these small deviations sound financial performance has been exhibited throughout the year.

The year-end Accounts will confirm our healthy financial position.

#### Maintenance

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 previous years.

We have updated the Planned Maintenance program to ensure we continue to meet the requirements of the Scottish Housing Quality Standard and the EESSH.

The Maintenance Manager reviewed our Stock Condition Survey last year and found the Housing Stock to be generally in good order.

Preparatory work has already begun to assess the implications of EESSH2 on the association and this work will be incorporated into the 2022 Stock Condition Survey.

Although Reactive spend was over budget, Planned and Cyclical Spend remain well 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.

# **LOCHFIELD PARK HOUSING ASSOCIATION LIMITED**

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## **REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2022**

### **Review of Business and Future Developments (Contd.)**

#### **Housing Management**

Housing Management staff have performed well this year considering the pressures of working from home and the technology issues that go with this method of work.

The Facebook and Twitter pages allow us to enhance further the communication between the Association and its tenants.

The Welfare / Money advice service provided by our Welfare Benefits Officer has again been well used and because of the problems associated with the pandemic and universal credit it is showing significant benefits to local resident to the point where it is has become almost indispensable to local people.

Staff continue to take a proactive approach to their work and are ensuring compliance with our policies and procedures.

The staff team have also contributed to the EHRA Common Housing Register (CHR) and assisted in ensuring this initiative works

#### **Governance**

We are particularly grateful to the Management Committee over the last year, who yet again have ensured all meetings were quorate and allowed the Association to meet all regulatory governance requirements.

The association adopted new rules in September 2021 based upon the SFHA Model Rules 2020. The Association for the first time since its inception elected its first male Chairperson In Steven Gallacher.

#### **Staffing Matters**

The entire staff team has performed particularly well over the last 12 months and has contributed greatly towards ensuring that the Organisation managed the pandemic in a way which maintained services to tenants in a safe manner and protected the good name of the association.

I am pleased to report that the morale and commitment of all staff members is very positive

#### **The Associations' 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 2021
- Contributing to Brucefield Park Regeneration and EHRA
- Providing as good a service as possible during the last 12 months of a pandemic, bearing in mind the restrictions which had to be managed
- Promoting Facebook and Twitter Pages for the Association
- Updating the Association website regularly

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2022

### Review of Business and Future Developments (Contd.)

The Association's reputation remains well respected and we look forward to getting back to some sense of normality in the near future.

We recently received our annual notification from the SHR confirming that we continue to operate at the top level of Registered Social Landlords

### 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 2022

### 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 2022**

**By order of the Management Committee**



**MARIE QUINN**  
Secretary  
9<sup>th</sup> August 2022

# 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.

### 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  
9<sup>th</sup> August 2022



**Alexander Sloan**  
Accountants and Business Advisers

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOCHFIELD PARK HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022

### Opinion

We have audited the financial statements of Lochfield Park Housing Association Limited (the 'Association') for the year ended 31 March 2022 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 2022 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 2022 (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 2022 (continued)

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**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

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LOCHFIELD PARK HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2022 (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.

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  
9<sup>th</sup> August 2022



**Alexander Sloan**  
Accountants and Business Advisers



# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022	2021
		£	£
Revenue	2	3,003,403	2,795,703
Operating costs	2	2,089,403	2,007,050
<b>OPERATING SURPLUS</b>		<u>914,000</u>	<u>788,653</u>
Interest receivable and other income		5,503	7,331
Interest payable and similar charges	7	(407,383)	(343,881)
Other Finance income/(charges)	9	<u>(4,000)</u>	<u>2,000</u>
		<u>(405,880)</u>	<u>(334,550)</u>
<b>SURPLUS FOR THE YEAR</b>		<b>508,120</b>	<b>454,103</b>
<b>Other comprehensive income</b>			
Pension asset not recognised			
Actuarial gains/(losses) on defined benefit pension plan	18	(101,000)	79,000
	17	298,000	(390,000)
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><b>705,120</b></u>	<u><b>143,103</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 2022

	Notes	2022		2021	
		£	£	£	£
<b>NON-CURRENT ASSETS</b>					
Housing properties - depreciated cost	10		42,028,014		33,424,479
Other tangible assets	10		577,122		604,613
			<u>42,605,136</u>		<u>34,029,092</u>
<b>CURRENT ASSETS</b>					
Receivables	11	76,538		81,694	
Investments	12	1,035,093		1,032,262	
Cash and cash equivalents	13	5,410,317		3,290,866	
		<u>6,521,948</u>		<u>4,404,822</u>	
<b>CREDITORS: Amounts falling due within one year</b>	14	<u>(1,337,260)</u>		<u>(758,410)</u>	
<b>NET CURRENT ASSETS</b>			<u>5,184,688</u>		<u>3,646,412</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>47,789,824</u>		<u>37,675,504</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	15		(12,027,013)		(6,292,649)
<b>PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Scottish housing association pension scheme	17	-		(244,000)	
				<u>(244,000)</u>	
<b>DEFERRED INCOME</b>					
Social housing grants	18	(26,241,665)		(22,553,135)	
Other grants	18	(1,084,995)		(854,678)	
		<u>(27,326,660)</u>		<u>(23,407,813)</u>	
<b>NET ASSETS</b>			<u>8,436,151</u>		<u>7,731,042</u>
<b>EQUITY</b>					
Share capital	19		172		183
Revenue reserves			8,435,979		7,974,859
Pension reserves			-		(244,000)
			<u>8,436,151</u>		<u>7,731,042</u>

The financial statements were approved by the Management Committee and authorised for issue and signed on their behalf on 9 August 2022.



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 2022

	Notes	2022	2021
		£	£
<b>Surplus for the Year</b>		508,120	454,103
<i>Adjustments for non-cash items:</i>			
Depreciation of tangible fixed assets	10	837,446	842,856
Amortisation of capital grants	18	(850,506)	(638,533)
Non-cash adjustments to pension provisions		(47,000)	(67,000)
Share capital written off	19	(12)	(7)
		(60,072)	137,316
Interest receivable		(5,503)	(7,331)
Interest payable	7	407,383	343,881
<b>Operating cash flows before movements in working capital</b>		849,928	927,969
Change in debtors		5,156	(8,770)
Change in creditors		568,430	161,112
		573,586	152,342
<b>Net cash inflow from operating activities</b>		1,423,514	1,080,311
<b>Investing Activities</b>			
Acquisition and construction of properties		(9,412,434)	(5,270,595)
Purchase of other fixed assets		(1,056)	(3,473)
Social housing grant received		4,512,310	5,102,015
Other grants received		257,043	119,732
Changes on short term deposits with banks		(2,831)	(2,761)
<b>Net cash outflow from investing activities</b>		(4,646,968)	(55,082)
<b>Financing Activities</b>			
Loan Advances Received		6,000,000	-
Interest received on cash and cash equivalents		5,503	7,331
Interest paid on loans		(407,383)	(343,881)
Loan principal repayments		(255,216)	(296,753)
Share capital issued	19	1	-
<b>Net cash inflow / (outflow) from financing activities</b>		5,342,905	(633,303)
<b>Increase in cash</b>	20	2,119,451	391,926
<b>Opening cash &amp; cash equivalents</b>		3,290,866	2,898,940
<b>Closing cash &amp; cash equivalents</b>		5,410,317	3,290,866
<b>Cash and cash equivalents as at 31 March</b>			
Cash	20	5,410,317	3,290,866
		5,410,317	3,290,866

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

## LOCHFELD PARK HOUSING ASSOCIATION LIMITED

### STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2022

	Share Capital	Scottish Housing Association Pension reserve	Revenue Reserve	Total
	£	£	£	£
<b>Balance as at 1 April 2020</b>	190	-	7,587,756	7,587,946
Issue of Shares	-	-	-	-
Cancellation of Shares	(7)	-	-	(7)
Other comprehensive income	-	(311,000)	-	(311,000)
Other movements	-	67,000	(67,000)	-
Surplus for the year	-	-	454,103	454,103
<b>Balance as at 31 March 2021</b>	<b>183</b>	<b>(244,000)</b>	<b>7,974,859</b>	<b>7,731,042</b>
<b>Balance as at 1 April 2021</b>	183	(244,000)	7,974,859	7,731,042
Issue of Shares	1	-	-	1
Cancellation of Shares	(12)	-	-	(12)
Other comprehensive income	-	197,000	-	197,000
Other movements	-	47,000	(47,000)	-
Surplus for the year	-	-	508,120	508,120
<b>Balance as at 31 March 2022</b>	<b>172</b>	<b>-</b>	<b>8,435,979</b>	<b>8,436,151</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 2022 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 2022 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 2022 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.

# LOCHFELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 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 it's 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 27.

#### 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 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

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

		2022			2021		
	Notes	Turnover	Operating costs	Operating surplus / (deficit)	Turnover	Operating costs	Operating surplus / (deficit)
		£	£	£	£	£	£
Affordable letting activities	3	3,003,403	2,065,993	937,410	2,795,703	1,983,835	811,868
Other Activities	4	-	23,410	(23,410)	-	23,215	(23,215)
<b>Total</b>		<b>3,003,403</b>	<b>2,089,403</b>	<b>914,000</b>	<b>2,795,703</b>	<b>2,007,050</b>	<b>788,653</b>

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

	General Needs Housing	Shared Ownership	2022 Total	2021 Total
	£	£	£	£
<b>Revenue from Lettings</b>				
Rent receivable net of service charges	2,096,870	39,514	2,136,384	2,133,849
<b>Gross income from rent and service charges</b>	<b>2,096,870</b>	<b>39,514</b>	<b>2,136,384</b>	<b>2,133,849</b>
Less: Rent losses from voids	13,661	-	13,661	6,574
<b>Income from rents and service charges</b>	<b>2,083,209</b>	<b>39,514</b>	<b>2,122,723</b>	<b>2,127,275</b>
Grants released from deferred income	838,484	12,021	850,505	638,533
Other revenue grants	30,175	-	30,175	29,895
<b>Total turnover from affordable letting activities</b>	<b>2,951,868</b>	<b>51,535</b>	<b>3,003,403</b>	<b>2,795,703</b>
<b>Expenditure on affordable letting activities</b>				
Management and maintenance administration costs	703,744	13,262	717,006	664,022
Planned and cyclical maintenance, including major repairs	311,353	-	311,353	376,683
Reactive maintenance costs	224,281	-	224,281	120,950
Bad Debts - rents and service charges	4,454	-	4,454	9,645
Depreciation of affordable let properties	795,386	13,513	808,899	812,535
<b>Operating costs of affordable letting activities</b>	<b>2,039,218</b>	<b>26,775</b>	<b>2,065,993</b>	<b>1,983,835</b>
<b>Operating surplus on affordable letting activities</b>	<b>912,650</b>	<b>24,760</b>	<b>937,410</b>	<b>811,868</b>
<b>2021</b>	<b>786,044</b>	<b>25,824</b>		

The past service deficit payments made by the Association during the year were £69,305 (2021 - £67,286).

## LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022  
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) 2022	Operating surplus / (deficit) 2021
	£	£	£	£	£
Wider role activities	-	-	23,410	(23,410)	(23,215)
<b>Total From Other Activities</b>	-	-	<b>23,410</b>	<b>(23,410)</b>	<b>(23,215)</b>
<b>2021</b>	-	-	<b>23,215</b>	<b>(23,215)</b>	

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 5. OFFICERS' EMOLUMENTS

	2022	2021
	£	£

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)	<u>78,812</u>	<u>78,153</u>
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Emoluments payable to Director (excluding pension contributions)	<u>78,812</u>	<u>78,153</u>
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Total emoluments paid to key management personnel	<u>78,812</u>	<u>78,153</u>
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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	1

### 6. EMPLOYEE INFORMATION

	2022	2021
	No.	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	402,318	393,388
National insurance costs	37,835	40,957
Pension costs	<u>68,717</u>	<u>48,118</u>
	<u>508,870</u>	<u>482,463</u>



# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	2022	2021
	£	£
On bank loans and overdrafts	<u>407,383</u>	<u>343,881</u>

### 8. SURPLUS FOR THE YEAR

	2022	2021
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	837,446	842,856
Auditors' remuneration - audit services	<u>8,160</u>	<u>8,500</u>

### 9. OTHER FINANCE INCOME / (CHARGES)

	2022	2021
	£	£
Net interest on pension obligations	<u>(4,000)</u>	<u>2,000</u>



# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 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 2021	40,561,441	6,381,326	806,850	47,749,617
Additions	17,324	9,395,110	-	9,412,434
Disposals	(7,386)	-	-	(7,386)
At 31 March 2022	<u>40,571,379</u>	<u>15,776,436</u>	<u>806,850</u>	<u>57,154,665</u>
<b>DEPRECIATION</b>				
At 1 April 2021	14,054,550	-	270,588	14,325,138
Charge for Year	795,386	-	13,513	808,899
Disposals	(7,386)	-	-	(7,386)
At 31 March 2022	<u>14,842,550</u>	<u>-</u>	<u>284,101</u>	<u>15,126,651</u>
<b>NET BOOK VALUE</b>				
At 31 March 2022	<u>25,728,829</u>	<u>15,776,436</u>	<u>522,749</u>	<u>42,028,014</u>
At 31 March 2021	<u>26,506,891</u>	<u>6,381,326</u>	<u>536,262</u>	<u>33,424,479</u>

Expenditure on Existing Properties	2022		2021	
	Component replacement £	Improvement £	Component replacement £	Improvement £
Amounts capitalised	17,324	-	2,918	-
Amounts charged to the statement of comprehensive income	-	535,634	-	376,683
	<u>17,324</u>	<u>535,634</u>	<u>2,918</u>	<u>376,683</u>

All land and housing properties are heritable.

The Association's lenders have standard securities over housing property with a carry value of £21,188,512 (2021 - £21,869,315).

## LOCHFELD PARK HOUSING ASSOCIATION LIMITED

### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 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 2021	797,078	207,058	1,004,136
Additions	-	1,056	1,056
At 31 March 2022	<u>797,078</u>	<u>208,114</u>	<u>1,005,192</u>
<b>DEPRECIATION</b>			
At 1 April 2021	207,242	192,281	399,523
Charge for year	15,942	12,605	28,547
At 31 March 2022	<u>223,184</u>	<u>204,886</u>	<u>428,070</u>
<b>NET BOOK VALUE</b>			
At 31 March 2022	<u>573,894</u>	<u>3,228</u>	<u>577,122</u>
At 31 March 2021	<u>589,836</u>	<u>14,777</u>	<u>604,613</u>

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 11. RECEIVABLES

	2022	2021
	£	£
Gross arrears of rent & service charges	89,146	100,495
Less: Provision for doubtful debts	(45,000)	(48,000)
<i>Net arrears of rent and service charges</i>	44,146	52,495
Other receivables	32,392	29,199
	<u>76,538</u>	<u>81,694</u>

### 12. CURRENT ASSET INVESTMENTS

	2022	2021
	£	£
Short term deposits	1,035,093	1,032,262
	<u>1,035,093</u>	<u>1,032,262</u>

### 13. CASH AND CASH EQUIVALENTS

	2022	2021
	£	£
Cash at bank and in hand	5,410,317	3,290,866
	<u>5,410,317</u>	<u>3,290,866</u>

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

	2022	2021
	£	£
Bank loans	292,413	281,993
Trade payables	58,869	84,455
Rent received in advance	76,933	53,045
Other taxation and social security	-	20
Other payables	877,518	306,190
Accruals and deferred income	31,527	32,707
	<u>1,337,260</u>	<u>758,410</u>

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

	2022	2021
	£	£
Bank loans	12,027,013	6,292,649
	<u>12,027,013</u>	<u>6,292,649</u>

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 16. DEBT ANALYSIS - BORROWINGS

	2022	2021
	£	£
<b>Bank Loans</b>		
Amounts due within one year	292,413	281,993
Amounts due in one year or more but less than two years	437,437	294,016
Amounts due in two years or more but less than five years	1,544,664	937,977
Amounts due in more than five years	10,044,912	5,060,656
	<u>12,319,426</u>	<u>6,574,642</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	Base + 0.23%	2039 Variable
Glasgow City Council	Nil	Nil	2023 N/A
Scottish Government	Nil	Nil	2025 N/A
CAF Bank	128	Base + 1.6%	2047 Variable

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 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 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 30 September 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.

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

	2022	2021	2020
	£	£	£
Fair value of plan assets	3,123,000	2,859,000	2,436,000
Present value of defined benefit obligation	3,022,000	3,103,000	2,359,000
Surplus / (deficit) in plan	101,000	(244,000)	77,000
Unrecognised surplus	(101,000)	-	(77,000)
Defined benefit asset / (liability) to be recognised	-	(244,000)	-

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 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

	2022	2021
	£	£
Defined benefit obligation at the start of period	3,103,000	2,359,000
Current service cost	67,000	49,000
Expenses	2,000	2,000
Interest expense	69,000	56,000
Contributions by plan participants	49,000	48,000
Actuarial losses (gains) due to scheme experience	69,000	33,000
Actuarial losses (gains) due to changes in demographic assumptions	9,000	-
Actuarial losses (gains) due to changes in financial assumptions	(308,000)	628,000
Benefits paid and expenses	(38,000)	(72,000)
Defined benefit obligation at the end of period	<u>3,022,000</u>	<u>3,103,000</u>

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

	2022	2021
	£	£
Fair value of plan assets at start of period	2,859,000	2,436,000
Interest income	65,000	58,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	68,000	271,000
Contributions by the employer	120,000	118,000
Contributions by plan participants	49,000	48,000
Benefits paid and expenses	(38,000)	(72,000)
Fair value of plan assets at the end of period	<u>3,123,000</u>	<u>2,859,000</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2022 was £133,000.



# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 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

	2022	2021
	£	£
Current service cost	67,000	49,000
Expenses	2,000	2,000
Net interest expense	4,000	-
	<u>73,000</u>	<u>51,000</u>
Defined benefit costs recognised in statement of comprehensive income	<u>73,000</u>	<u>51,000</u>

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

	2022	2021
	£	£
Experience on plan assets (excluding amounts included in interest income) - gain /(loss)	68,000	271,000
Experience gains and losses arising on plan liabilities - gain /(loss)	(69,000)	(33,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain /(loss)	(9,000)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	308,000	(628,000)
	<u>298,000</u>	<u>(390,000)</u>
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	298,000	(390,000)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) - gain / (loss)	(101,000)	79,000
	<u>197,000</u>	<u>(311,000)</u>
Total amount recognised in other comprehensive income - gain (loss)	<u>197,000</u>	<u>(311,000)</u>

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 17. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

##### Assets

	2022	2021	2020
	£	£	£
Absolute Return	143,000	141,000	150,000
Alternative Risk Premia	129,000	115,000	195,000
Corporate Bond Fund	197,000	216,000	178,000
Credit Relative Value	100,000	82,000	59,000
Distressed Opportunities	112,000	98,000	44,000
Emerging Markets Debt	116,000	115,000	87,000
Global Equity	617,000	443,000	335,000
Infrastructure	195,000	160,000	144,000
Insurance-Linked Securities	65,000	60,000	65,000
Liability Driven Investment	756,000	688,000	642,000
Long Lease Property	90,000	66,000	60,000
Net Current Assets	10,000	21,000	18,000
Over 15 Year Gilts	1,000	1,000	31,000
Private Debt	79,000	67,000	48,000
Property	81,000	51,000	45,000
Risk Sharing	102,000	102,000	77,000
Secured Income	167,000	157,000	135,000
Opportunistic Illiquid Credit	104,000	73,000	59,000
Liquid Credit	20,000	49,000	64,000
High Yield	30,000	75,000	-
Cash	9,000	1,000	-
Opportunistic Credit	11,000	78,000	-
Currency Hedging	(11,000)		
Total assets	<u>3,123,000</u>	<u>2,859,000</u>	<u>2,436,000</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

	2022	2021	2020
Discount Rate	2.8%	2.2%	2.4%
Inflation (RPI)	3.4%	3.2%	2.6%
Inflation (CPI)	3.1%	2.9%	1.6%
Salary Growth	4.1%	3.9%	2.6%
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 2022 imply the following life expectancies:

	Life expectancy at age 65 years (years)
Male retiring in 2022	21.6
Female retiring in 2022	23.9
Male retiring in 2042	22.9
Female retiring in 2042	<u>25.4</u>

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

### 18. DEFERRED INCOME

	Social Housing Grants £	Other Housing Grants £	Total £
<b>Capital grants received</b>			
At 1 April 2021	35,638,884	1,005,258	36,644,142
Additions in the year	4,512,310	257,043	4,769,353
Eliminated on disposal	(213,678)	-	(213,678)
At 31 March 2022	<u>39,937,516</u>	<u>1,262,301</u>	<u>41,199,817</u>
<b>Amortisation</b>			
At 1 April 2021	13,085,749	150,580	13,236,329
Amortisation in year	823,780	26,726	850,506
Eliminated on disposal	(213,678)	-	(213,678)
At 31 March 2022	<u>13,695,851</u>	<u>177,306</u>	<u>13,873,157</u>
<b>Net book value</b>			
At 31 March 2022	<u>26,241,665</u>	<u>1,084,995</u>	<u>27,326,660</u>
At 31 March 2021	<u>22,553,135</u>	<u>854,678</u>	<u>23,407,813</u>

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

	2022 £	2021 £
Amounts due within one year	850,505	647,239
Amounts due in more than one year	26,476,155	22,760,574
	<u>27,326,660</u>	<u>23,407,813</u>

### 19. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2022 £	2021 £
At 1 April	183	190
Issued in year	1	-
Cancelled in year	(12)	(7)
At 31 March	<u>172</u>	<u>183</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 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 20. STATEMENT OF CASH FLOWS

<i>Reconciliation of net cash flow to movement in net funds</i>		2022		2021	
	£	£	£	£	£
Increase in cash	2,119,451		391,926		
Change in liquid resources	2,831		2,761		
Cashflow from change in net debt	(5,744,784)		296,753		
Movement in net debt during the year		(3,622,502)		691,440	
Net debt at 1st April 2021		(2,251,514)		(2,942,954)	
Net debt at 31 March 2022		(5,874,016)		(2,251,514)	
	<i>At</i>	<i>Cashflows</i>	<i>Other</i>	<i>At</i>	
<i>Analysis of changes in net debt</i>	<i>01 April 2021</i>		<i>Changes</i>	<i>31 March 2022</i>	
Cash at bank and in hand	3,290,866	2,119,451	-	5,410,317	
	3,290,866	2,119,451	-	5,410,317	
Liquid resources	1,032,262	2,831	-	1,035,093	
Debt: Due within one year	(281,993)	(5,744,784)	5,734,364	(292,413)	
Due after more than one year	(6,292,649)	-	(5,734,364)	(12,027,013)	
Net Debt	(2,251,514)	(3,622,502)	-	(5,874,016)	

#### 21. CAPITAL COMMITMENTS

	2022	2021
	£	£
Capital Expenditure that has been contracted for but has not been provided for in the financial statements	2,247,098	11,485,645

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

	2022	2021
	£	£
<b>Other</b>		
Expiring in the next year	527	1,032
Expiring later than one year and not later than five years	24,876	774

#### 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 2022 NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 24. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £432 (2021 - £324) 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:-	2022 No.	2021 No.
General needs	501	498
Shared ownership	18	18
	<u>519</u>	<u>516</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:

	2022 £	2021 £
Rent received from tenants on the Management Committee and their close family members	<u>51,425</u>	<u>47,317</u>

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £2,417 (2021 - £54).

Members of the Management Committee who are tenants	9	11
Members of the Management Committee who are owner occupiers	1	1

#### 27. CONTINGENT LIABILITIES

The Trustees of The Pension Trust (The Trust) has completed a review of the changes made to the benefit structures of the defined benefit schemes within the Trust. The result of this review is that, in some cases, it is unclear whether changes were made to scheme benefits in accordance with The Trust's governing documentation.

The Trustee has been advised to seek direction from the Court on the effect of these changes. This process is ongoing and is unlikely to be resolved until late 2024 at the earliest.

This may result in a contingent liability for the Association. However, the extent of this is unknown at this time and no allowance for this has been included in these accounts.