



Alexander Sloan
Accountants and Business Advisors

Lochfield Park Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2018

Registered Housing Association No. HAC268

FCA Reference No. 2444R(S)

Scottish Charity No. SC037694

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2018

MANAGEMENT COMMITTEE

Hannah McDonald	Chairperson
Ann Whitley	Vice-Chairperson
Joan Buchanan	Secretary
Cathy White	Treasurer
Margaret Cox	
Steven Gallacher	
Jane Boyce	
Marie Quinn	
Kate Serries	
Jade McCulloch	
Theresa McKerracher	
June Robertson	Resigned - August 2017
John Crawford	Resigned - August 2017
Moirra Gilfillan	Appointed - September 2017
Margaret Grant	Resigned - April 2017

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 Ladyplace
Livingstone
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

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 1BA

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2018

The Management Committee presents its report and the Financial Statements for the year ended 31 March 2018.

Legal Status

Lochfield Park Housing Association Limited ("the Association") is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2444R(S). The Association is governed under its Rule Book. The Association 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 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 May 2017 have been achieved.

Highlights this year include

- Electrical Safety Inspections carried out to 205 properties
- Completion of 52 Kitchen Upgrades
- Gutter cleaning to all properties.
- Well attended Annual General Meeting held in September 2017 with 31 attendees and 13 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 launched
- Carried out 5 Medical Adaptations to properties
- Loan Debts were reduced and cash backed reserves increased.

The Association sought to further improve the long term prospects of the organisation through updating Financial and Planning Systems along with an EEESH assessment which showed all of the association's properties meet the standard.

Despite the negativity surrounding austerity measures and the current financial climate Lochfield Park continues to seek funding to continue the regeneration of the Lochend Area.

To this end we have successfully moved forward with the proposed development of 2 new phases of housing - Phase 10, Abbeycraig Road (83 units) and Phase 11, Abbeygreen Street (17 units).

The two projects have been approved by GCC (the funding agency) and the association is trying its utmost to progress both projects as a matter of priority to assist the Government with its' aim of 50,000 homes in this Parliament.

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 31st March Lochfield Park had acquired 38 empty properties.

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.

Three of the current staff team are being supported by the Association to undertake Housing related University Qualifications and are on track to achieve their goals.

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2018

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 require 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;
- 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 2014 and the Determination of Accounting Requirements - 2015. They are 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.

The Management Committee must in determining how amounts are presented within items in the Statement of Comprehensive Income and Statement of Financial Position, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee are aware:

- there is no relevant audit information (information needed by the Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- the Management Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2018

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; and
- 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 the:-

- 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 receive 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 2018. 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 £1,007 (2017 - £550).

Auditors

A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Management Committee



JOAN BUCHANAN

Secretary

7 August 2018

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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 Auditing Practices Board. 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 2018



Alexander Sloan
Accountants and Business Advisers

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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 2018 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).

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Community Benefit Society 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2018 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 Benefits Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Management Committee.

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 , 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Committee.

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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

Auditor's responsibilities for the audit of the financial statements

- Conclude on the appropriateness of the Management Committee use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Association's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



ALEXANDER SLOAN

Accountants and Business Advisers
Statutory Auditors
GLASGOW
7 August 2018



Alexander Sloan
Accountants and Business Advisers

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018	2017
		£	£
REVENUE	2	2,635,192	2,610,663
Operating Costs	2	(1,797,306)	(1,731,452)
OPERATING SURPLUS		837,886	879,211
Gain On Sale Of Housing Stock	7	-	7,012
Interest Receivable and Other Income		26,191	7,035
Interest Payable and Similar Charges	8	(350,949)	(361,585)
Other Finance Income / (Charges)	11	(1,028)	(18,614)
		(325,786)	(366,152)
SURPLUS FOR THE YEAR	9	512,100	513,059
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		512,100	513,059

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

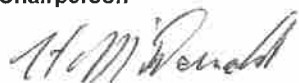
LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	12 (a)		29,209,884		29,630,811
Other Non-current Assets	12 (b)		664,633		677,634
			<u>29,874,517</u>		<u>30,308,445</u>
CURRENT ASSETS					
Receivables	14	95,129		158,055	
Investments	23	2,024,335		2,000,000	
Cash at bank and in hand		1,545,327		1,440,383	
		<u>3,664,791</u>		<u>3,598,438</u>	
CREDITORS: Amounts falling due within one year	15	(630,611)		(600,383)	
NET CURRENT ASSETS			<u>3,034,180</u>		<u>2,998,055</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			32,908,697		33,306,500
CREDITORS: Amounts falling due after more than one year	16		(7,152,384)		(7,435,049)
DEFERRED INCOME					
Social Housing Grants	17	(18,560,440)		(19,189,216)	
Other Grants	17	(716,784)		(715,245)	
			<u>(19,277,224)</u>		<u>(19,904,461)</u>
NET ASSETS			<u>6,479,089</u>		<u>5,966,990</u>
EQUITY					
Share Capital	18		188		189
Revenue Reserves			6,478,901		5,966,801
			<u>6,479,089</u>		<u>5,966,990</u>

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 7 August 2018.

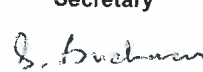
Chairperson



Treasurer



Secretary



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

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018	2017
		£	£
Net cash inflow from operating activities	16	1,046,193	919,808
Investing Activities			
Acquisition and Construction of Properties	(384,738)	(451,466)	
Purchase of Other Fixed Assets	(18,329)	(16,948)	
Social Housing Grant Received	-	283,952	
Social Housing Grant Repaid	(2,502)	-	
Other Grants Received	25,984	-	
Changes on short term deposits with banks	(24,335)	(2,000,000)	
Proceeds on Disposal of Properties	-	166,351	
Net cash outflow from investing activities		(403,920)	(2,018,111)
Financing Activities			
Interest Received on Cash and Cash Equivalents	26,191	7,035	
Interest Paid on Loans	(350,949)	(361,585)	
Loan Principal Repayments	(212,580)	(204,608)	
Share Capital Issued	9	7	
Net cash outflow from financing activities		(537,329)	(559,151)
Increase / (decrease) in cash		104,944	(1,657,454)
Opening Cash & Cash Equivalents		1,440,383	3,097,837
Closing Cash & Cash Equivalents		<u>1,545,327</u>	<u>1,440,383</u>
Cash and Cash equivalents as at 31 March			
Cash		1,545,327	1,440,383
		<u>1,545,327</u>	<u>1,440,383</u>

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

LOCHFELD PARK HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2018

	Share Capital £	Revenue Reserve £	Total £
Balance as at 31 March 2016	188	5,453,742	5,453,930
Issue of Shares	7	-	7
Cancellation of Shares	(6)	-	(6)
Surplus for the year	-	513,059	513,059
Balance as at 31 March 2017	189	5,966,801	5,966,990
Balance as at 1 April 2017	189	5,966,801	5,966,990
Issue of Shares	9	-	9
Cancellation of Shares	(10)	-	(10)
Surplus for the year	-	512,100	512,100
Balance as at 31 March 2018	188	6,478,901	6,479,089

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

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

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 2014. 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 2015.

Basis of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2014, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2015. A summary of the more important accounting policies is set out below.

Revenue

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 it relates.

Retirement Benefits

The Association participated in the Scottish Housing Association Defined Benefits Pension Scheme. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. The Association has moved from the Defined Benefit scheme to the Scottish Housing Association Defined Contribution Scheme. This is a defined benefit scheme and payments to this scheme are made in accordance with periodic calculations by consulting Actuaries.

The Association still has a liability for past service costs contributions to the Scottish Housing Association Defined Benefit Pension Scheme. The Association provides for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for a high quality corporate bond.

Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 12. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component	Useful Economic Life
Land	Not depreciated
Kitchen Units	15 years
Bathroom Suites	25 years
Windows	30 years
Rewiring	30 years
Martec Doors	30 years
Structure	50 years

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation and Impairment of Other Non-Current Assets

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

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

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

Social Housing Grant and Other Grants in Advance/Arrears

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 it relates.

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

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 of housing property under the Right to Buy scheme are treated as non-current asset disposals and any gain or loss on disposal accounted for 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.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Board of Management to exercise judgement in applying the Association'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:

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.

LOCHFELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

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.

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.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

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 fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Statement of Comprehensive Income in accordance with the Statement of Recommended Practice.

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.

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

In the judgement of the Board of Management 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 Association 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 Association has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In the judgement of the Board of Management, 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

In March 2018 the Association received details from the Pension Trust of the valuation of the pension scheme at September 2015 and the Pension Trust's estimate of the Association's future past service deficit contributions. The Association has used this to provide the basis of the pension past service deficit liability in the financial statements. The Management Committee feels this is the best available estimate of the past service liability.

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.

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING AND OTHER ACTIVITIES

	Notes	2018			2017		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3	2,635,192	1,749,123	886,069	2,585,687	1,708,647	877,040
Other Activities	4	-	48,183	(48,183)	24,976	22,805	2,171
Total		2,635,192	1,797,306	837,886	2,610,663	1,731,452	879,211

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Shared Ownership £	2018 Total £	2017 Total £
Revenue from Lettings				
Rent receivable net of service charges	1,932,352	40,473	1,972,825	1,941,371
Gross income from rent and service charges	1,932,352	40,473	1,972,825	1,941,371
Less: Rent losses from voids	5,854	-	5,854	4,180
Net Rents Receivable	1,926,498	40,473	1,966,971	1,937,191
Grants released from deferred income	639,806	13,415	653,221	648,496
Revenue grants from Scottish Ministers	15,000	-	15,000	-
Total turnover from affordable letting activities	2,581,304	53,888	2,635,192	2,585,687
Expenditure on affordable letting activities				
Management and maintenance administration costs	553,028	11,574	564,602	611,314
Planned and cyclical maintenance, including major repairs	223,731	-	223,731	182,593
Reactive maintenance costs	146,274	-	146,274	119,536
Bad Debts - rents and service charges	8,851	-	8,851	11,076
Depreciation of affordable let properties	790,499	15,166	805,665	784,128
Operating costs of affordable letting activities	1,722,383	26,740	1,749,123	1,708,647
Operating surplus on affordable letting activities	858,921	27,148	886,069	877,040
2017	847,611	29,429		

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers	Total Turnover	Operating Costs Other	Operating Surplus / (Deficit) 2018	Operating Surplus / (Deficit) 2017
	£	£	£	£	£
Wider role activities	-	-	48,183	(48,183)	2,271
Factoring	-	-	-	-	(100)
Total From Other Activities	-	-	48,183	(48,183)	2,171
2017	24,976	24,976	22,805	2,171	

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

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

	2018	2017
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>73,456</u>	<u>72,143</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>-</u>	<u>2,896</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>73,456</u>	<u>72,143</u>
Total Emoluments paid to key management personnel	<u>73,456</u>	<u>75,039</u>

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

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

6. EMPLOYEE INFORMATION

	2018	2017
	No.	No.
The average monthly number of full time equivalent persons employed during the year was:	<u>9</u>	<u>9</u>
The average total number of Employees employed during the year was:	<u>9</u>	<u>9</u>
Staff Costs were:	£	£
Wages and Salaries	329,980	322,519
Social Security Costs	35,448	31,187
Other Pension Costs	32,509	32,035
	<u>397,937</u>	<u>385,741</u>

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2018	2017
	£	£
Sales Proceeds	-	166,351
Cost of Sales	-	159,339
Gain On Sale Of Housing Stock	-	7,012

8. INTEREST PAYABLE & SIMILAR CHARGES

	2018	2017
	£	£
On Bank Loans & Overdrafts	350,949	361,585

9. SURPLUS FOR THE YEAR

	2018	2017
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	836,995	816,112
Auditors' Remuneration - Audit Services	8,000	5,150
Loss on sale of fixed assets	-	(7,012)

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

11. OTHER FINANCE INCOME / CHARGES

	2018	2017
	£	£
Unwinding of Discounted Liabilities	1,028	18,614

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
COST				
As at 1 April 2017	39,689,253	344,311	908,839	40,942,403
Additions	166,953	217,785	-	384,738
Disposals	(94,067)	-	-	(94,067)
Schemes Completed	330,067	(330,067)	-	-
As at 31 March 2018	<u>40,092,206</u>	<u>232,029</u>	<u>908,839</u>	<u>41,233,074</u>
DEPRECIATION				
As at 1 April 2017	11,074,600	-	236,992	11,311,592
Charge for Year	790,499	-	15,166	805,665
Disposals	(94,067)	-	-	(94,067)
As at 31 March 2018	<u>11,771,032</u>	<u>-</u>	<u>252,158</u>	<u>12,023,190</u>
NET BOOK VALUE				
As at 31 March 2018	<u>28,321,174</u>	<u>232,029</u>	<u>656,681</u>	<u>29,209,884</u>
As at 31 March 2017	<u>28,614,653</u>	<u>344,311</u>	<u>671,847</u>	<u>29,630,811</u>

Additions to housing properties include capitalised development administration costs of £nil (2017 - £nil) and capitalised major repair costs to existing properties of £166,953 (2017 - £118,617).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £536,958 (2017 - £420,746). The amount capitalised is £166,953 (2017 - £118,617) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £166,953 (2017 - £118,617) and improvement of £nil (2017 - £nil).

The Association's Lenders have standard securities over Housing Property with a carrying value of £12,699,498 (2017 - £13,060,258).

The depreciation charge on housing properties as shown above differs from that per Note 3 due to accelerated depreciation on component replacements.

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON CURRENT ASSETS (Continued)

(b) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Total £
COST			
As at 1 April 2017	797,078	160,946	958,024
Additions	-	18,329	18,329
As at 31 March 2018	<u>797,078</u>	<u>179,275</u>	<u>976,353</u>
AGGREGATE DEPRECIATION			
As at 1 April 2017	143,475	136,915	280,390
Charge for year	15,942	15,388	31,330
As at 31 March 2018	<u>159,417</u>	<u>152,303</u>	<u>311,720</u>
NET BOOK VALUE			
As at 31 March 2018	<u>637,661</u>	<u>26,972</u>	<u>664,633</u>
As at 31 March 2017	<u>653,603</u>	<u>24,031</u>	<u>677,634</u>

13. COMMITMENTS UNDER OPERATING LEASES

	2018 £	2017 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Other		
Not later than one year	1,032	972
Later than one year and not later than five years	<u>3,870</u>	<u>486</u>

Lease commitments have been restated under FRS102 to include the timing of the full payment due under the contract.

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Arrears of Rent & Service Charges	110,057	112,000
Less: Provision for Doubtful Debts	(45,000)	(52,000)
	65,057	60,000
Social Housing Grant Receivable	1,817	1,817
Other Receivables	28,255	96,238
	<u>95,129</u>	<u>158,055</u>

15. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Housing Loans	220,199	208,849
Trade Payables	80,932	54,740
Rent Received in Advance	41,246	43,422
Social Housing Grant in Advance	-	2,502
Other Payables	191,795	192,705
Liability for Past Service Contributions	59,613	57,878
Accruals and Deferred Income	36,826	40,287
	<u>630,611</u>	<u>600,383</u>

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

	2018	2017
	£	£
Liability for Past Service Contributions	177,387	236,122
Housing Loans	6,974,997	7,198,927
	<u>7,152,384</u>	<u>7,435,049</u>
Housing Loans		
Amounts due within one year	220,199	208,849
Amounts due in one year or more but less than two years	368,000	219,334
Amounts due in two years or more but less than five years	850,359	871,808
Amounts due in more than five years	5,756,638	6,107,785
	7,195,196	7,407,776
Less: Amount shown in Current Liabilities	220,199	208,849
	<u>6,974,997</u>	<u>7,198,927</u>
Liability for Past Service Contributions		
Amounts due within one year	59,613	57,878
Amounts due in one year or more but less than two years	61,402	59,614
Amounts due in two years or more but less than five years	115,985	176,508
	237,000	294,000
Less: Amount shown in Current Liabilities	59,613	57,878
	<u>177,387</u>	<u>236,122</u>

The Association has a number of long-term housing loans the terms and conditions of which are as follows:

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable / Fixed
Royal Bank of Scotland	Standard security over 260 properties	5.6%	2037	Fixed
Royal Bank of Scotland	Standard security over 260 properties	5.7%	2037	Fixed
Royal Bank of Scotland	Standard security over 260 properties	4.3%	2034	Fixed
Royal Bank of Scotland	Standard security over 260 properties	LIBOR plus 0.23%	2039	Variable
Glasgow City Council	Standard security over Nil properties	Nil	2023	n/a

All of the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans.

The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 1.51% (2017 - 1.06%).

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2018 £	2017 £
Operating Surplus	837,886	879,211
Depreciation	836,995	868,878
Amortisation of Intangible Fixed Assets	-	(713,550)
Amortisation of Capital Grants	(653,221)	-
Change in debtors	62,926	(77,291)
Change in creditors	(37,355)	(18,820)
Unwinding of Discount on Pension Liability	(1,028)	(18,614)
Share Capital Written Off	(10)	(6)
Net cash inflow from operating activities	<u>1,046,193</u>	<u>919,808</u>

17. DEFERRED INCOME

	Housing Properties Held for Letting £	Shared Ownership Completed £	Total £
Social Housing Grants			
As at 1 April 2017	29,292,232	670,772	29,963,004
Eliminated on disposal of components and property	(94,743)	-	(94,743)
As at 31 March 2018	<u>29,197,489</u>	<u>670,772</u>	<u>29,868,261</u>
Amortisation			
As at 1 April 2017	10,563,923	209,865	10,773,788
Amortisation in year	615,361	13,415	628,776
Eliminated on disposal	(94,743)	-	(94,743)
As at 31 March 2018	<u>11,084,541</u>	<u>223,280</u>	<u>11,307,821</u>
Net book value			
As at 31 March 2018	<u>18,112,948</u>	<u>447,492</u>	<u>18,560,440</u>
As at 31 March 2017	<u>18,728,309</u>	<u>460,907</u>	<u>19,189,216</u>
Other Grants			
As at 1 April 2017	763,483	-	763,483
Additions in the year	25,984	-	25,984
As at 31 March 2018	<u>789,467</u>	<u>-</u>	<u>789,467</u>
Amortisation			
As at 1 April 2017	48,238	-	48,238
Amortisation in year	24,445	-	24,445
As at 31 March 2018	<u>72,683</u>	<u>-</u>	<u>72,683</u>
Net book value			
As at 31 March 2018	<u>716,784</u>	<u>-</u>	<u>716,784</u>
As at 31 March 2017	<u>715,245</u>	<u>-</u>	<u>715,245</u>
Total grants net book value as at 31 March 2018	<u>18,829,732</u>	<u>447,492</u>	<u>19,277,224</u>
Total grants net book value as at 31 March 2017	<u>19,443,554</u>	<u>460,907</u>	<u>19,904,461</u>

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

	2018 £	2017 £
Amounts due within one year	653,221	648,495
Amounts due in one year or more	18,624,003	19,255,966
	<u>19,277,224</u>	<u>19,904,461</u>

LOCHFELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	2018	2017
	£	£
As at 1 April 2017	189	188
Issued in year	9	7
Cancelled in year	(10)	(6)
At 31 March 2018	<u>188</u>	<u>189</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.

19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2018	2017
	No.	No.
General Needs - Built by Association	358	357
General Needs - Purchased by Association	139	134
Shared Ownership	20	20
	<u>517</u>	<u>511</u>

20. RELATED PARTY TRANSACTIONS

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

Those members who are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

The Management Committee cannot use their position to their advantage. 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 Committeemembers (and their close family) were as follows:

	2018	2017
	£	£
Rent received from tenants on the Management Committee and their close family members	<u>48,785</u>	<u>52,529</u>

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £40 (2017 - £111).

Members of the Management Committee who are tenants	12	14
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LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. 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.

22. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £432 (2017 - £nil) 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.

23. INVESTMENTS

Short term deposits

	2018	2017
	£	£
Short term deposits	2,024,335	2,000,000

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. RETIREMENT BENEFIT OBLIGATIONS

General

Lochfield Park Housing Association Limited participated in the Scottish Housing Association Pension Scheme (the scheme). The Association has since moved to a defined contribution scheme but has a liability for the past service deficit in the defined benefit scheme.

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme. The Association has since moved to a defined contribution scheme but has a liability for the past service deficit in the defined benefit scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS102 represents the employer contribution payable.

The last valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m (equivalent to a past service funding level of 76%).

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 re-apportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

All employer's in the scheme have entered into an agreement to make additional contributions to fund the scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the statement of financial position date the present value of this obligation was £237,000 (2017 - £294,000). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of a high quality corporate bond with a similar term. This discount rate used was 1.51% (2017 - 1.06%).

The Association made payments totalling £58,000 (2017- £48,666) to the pension scheme during the year.