

**Lochfield Park Housing Association Limited**

**Report and Financial Statements**

**For the year ended 31st March 2015**

**Registered Housing Association No.HAC268**

**FCA Reference No. 2444RS**

**Scottish Charity No. SC037694**

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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**LOCHFIELD PARK HOUSING ASSOCIATION LIMITED**

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**MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS  
YEAR ENDED 31st MARCH 2015**

**MANAGEMENT COMMITTEE**

Ann Whitley	Chairperson
Hannah McDonald	Vice-Chairperson
Margaret Cox	Secretary
Catherine White	Treasurer
Steven Gallacher	
Janet McAloon	
Jane Boyce	
Marie Quinn	
Kate Serries	
Jade Ross	
Theresa McKerracher	
Michelle Lavery	
June Robertson	
Margaret Grant	Resigned August 2014
Michael Quinn	Resigned August 2014
Joan Buchanan	Appointed August 2014
John Crawford	Appointed August 2014

**EXECUTIVE OFFICERS**

Kenneth Halliday	Director
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**REGISTERED OFFICE**

37 Drumlanrig Avenue  
Easterhouse  
Glasgow  
G34 0JF

**AUDITORS**

Alexander Sloan  
Chartered Accountants  
38 Cadogan Street  
Glasgow  
G2 7HF

**BANKERS**

Clydesdale Bank plc  
47 Main Street  
Baillieston  
Glasgow  
G69 6AD

**SOLICITORS**

TC Young  
7 West George Street  
Glasgow  
G2 1BA

**FINANCE AGENTS**

FMD Financial Services Limited  
14 Ladyloan Place  
Glasgow  
G15 8LB



## LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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### REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2015

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2015.

#### Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2444RS. 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 April 2014 have been achieved.

#### Highlights this year include

- Completion of a Planned Paint Program at Phase 4b and Phase 8.
- Completion of kitchen Replacements at Phase 6.
- Gutter cleaning to all properties.
- Well attended Annual General Meeting held in August 2014 and new Rules approved at a special general meeting in February 2015
- 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.
- 22 new tenanted properties in Brucefield Park

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.

We were successful in securing funding for a Feasibility Study looking at the possible development of the Abbeycraig Road / Lochdochart Road Area which lies adjacent to the East Suburb section of the 7 Lochs Development Project.

This is an exciting opportunity for the Association to get involved, in what would be a development of significant importance to this part of Easterhouse. Although future development opportunities remain uncertain everyone connected with the Association is committed to ensuring that we are in a position to take advantage of any opportunities that may arise over the next few years, and are hopeful of the Feasibility Study becoming a development programme in due course.

Lochfield Park has also acquired a number of "Empty Homes" in the Brucefield Park Area which had been lying vacant for many years with the objective of renovating and bringing them back into habitable use. To date we have acquired 27 properties with 22 of those now tenanted.

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2015

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

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.

The Association completed the final phase of its 3 year Internal Audit Programme during which all aspects of the business were scrutinised and found to be performing well, achieving "substantial assurance" over the course of the 3 year audit Programme.

## LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

### REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2015

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#### 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 & Community Benefit Societies Act 2014 requires the Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Management Committee is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgments 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 2010 and the Determination of Accounting Requirements 2012. 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 income and expenditure account and balance sheet, 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 Housing 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 Housing Association's auditors are aware of that information.

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31ST MARCH 2015

**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 mis-statement or loss. Key elements of the Association's systems include ensuring that:

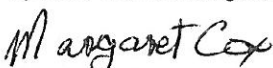
- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility 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 receive reports from management and from the external and internal auditors to provide reasonable assurance that internal financial controls are in place and are effective and that a 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 2015. No weaknesses were found in 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.

**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**



MARGARET COX

Secretary

04 August 2015



LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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REPORT BY THE AUDITORS TO THE MEMBERS  
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 5 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

**Basis of Opinion**

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

**Opinion**

In our opinion the Statement on Internal Financial Control on page 5 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 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.



ALEXANDER SLOAN  
Chartered Accountants

GLASGOW  
04 August 2015

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

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We have audited the financial statements of Lochfield Park Housing Association Limited for the year ended 31st March 2015 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with 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 auditors' 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.

**Respective Responsibilities of Management Committee and Auditors**

As explained more fully in the Statement of Management Committee's Responsibilities the Association's Management Committee, are responsible for the preparation of the Financial Statements that give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit on the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Management Committee's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

**Opinion on the financial statements**

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.

**Matters on which we are required to report by exception**

We are required to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements.

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

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**Matters on which we are required to report by exception (contd.)**

- 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 Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.



**ALEXANDER SLOAN**  
Chartered Accountants  
Statutory Auditors  
GLASGOW  
04 August 2015

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2015

	Notes	£	2015 £	£	2014 £
TURNOVER	2.		1,828,844		1,760,913
Operating Costs	2.		<u>(1,121,562)</u>		<u>(1,060,300)</u>
OPERATING SURPLUS	8.		707,282		700,613
Interest Receivable and Other Income		13,558		29,768	
Interest Payable and Similar Charges	7.	<u>(380,093)</u>		<u>(387,774)</u>	
			<u>(366,535)</u>		<u>(358,006)</u>
SURPLUS FOR THE YEAR			<u>340,747</u>		<u>342,607</u>

All amounts relate to continuing activities. All recognised surpluses and deficits have been included in the Income & Expenditure Account. Historical cost surpluses and deficits are identical to those shown in the accounts.

The notes on pages 12 to 27 form part of these financial statements.

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2015

	Notes	£	2015 £	£	2014 £
<b>TANGIBLE FIXED ASSETS</b>					
Housing Properties - Depreciated Cost	10.(a)		38,455,701		38,031,319
Less: Social Housing Grant	10.(a)		(29,474,590)		(29,515,377)
: Other Public Grants	10.(a)		(967,215)		(833,391)
			8,013,896		7,682,551
Other fixed assets	10.(b)		728,860		730,299
			8,742,756		8,412,850
<b>FIXED ASSET INVESTMENTS</b>					
Shared Equity Cost	20.	380,268		380,268	
Shared Equity Grant	20.	(380,268)		(380,268)	
			-		-
<b>CURRENT ASSETS</b>					
Debtors	12.	122,503		104,072	
Investments	21.	-		515,000	
Cash at bank and in hand		2,834,297		2,358,140	
			2,956,800	2,977,212	
CREDITORS: Amounts falling due within one year	13.	(478,598)		(524,508)	
			2,478,202	2,452,704	
<b>NET CURRENT ASSETS</b>					
			11,220,958	10,865,554	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
CREDITORS: Amounts falling due after more than one year	14.	(7,616,135)		(7,601,398)	
			3,604,823	3,264,156	
<b>NET ASSETS</b>					
			3,604,823	3,264,156	
<b>CAPITAL AND RESERVES</b>					
Share Capital	16.		190		270
Designated Reserves	17.(a)		-		2,227,227
Revenue Reserves	17.(b)		3,604,633		1,036,659
			3,604,823		3,264,156

The Financial Statements were approved by the Management Committee and signed on their behalf on 04 August 2015.

The notes on pages 12 to 27 form part of these financial statements

Chairperson

*A. Whitley*

Vice-Chairperson

*M. D. Lamb*

Secretary

*Margaret Cox*

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED

31st MARCH 2015

	Notes	2015 £	2014 £
Net Cash Inflow from Operating Activities	15.	880,159	612,128
<b>Returns on Investment and Servicing of Finance</b>			
Interest Received		13,558	29,768
Interest Paid		(380,093)	(387,774)
<b>Net Cash Outflow from Investment and Servicing of Finance</b>		(366,535)	(358,006)
<b>Capital Expenditure and Financial Investment</b>			
Acquisition and Construction of Properties		(672,849)	(375,187)
Purchase of Other Fixed Assets		(33,435)	(26,731)
Social Housing Grant Received		(1,817)	48,015
Other Grants Received		133,824	140,000
<b>Net Cash Outflow from Capital Expenditure and Financial Investment</b>		(574,277)	(213,903)
<b>Net Cash (Outflow) / Inflow before use of Liquid Resources and Financing</b>		(60,653)	40,219
<b>Management of Liquid Resources</b>			
Change in short term deposits with banks		515,000	985,000
<b>Financing</b>			
Loan Advances Received		225,000	-
Loan Principal Repayments		(203,200)	(195,546)
Share Capital Issued		10	8
<b>Net Cash Inflow / (Outflow) from Financing</b>		21,810	(195,538)
<b>Increase in Cash</b>	15.	<u>476,157</u>	<u>829,681</u>

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS

#### 1 PRINCIPAL ACCOUNTING POLICIES

##### **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 2010, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2012. A summary of the more important accounting policies is set out below.

##### **Turnover**

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable.

##### **Retirement Benefits**

The Association participates in the Scottish Housing Association Defined Benefit Pension Scheme and 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 Associations taken as a whole.

##### **Valuation Of Housing Properties**

Housing Properties are stated at cost, less social housing and other public grants and 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 10. 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.

<i>Component</i>	<i>Useful Economic Life</i>
Windows	30 years
Kitchen Units	15 years
Bathroom Suites	25 years
Rewiring	30 years
Structure	50 years

## LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

###### Depreciation And Impairment Of Other Fixed Assets

Other Fixed 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:-

Office Premises	2%
Furniture and Fittings	10% to 20%
Computer Equipment	33.3%
Office Equipment	10% to 20%

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

###### Social Housing Grant And Other Grants In Advance/Arrears

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account 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 fixed asset disposals with the gain or loss on disposal shown in the Income and Expenditure Account.

Disposals of housing property under the Right to Buy scheme are treated as a fixed asset disposal and any gain and loss on disposal accounted for in the Income and Expenditure Account.

Disposals under shared equity schemes are accounted for in the Income and Expenditure Account. The remaining equity in the property is treated as a fixed asset investment, which is matched with the grant received.



## LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

###### **Leases/Leased Assets**

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet 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.

###### **Designated Reserves**

The Association has designated part of its reserves to meet its long term obligations.

The Cyclical Maintenance Reserve has been designated to meet future repair and maintenance obligations which are cyclical in nature. These are carried out in accordance with a planned programme of works.

The Major Repairs Reserve is based on the Association's liability to maintain housing properties in a state of repair which at least maintains their residual values in prices prevailing at the time of acquisition and construction.

###### **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 Income and Expenditure Account in accordance with the Statement of Recommended Practice.

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

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2015			2014		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	1,820,517	1,113,411	707,106	1,759,693	1,060,300	699,393
Other Activities	4.	8,327	8,151	176	1,220	-	1,220
<b>Total</b>		<b>1,828,844</b>	<b>1,121,562</b>	<b>707,282</b>	<b>1,760,913</b>	<b>1,060,300</b>	<b>700,613</b>

#### 3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Shared ownership £	2015 Total £	2014 Total £
<b>Income from Lettings</b>				
Rent Receivable Net of Identifiable Service Charges	1,779,147	45,071	1,824,218	1,737,957
<b>Gross Rents Receivable</b>	1,779,147	45,071	1,824,218	1,737,957
Less: Rent losses from voids	3,701	-	3,701	7,191
<b>Net Rents Receivable</b>	1,775,446	45,071	1,820,517	1,730,766
Revenue Grants from Scottish Ministers	-	-	-	22,927
Revenue Grants From Local Authorities and Other Agencies	-	-	-	6,000
<b>Total Income From Social Letting</b>	1,775,446	45,071	1,820,517	1,759,693
<b>Expenditure on Social Letting Activities</b>				
Management and maintenance administration costs	643,675	16,730	660,405	641,294
Reactive Maintenance	96,394	-	96,394	90,741
Bad Debts - Rents and Service Charges	16,739	-	16,739	2,568
Planned and Cyclical Maintenance, including Major Repairs	132,193	-	132,193	132,732
Depreciation of Social Housing	202,842	4,838	207,680	192,965
<b>Operating Costs of Social Letting</b>	1,091,843	21,568	1,113,411	1,060,300
<b>Operating Surplus on Social Letting Activities</b>	683,603	23,503	707,106	699,393
<b>2014</b>	<b>677,116</b>	<b>22,277</b>		

# LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2015	Operating Surplus / (Deficit) 2014
	£	£	£	£	£	£	£	£	£
Factoring	176	-	-	-	176	-	-	176	1,220
Other income	8,151	-	-	-	8,151	-	8,151	-	-
<b>Total From Other Activities</b>	<b>8,327</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,327</b>	<b>-</b>	<b>8,151</b>	<b>176</b>	<b>1,220</b>
<b>2014</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,220</b>	<b>1,220</b>	<b>-</b>	<b>-</b>	<b>1,220</b>	<b>-</b>

The Association is acting as an Agent on behalf of Glasgow City Council (GCC) to improve the condition of privately owned properties in Brucefield Park. Management fees earned by the Association from agency services are included in Note 4 Income. Transactions during the year and year balances are as follows:

	2015	2014
	£	£
During the year:		
Creditor brought forward	105,349	-
Income received from council	-	1,304,986
Income received from Owners	7,540	66,142
Expenditure	(75,835)	(1,285,779)
	<u>37,054</u>	<u>105,349</u>
At the year end:		
Debtors	-	-
Creditors	(37,054)	(105,349)
Net liability	<u>(37,054)</u>	<u>(105,349)</u>

## LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 5. OFFICERS' EMOLUMENTS

The Officers are defined in s149 of the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers or servants of the Association.

	2015	2014
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>70,337</u>	<u>69,236</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>8,474</u>	<u>6,465</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>70,337</u>	<u>69,236</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
£60,001 to £70,000	-	1
£70,001 to £80,000	1	-

### 6. EMPLOYEE INFORMATION

	2015	2014
	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	312,791	318,430
Social Security Costs	25,454	25,807
Other Pension Costs	84,827	56,930
	<u>423,072</u>	<u>401,167</u>

## LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 7. INTEREST PAYABLE

	2015	2014
	£	£
On Bank Loans & Overdrafts	<u>380,093</u>	<u>387,774</u>

### 8. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2015	2014
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	242,554	229,283
Auditors' Remuneration - Audit Services	5,952	5,670
- Other Services	500	330
Operating Lease Rentals - Other	<u>972</u>	<u>-</u>

### 9. 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.

## LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 10. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Total £
<b>COST</b>				
As at 1st April 2014	38,270,141	460,799	1,046,874	39,777,814
Additions	65,250	607,599	-	672,849
Disposals	(46,630)	-	-	(46,630)
Schemes Completed	873,633	(873,633)	-	-
As at 31st March 2015	39,162,394	194,765	1,046,874	40,404,033
<b>DEPRECIATION</b>				
As at 1st April 2014	1,689,204	-	57,291	1,746,495
Charge for Year	202,842	-	4,838	207,680
Disposals	(5,843)	-	-	(5,843)
As at 31st March 2015	1,886,203	-	62,129	1,948,332
<b>SOCIAL HOUSING GRANT</b>				
As at 1st April 2014	28,758,772	-	756,605	29,515,377
Additions	-	-	-	-
Disposals	(40,787)	-	-	(40,787)
Schemes Completed	-	-	-	-
As at 31st March 2015	28,717,985	-	756,605	29,474,590
<b>OTHER CAPITAL GRANTS</b>				
As at 1st April 2014	533,391	300,000	-	833,391
Additions	-	133,824	-	133,824
Disposals	-	-	-	-
Schemes Completed	433,824	(433,824)	-	-
As at 31st March 2015	967,215	-	-	967,215
<b>NET BOOK VALUE</b>				
As at 31st March 2015	7,590,991	194,765	228,140	8,013,896
As at 31st March 2014	7,288,774	160,799	232,978	7,682,551

Additions to housing properties includes capitalised development administration costs of £Nil (2014 - £Nil) and capitalised major repair costs to existing properties of £Nil (2014 £Nil)

All land and housing properties are freehold.

**LOCHFIELD PARK HOUSING ASSOCIATION LIMITED**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**10. TANGIBLE FIXED ASSETS (Continued)**

**b) Other Tangible Assets**

	Office Premises £	Office Furniture & Equipment £	Total £
<b>COST</b>			
As at 1st April 2014	794,918	125,182	920,100
Additions	2,160	31,275	33,435
Eliminated on Disposals	-	(12,459)	(12,459)
As at 31st March 2015	<u>797,078</u>	<u>143,998</u>	<u>941,076</u>
<b>AGGREGATE DEPRECIATION</b>			
As at 1st April 2014	95,389	94,412	189,801
Charge for year	16,202	18,672	34,874
Eliminated on disposal	-	(12,459)	(12,459)
As at 31st March 2015	<u>111,591</u>	<u>100,625</u>	<u>212,216</u>
<b>NET BOOK VALUE</b>			
As at 31st March 2015	<u>685,487</u>	<u>43,373</u>	<u>728,860</u>
As at 31st March 2014	<u>699,529</u>	<u>30,770</u>	<u>730,299</u>

**11. COMMITMENTS UNDER OPERATING LEASES**

At the year end, the annual commitments under operating leases were as follows:-	2015 £	2014 £
<b>Other</b>		
Expiring within one year	-	5,454
Expiring between two and five years	<u>972</u>	<u>-</u>

## LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 12. DEBTORS

	2015	2014
	£	£
Arrears of Rent & Service Charges	113,905	90,408
Less: Provision for Doubtful Debts	(36,000)	(20,000)
	<u>77,905</u>	<u>70,408</u>
Social Housing Grant Receivable	1,817	-
Other Debtors	42,781	33,664
	<u>122,503</u>	<u>104,072</u>

### 13. CREDITORS: Amounts falling due within one year

	2015	2014
	£	£
Housing Loans	206,988	199,925
Trade Creditors	88,969	70,878
Rent in Advance	40,080	44,786
Other Taxation and Social Security	7,408	7,541
Other Creditors	49,815	84,972
Accruals and Deferred Income	85,338	116,406
	<u>478,598</u>	<u>524,508</u>

At the balance sheet date there were pension contributions outstanding of £10,254 (2014 £7,200)

### 14. CREDITORS: Amounts falling due after more than one year

	2015	2014
	£	£
Housing Loans	<u>7,616,135</u>	<u>7,601,398</u>
Housing Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as follows:-		
Within one year	206,988	199,925
Between one and two years	202,252	219,602
Between two and five years	668,682	667,436
In five years or more	6,745,201	6,714,360
	<u>7,823,123</u>	<u>7,801,323</u>
Less: Amount shown in Current Liabilities	206,988	199,925
	<u>7,616,135</u>	<u>7,601,398</u>



LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2015 £	2014 £
Operating Surplus	707,282	700,613
Depreciation	242,554	229,283
Change in Debtors	(16,614)	60,297
Change in Creditors	(52,973)	(378,061)
Share Capital Written Off	(90)	(4)
Net Cash Inflow from Operating Activities	<u>880,159</u>	<u>612,128</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2015 £	£	2014 £	£
Increase in Cash	476,157		829,681	
Cash flow from management of liquid resources	(515,000)		(985,000)	
Cash flow from change in debt	(21,800)		195,546	
Movement in net debt during year		(60,643)		40,227
Net debt at 1st April 2014		(4,928,183)		(4,968,410)
Net debt at 31st March 2015		<u>(4,988,826)</u>		<u>(4,928,183)</u>

<i>Analysis of changes in net debt</i>	At 01.04.14 £	Cash Flows £	Other Changes £	At 31.03.15 £
Cash at bank and in hand	2,358,140	476,157		2,834,297
Liquid Resources	2,358,140	476,157		2,834,297
	515,000	515,000		-
Debt: Due within one year	(199,925)	(21,800)	14,737	(206,988)
Due after more than one year	(7,601,398)	-	(14,737)	(7,616,135)
Net Debt	<u>(4,928,183)</u>	<u>969,357</u>	<u>-</u>	<u>(4,988,826)</u>

## LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 16. SHARE CAPITAL

<b>Shares of £1 each Issued and Fully Paid</b>	<b>£</b>
At 1st April 2014	270
Issued in year	10
Cancelled in year	<u>(90)</u>
At 31st March 2015	<u>190</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.

### 17. RESERVES

#### (a) Designated Reserves

	Cyclical Maintenance	Major Repairs	Total
	£	£	£
At 1st April 2014	151,979	2,075,248	2,227,227
Transfer to / (from) Revenue Reserves	<u>(151,979)</u>	<u>(2,075,248)</u>	<u>(2,227,227)</u>
At 31st March 2015	<u>-</u>	<u>-</u>	<u>-</u>

#### (b) Revenue Reserves

	Total
	£
At 1st April 2014	1,036,659
Surplus for the year	340,747
Transfer (to) / from Designated Reserves	<u>2,227,227</u>
At 31st March 2015	<u>3,604,633</u>

### 18. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2015 No.	2014 No.
General Needs - New Build	355	355
- Rehabilitation	125	102
Shared Ownership	<u>22</u>	<u>22</u>
	<u>502</u>	<u>479</u>

## LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 19. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 8.

The related party relationships of the members of the Management Committee is summarised as follows:

14 members are tenants of the Association

One member is a sharing owner of the Association

Those members that 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.

Governing Body Members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Governing Body Member has a connection with is made at arm's length and is under normal commercial terms.

### 20. FIXED ASSET INVESTMENT

	2015	2014
	£	£
<b>Shared Equity Properties</b>		
Development Cost of Shared Equity Property	380,268	380,268
Less: Grants Receivable	380,268	380,268
	<u>-</u>	<u>-</u>

### 21. CURRENT ASSET INVESTMENTS

	2015	2014
	£	£
Short Term Deposits	<u>-</u>	<u>515,000</u>

## LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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### FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

#### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 22. RETIREMENT BENEFIT OBLIGATIONS

##### General

Lochfield Park Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The Scheme offers five benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate
- Career average revalued earnings with a 1/70th accrual rate
- Career average revalued earnings with a 1/80th accrual rate
- Career average revalued earnings with a 1/120th accrual rate, contracted in

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Lochfield Park Housing Association has elected to operate the final salary with a 1/60th accrual rate final salary benefit structure for active members from 31 March 2008.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Lochfield Park Housing Association Limited paid contributions at the rate of 12.3% of pensionable salaries. Member contributions were 12.3%.

As at the balance sheet date there were 9 active members of the Scheme employed by Lochfield Park Housing Association Limited. The annual pensionable payroll in respect of these members was £375,576. Lochfield Park Housing Association Limited continues to offer membership of the Scheme to its employees.

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 FRS17 represents the employer contribution payable.

## LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 22. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The last formal valuation of the Scheme was performed as at 30th September 2012 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394m. The valuation revealed a shortfall of assets compared with the value of liabilities of £304m (equivalent to a past service funding level of 56.4%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2014. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £539 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £281 million, equivalent to a past service funding level of 66%.

#### Financial Assumptions

The key financial assumptions underlying the valuation as at 30th September 2012 were as follows:

	% p.a.
- Investment return pre-retirement	5.3
- Investment return post-retirement - non pensioners	3.4
- Investment return post-retirement - pensioners	3.4
- Rate of Salary increases	4.1
- Rate of price inflation:	
RPI	2.6
CPI	2.0

The valuation was carried out using the SAPS (S1PA) All pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement for non-pensioners and pensioners.

## LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 22. RETIREMENT BENEFIT OBLIGATIONS (Continued)

#### Valuation Results

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed as:

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable salaries)</i>
Final salary - 60ths	24.6
Career average 60ths	22.4
Career average 70ths	19.2
Career average 80ths	16.9
Career average 120ths	11.4

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

The Trustees have recently supplied Lochfield Park Housing Association Limited with an updated contribution figure to the past service deficit. From 1 April 2015 Lochfield Park Housing Association Limited will be required to pay £48,872 per annum as a contribution to the past service deficit. This will represent an increase of 3% in Lochfield Park Housing Association Limited's contribution to the past service deficit. The deficit contribution will increase each April by 3%.

As a result of Pension Scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.