

Lochfield Park Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2013

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

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2013

MANAGEMENT COMMITTEE

Hannah McDonald	Chairperson
Ann Whitley	Vice-Chairperson
Margaret Cox	Secretary
Catherine White	Treasurer
Steven Gallacher	
Janet McAloon	
Jane Boyce	
Marie Quinn	
Ann Restrict	
Kate Serries	Elected September 2012
Jade Ross	Elected September 2012
Alex Cairns	Deceased February 2013
Sandra Falconer	Resigned October 2012
Joan Buchanan	Resigned October 2012

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

T C Young
7 West George Street
Glasgow
G2 1BA

FINANCE AGENTS

FMD Financial Services Limited
14 Ladyloan Place
Glasgow
G15 8LB

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2013**

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2013.

Legal Status

The Association is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No.2444RS. The Association is constituted 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 continue its positive progress in all key areas. The Management Committee and staff team have ensured that targets and objectives agreed at the Strategy Day held in April 2012 have been achieved.

Highlights this year include:

- Completion of a Planned Paint Program at Glassel Road on time and on budget.
 - Completion of kitchen Replacements at Phases 2a and 3.
 - Stock Condition Survey updated.
 - Well attended Annual General Meeting held in September 2012.
 - Financial Position strengthened further, through effective management.
 - Short, medium and long term projections updated.
 - Welfare Rights / Financial Advice Service continued to grow.
 - Performance Targets achieved in all key service areas.
 - Significant environmental improvement works carried out to the estate including re-design of bin sheds at Glassel Road and new refuse collection system.
 - Acquisition of land at Abbeycraig Road for future development.
 - Employment of a Modern Housing Apprentice on a 2 year contract with EVH Pay and Conditions.
- Support for a temporary Community Development worker to work in the Brucefield Park area.

The current situation of low development funding and high private finance has not changed making it uneconomic for small associations to build new houses. The lack of development programs throughout Glasgow and no clear indication from the Government as to when we might see a change has led the Association to focus even more on core business areas including customer service during the last twelve months.

We also sought to further improve the long term prospects of the organisation through updating the Financial and Planning Systems along with an updated Stock Condition Survey.

The long term future of the Association remains healthy with current stock numbers, and any further developments can only strengthen the position further.

To this end, the Association increased its' Land Bank through the acquisition of an area of land at Abbeycraig Road from the Scottish Government in anticipation of a change in market conditions in future.

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

REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2013

Review of Business and Future Developments (Contd.)

We are also aware of the wider area and have been instrumental in securing funding for a major regeneration project at the neighbouring Brucefield Park Area. Almost £4million pounds of investment went into the area through partnership with Glasgow City Council and the association acted as facilitator and agent for the insulation and improvement works to the 216 properties. Significant environmental improvement works were also undertaken as part of the project and the area has been transformed.

The Association also provides a Welfare Rights/ Financial Advice Service to tenants and local residents which is proving to be invaluable. Lochfield Park is the only Registered Social Landlord in Greater Easterhouse to provide this type of service from its own resources.

Whilst 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 year.

The Association continues to invest 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 met the requirements of the Housing Regulator and SPSO with regards to the new Model Complaints Handling Procedure and put a strategy in place in October 2012 to prepare for the impending Bedroom Tax and the so called "Welfare Reform Review". Lochfield Park decided not to undertake our major Tenant Satisfaction Survey in 2012 as the Housing Regulator was about to issue guidance on the Housing Charter and Tenant Consultation. The Survey will now take place in the summer of 2013 and will comply with the new regulatory guidance.

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2013**

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 Industrial and Provident Societies Acts 1965 to 2002 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 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 Industrial and Provident Societies Act 1965 to 2002, 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.

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2013**

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;
- regular 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;
- 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.

Donations

During the year the Association made charitable donations amounting to £200 (2012 £300).

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

MARGERET COX

Secretary

13 August 2013

REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE 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 5 concerning the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

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 5 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" 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 section on Internal Financial Control within SFHA's "Raising Standards in Housing".

ALEXANDER SLOAN
Chartered Accountants

GLASGOW
13 August 2013

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

We have audited the financial statements of Lochfield Park Housing Association Limited for the year ended 31st March 2013 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 Section 9 of the Friendly and Industrial and Provident Societies Act 1968. 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. 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 2013 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 Industrial and Provident Societies Acts 1965 to 2002, 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.
- 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.

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

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

- 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
13 August 2013

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2013

	Notes	£	2013 £	£	2012 £
TURNOVER	2.		1,726,617		1,644,036
Operating Costs	2.		<u>(1,065,198)</u>		<u>(989,583)</u>
OPERATING SURPLUS	9.		661,419		654,453
Gain On Sale Of Housing Stock	7.	2,878		9,840	
Interest Receivable and Other Income		44,170		29,993	
Interest Payable and Similar Charges	8.	<u>(397,906)</u>		<u>(403,620)</u>	
			<u>(350,858)</u>		<u>(363,787)</u>
SURPLUS FOR THE YEAR			<u>310,561</u>		<u>290,666</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.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2013 £	2012 £
Surplus for the financial year	310,561	290,666
Prior year adjustment	<u>-</u>	<u>(39,203)</u>
Total gains recognised since last annual report	<u>310,561</u>	<u>251,463</u>

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2013

	Notes	£	2013 £	£	2012 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	10.(a)		37,920,429		37,891,048
Less: Social Housing Grant	10.(a)		(29,586,709)		(29,692,277)
: Other Public Grants	10.(a)		(693,391)		(533,391)
			<u>7,640,329</u>		<u>7,665,380</u>
Other fixed assets	10.(b)		739,886		747,965
			<u>8,380,215</u>		<u>8,413,345</u>
FIXED ASSET INVESTMENTS					
Shared Equity Cost	21.	380,268		380,268	
Shared Equity Grant	21.	(380,268)		(380,268)	
			<u>-</u>		<u>-</u>
CURRENT ASSETS					
Debtors	13.	212,384		91,396	
Investments	22.	1,500,000		1,507,348	
Cash at bank and in hand		1,528,459		1,144,992	
			<u>3,240,843</u>	<u>2,743,736</u>	
CREDITORS: Amounts falling due within one year	14.	(894,208)		(531,455)	
			<u>2,346,635</u>	<u>2,212,281</u>	
NET CURRENT ASSETS					
			<u>10,726,850</u>	<u>10,625,626</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES					
CREDITORS: Amounts falling due after more than one year	15.		(7,805,305)		(8,014,646)
			<u>2,921,545</u>	<u>2,610,980</u>	
NET ASSETS					
			<u>2,921,545</u>	<u>2,610,984</u>	
CAPITAL AND RESERVES					
Share Capital	17.		266		266
Designated Reserves	18.(a)		1,971,227		1,738,306
Revenue Reserves	18.(b)		950,052		872,412
			<u>2,921,545</u>		<u>2,610,984</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on 13 August 2013.

Chairperson

Vice-Chairperson

Secretary

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

**CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2013**

	Notes	2013 £	2012 £
Net Cash Inflow from Operating Activities	16.	1,253,899	1,110,384
Returns on Investment and Servicing of Finance			
Interest Received		60,111	31,637
Interest Paid		(440,715)	(446,494)
Net Cash Outflow from Investment and Servicing of Finance		(380,604)	(414,857)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties		(417,829)	(216,799)
Purchase of Other Fixed Assets		(24,494)	(2,354)
Social Housing Grant Received		(46,198)	(18,316)
Social Housing Grant Repaid		(19,138)	(18,997)
Other Grants Received		160,000	-
Proceeds on Disposal of Properties		33,148	61,900
Net Cash Outflow from Capital Expenditure and Financial Investment		(314,511)	(194,566)
Net Cash Inflow before use of Liquid Resources and Financing		558,784	500,961
Management of Liquid Resources			
Change in short term deposits with banks		7,348	(507,348)
Financing			
Loan Principal Repayments		(182,669)	(179,680)
Share Capital Issued		4	16
Net Cash Outflow from Financing		(182,665)	(179,664)
Increase / (decrease) in Cash	16.	<u>383,467</u>	<u>(186,051)</u>

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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 Benefits 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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2013			2012		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	1,676,906	1,040,819	636,087	1,631,403	983,808	647,595
Other Activities	4.	49,711	24,379	25,332	12,633	5,775	6,858
Total		<u>1,726,617</u>	<u>1,065,198</u>	<u>661,419</u>	<u>1,644,036</u>	<u>989,583</u>	<u>654,453</u>

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Shared ownership £	2013 Total £	2012 Total £
Income from Lettings				
Rent Receivable Net of Identifiable Service Charges	1,637,891	42,320	1,680,211	1,634,426
Service Charges Receivable	-	-	-	-
Gross Rents Receivable	<u>1,637,891</u>	<u>42,320</u>	<u>1,680,211</u>	<u>1,634,426</u>
Less: Rent losses from voids	3,305	-	3,305	3,023
Net Rents Receivable	<u>1,634,586</u>	<u>42,320</u>	<u>1,676,906</u>	<u>1,631,403</u>
Revenue Grants From Local Authorities and Other Agencies	-	-	-	-
Total Income From Social Letting	<u>1,634,586</u>	<u>42,320</u>	<u>1,676,906</u>	<u>1,631,403</u>
Expenditure on Social Letting Activities				
Management and maintenance administration costs	550,846	14,233	565,079	520,566
Reactive Maintenance	89,779	-	89,779	117,591
Bad Debts - Rents and Service Charges	6,385	-	6,385	16,172
Planned and Cyclical Maintenance, including Major Repairs	183,711	-	183,711	153,016
Depreciation of Social Housing	190,652	5,213	195,865	176,463
Operating Costs of Social Letting	<u>1,021,373</u>	<u>19,446</u>	<u>1,040,819</u>	<u>983,808</u>
Operating Surplus on Social Letting Activities	<u>613,213</u>	<u>22,874</u>	<u>636,087</u>	<u>647,595</u>
2012	<u>611,346</u>	<u>36,249</u>		

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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) 2013 £	Operating Surplus / (Deficit) 2012 £
Wider Role Activities	-	-	-	-	-	-	-	-	6,286
Factoring	364	-	-	-	364	-	-	364	572
Development and construction of property activities	19,500	-	-	-	19,500	-	-	19,500	-
Other Activities - Stage III Adaptations	29,847	-	-	-	29,847	-	24,379	5,468	-
Total From Other Activities	<u>49,711</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,711</u>	<u>-</u>	<u>24,379</u>	<u>25,332</u>	<u>6,858</u>
2012	<u>5,950</u>	<u>-</u>	<u>-</u>	<u>6,683</u>	<u>12,633</u>	<u>-</u>	<u>5,775</u>	<u>6,858</u>	

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:

	2013 £	2012 £
During the year:		
Income received from Council	1,050,377	-
Income received from Owners	81,385	-
Expenditure	(833,637)	-
	<u>298,125</u>	
At the year end:		
Debtors	44,909	-
Creditors	(343,034)	-
Net liability	<u>(298,125)</u>	

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in s74 of the Industrial and Provident Societies Act 1965 as the members of the Management Committee, managers or servants of the Association.

	2013	2012
	£	£

Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>66,979</u>	<u>64,958</u>
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Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>6,277</u>	<u>6,124</u>
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Emoluments payable to Chief Executive (excluding pension contributions)	<u>66,979</u>	<u>64,958</u>
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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	1

6. EMPLOYEE INFORMATION

	2013	2012
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>8</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	294,785	281,541
Social Security Costs	24,227	22,844
Other Pension Costs	53,804	52,700
	<u>372,816</u>	<u>357,085</u>

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2013	2012
	£	£
Sales Proceeds	33,147	61,900
Cost of Sales	<u>30,269</u>	<u>52,060</u>
Gain On Sale Of Housing Stock	<u>2,878</u>	<u>9,840</u>

8. INTEREST PAYABLE

	2013	2012
	£	£
On Bank Loans & Overdrafts	<u>397,906</u>	<u>403,620</u>

9. SURPLUS FOR THE YEAR

	2013	2012
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	228,438	203,750
Auditors' Remuneration - Audit Services	6,500	6,483
Operating Lease Rentals - Other	<u>500</u>	<u>15,533</u>

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

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 £
COST				
As at 1st April 2012	38,220,838	-	1,046,874	39,267,712
Additions	249,210	92,735	-	341,945
Disposals	(125,922)	-	-	(125,922)
Schemes Completed	-	-	-	-
As at 31st March 2013	<u>38,344,126</u>	<u>92,735</u>	<u>1,046,874</u>	<u>39,483,735</u>
DEPRECIATION				
As at 1st April 2012	1,329,424	-	47,240	1,376,664
Charge for Year	190,652	-	5,213	195,865
Disposals	(9,223)	-	-	(9,223)
As at 31st March 2013	<u>1,510,853</u>	<u>-</u>	<u>52,453</u>	<u>1,563,306</u>
SOCIAL HOUSING GRANT				
As at 1st April 2012	28,935,672	-	756,605	29,692,277
Additions	-	-	-	-
Disposals	(105,568)	-	-	(105,568)
Schemes Completed	-	-	-	-
As at 31st March 2013	<u>28,830,104</u>	<u>-</u>	<u>756,605</u>	<u>29,586,709</u>
OTHER CAPITAL GRANTS				
As at 1st April 2012	533,391	-	-	533,391
Additions	160,000	-	-	160,000
Disposals	-	-	-	-
Schemes Completed	-	-	-	-
As at 31st March 2013	<u>693,391</u>	<u>-</u>	<u>-</u>	<u>693,391</u>
NET BOOK VALUE				
As at 31st March 2013	<u>7,309,778</u>	<u>92,735</u>	<u>237,816</u>	<u>7,640,329</u>
As at 31st March 2012	<u>7,422,351</u>	<u>-</u>	<u>243,029</u>	<u>7,665,380</u>

Additions to housing properties includes capitalised development administration costs of £NIL (2012 - £NIL) and capitalised major repair costs to existing properties of £NIL (2012 £NIL)

All land and housing properties are freehold.

LOCHFELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Total £
COST			
As at 1st April 2012	794,918	73,957	868,875
Additions	-	24,494	24,494
Eliminated on Disposals	-	-	-
As at 31st March 2013	<u>794,918</u>	<u>98,451</u>	<u>893,369</u>
AGGREGATE DEPRECIATION			
As at 1st April 2012	63,593	57,317	120,910
Charge for year	15,898	16,675	32,573
Eliminated on disposal	-	-	-
As at 31st March 2013	<u>79,491</u>	<u>73,992</u>	<u>153,483</u>
NET BOOK VALUE			
As at 31st March 2013	<u>715,427</u>	<u>24,459</u>	<u>739,886</u>
As at 31st March 2012	<u>731,325</u>	<u>16,640</u>	<u>747,965</u>

12. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-	2013 £	2012 £
Other		
Expiring within one year	2,256	1,152
Expiring between two and five years	<u>7,364</u>	<u>18,608</u>

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. DEBTORS

	2013 £	2012 £
Arrears of Rent & Service Charges	60,736	79,325
Less: Provision for Doubtful Debts	(20,000)	(25,000)
	<u>40,736</u>	<u>54,325</u>
Social Housing Grant Receivable	48,015	1,817
Other Debtors	123,633	35,254
	<u>212,384</u>	<u>91,396</u>

14. CREDITORS: Amounts falling due within one year

	2013 £	2012 £
Housing Loans	191,564	164,892
Trade Creditors	207,365	99,241
Rent in Advance	33,018	36,294
Other Taxation and Social Security	6,528	6
Other Creditors	132,733	73,852
Accruals and Deferred Income	323,000	157,170
	<u>894,208</u>	<u>531,455</u>

At the balance sheet date there were pension contributions outstanding of £20,000 (2012 £nil)

15. CREDITORS: Amounts falling due after more than one year

	2013 £	2012 £
Housing Loans	<u>7,805,305</u>	<u>8,014,646</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	191,564	164,892
Between one and two years	211,656	169,492
Between two and five years	657,680	552,552
In five years or more	6,935,969	7,292,602
	<u>7,996,869</u>	<u>8,179,538</u>
Less: Amount shown in Current Liabilities	191,564	164,892
	<u>7,805,305</u>	<u>8,014,646</u>

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2013 £	2012 £
Operating Surplus	661,419	654,453
Depreciation	228,438	203,750
Change in Debtors	(90,731)	(31,121)
Change in Creditors	454,777	283,303
Share Capital Written Off	(4)	(1)
Net Cash Inflow from Operating Activities	<u>1,253,899</u>	<u>1,110,384</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2013 £	£	2012 £	£
Increase / (decrease) in Cash	383,467		(186,051)	
Cash flow from management of liquid resources	(7,348)		507,348	
Cash flow from change in debt	182,669		179,677	
Movement in net debt during year		558,788		500,974
Net debt at 1st April 2012		(5,527,198)		(6,028,172)
Net debt at 31st March 2013		<u>(4,968,410)</u>		<u>(5,527,198)</u>

<i>Analysis of changes in net debt</i>	At 01.04.12 £	Cash Flows £	Other Changes £	At 31.03.13 £
Cash at bank and in hand	<u>1,144,992</u>	<u>383,467</u>		<u>1,528,459</u>
Liquid Resources	1,144,992	383,467		1,528,459
Debt: Due within one year	1,507,348	7,348		1,500,000
Due after more than one year	(164,892)	182,669	(209,341)	(191,564)
	<u>(8,014,646)</u>	<u>-</u>	<u>209,341</u>	<u>(7,805,305)</u>
Net Debt	<u>(5,527,198)</u>	<u>573,484</u>	<u>-</u>	<u>(4,968,410)</u>

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2012	266
Issued in year	4
Cancelled in year	<u>(4)</u>
At 31st March 2013	<u><u>266</u></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

18. RESERVES

(a) Designated Reserves	Cyclical Maintenance	Major Repairs	Total
	£	£	£
At 1st April 2012	151,979	1,586,327	1,738,306
Transfer to / (from) Revenue Reserves	<u>-</u>	<u>232,921</u>	<u>232,921</u>
At 31st March 2013	<u><u>151,979</u></u>	<u><u>1,819,248</u></u>	<u><u>1,971,227</u></u>

(b) Revenue Reserves	Total
	£
At 1st April 2012	872,412
Surplus for the year	310,561
Transfer (to) / from Designated Reserves	<u>(232,921)</u>
At 31st March 2013	<u><u>950,052</u></u>

19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2013	2012
	No.	No.
General Needs - New Build	357	358
- Rehabilitation	100	100
Shared Ownership	<u>22</u>	<u>22</u>
	<u><u>479</u></u>	<u><u>480</u></u>

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. 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:

10 members are tenants 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.

21. FIXED ASSET INVESTMENT

	2013 £	2012 £
Shared Equity Properties		
Development Cost of Shared Equity Property	380,268	380,268
Less: Grants Receivable	380,268	380,268
	<u>-</u>	<u>-</u>

22. CURRENT ASSET INVESTMENTS

	2013 £	2012 £
Short Term Deposits	1,500,000	1,507,348
	<u>1,500,000</u>	<u>1,507,348</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. 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 Limited has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 31st March 2008 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1st April 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 9.6% of pensionable salaries. Member contributions were 9.6%.

Housing Association Limited. The annual pensionable payroll in respect of these members was £275,178. 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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. 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%).

Financial Assumptions

The 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 2013

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. 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)</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 the Association with an updated contribution figure to the past service deficit. From 1 April 2014 the Association will be required to pay £47,496 per annum as a contribution to the past service deficit. This will represent an increase of 74% in the Association'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.