



**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Report and Financial Statements  
For year ended 31 March 2010**

**Registered Housing Association No. HCB293  
Financial Services Authority No. 2509R(S)**

**Scott-Moncrieff  
Chartered Accountants**

# **LARKFIELD HOUSING ASSOCIATION LIMITED**

## **Report and Financial Statements For year ended 31 March 2010**

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### **Registration particulars**

Financial Services Authority

Industrial and Provident Societies 1965  
Registered number 2509R(S)

Scottish Housing Regulator

Housing (Scotland) Act 2001  
Registered number HCB293

**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Members and Advisers**

**Committee of Management**

Agnes McMillan - Chairperson  
Elizabeth Bradley - Vice Chairperson  
Marion Jones - Secretary  
Danny McMillan  
Jim Canning  
Margaret Bell  
Moirra McBride  
Gordon Ritchie  
Allan McIntrye  
Ernest Mukumba

**Registered Office**

14 Lothian Road  
Greenock  
PA16 OPG

**Auditors**

Scott-Moncrieff  
Chartered Accountants  
Registered Auditor  
25 Bothwell Street  
Glasgow  
G2 6NL

**Bankers**

Bank of Scotland  
PO Box 10  
38 St Andrews Square  
Edinburgh  
EH2 2YR

**Solicitors**

Patten and Prentice  
2 Ardgowan Square  
Greenock  
PA16 8PP

## **LARKFIELD HOUSING ASSOCIATION LIMITED**

### **Report of Committee of Management For year ended 31 March 2010**

The Committee of Management present their annual report and the audited financial statements for the year ended 31 March 2010.

#### **Principal Activity**

The principal activity of the Association is the provision of social housing:

- Improve homes and communities;
- Ensure our properties are fit for purpose and managed effectively;
- Improve service delivery to all our customers;
- Extend our services to more people;
- Offer innovative solutions for diverse needs;
- Improve homes and communities;
- Ensure our resources are sufficient to deliver our objectives;
- Make a difference to people's lives by providing care and support services.

#### **Group Structure**

The Association joined the Link Group Limited (a Registered Social Landlord) on 28 November 2006 as a subsidiary. Although Larkfield has become a wholly controlled subsidiary of Link Group, it has retained its name, identity and membership. It is anticipated there will be a number of benefits to Larkfield from this move including the Association having access to economies of scale in procurement, expertise in wider action and regeneration, support services and development services.

#### **Operating and Financial Review**

##### **Financial Summary**

This year the Association recorded a surplus of £64,630 (2009: £40,950).

Investments to the housing stock in the year include installation of positive ventilation units, phase three of energy efficiency upgrades, and phase three of the external envelope upgrade to the Wimpey No fines Stock. This has been written off in the Income and Expenditure account in line with the 2008 RSL SORP requirements.

##### **Turnover**

Turnover of £1.5 million relates entirely to the income from the letting of properties at affordable rents and the provision of common maintenance services and the provision of local housing management and maintenance services to Link Housing Association, in relation to their Port Glasgow stock. It is the Association's policy to maintain affordability by limiting overall rent increases to no greater than 1 per cent above the Retail Price Index.

Tenants are charged rents on a weekly cycle and enjoy continuation of Greenock Fair and Christmas non-collection weeks.

##### **Estate Maintenance**

The Association acts as Management Agent to five hundred and sixty-one owner-occupiers in the Larkfield area. Accounts are issued each year to recover the costs of common maintenance.

##### **Property Acquisitions**

One house was purchased under the Scottish Government's mortgage rescue scheme in the year.

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Report of Committee of Management For year ended 31 March 2010

#### Financing and Liquidity

Larkfield Housing Association operates with minimal public funding and is highly focused to exploit profitable opportunities as they arise.

The Association has a £8.3 million private finance loan facility. Under the terms of the financing agreement, there are a number of financial and operational covenants that limit the Association's operating and financial flexibility. A failure to comply with any of these covenants could result in default under the agreement and an acceleration of repayment of the debt outstanding.

#### Treasury Management

The Association has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Committee of Management. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held. At 31 March 2010 the Association had £0.474 m (2009: £0.474 m) in undrawn loan facilities, which was immediately available for drawing.

The Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2010 50.3% of the Association's borrowings (2009: 50.5%) were subject to fixed rates of interest.

#### Transfers from Designated Reserves

The results for the year are shown in the Income and Expenditure Account on page 12 and there have been no transfers to or from designated reserves.

#### Fixed Assets

Changes in fixed assets in the year are set out in note 6 of the financial statements.

#### Members of Committee of Management

The Members of the Committee of the Association during the year to 31 March 2010 were as follows:

(Chairperson)	Agnes McMillan	
(Vice-Chairperson)	Elizabeth Bradley	
(Secretary)	Marion Jones	
(Member)	Danny McMillan	
(Member)	James Canning	
(Member)	Margaret Bell	
(Co-optee)	Margaret Grant	- resigned August 2009
(Member)	Gordon Ritchie	
(Member)	Allan McIntyre	
(Member)	Ernest Mukumba	
(Member)	Sharon Bannister	- removed September 2009
(Member)	Mark Burns	- appointed September 2009, resigned March 2010
(Co-optee)	Moira McBride	- appointed December 2009

## **LARKFIELD HOUSING ASSOCIATION LIMITED**

### **Report of Committee of Management For year ended 31 March 2010**

#### **Future Developments**

The Association will continue with its policy of improving the quality of housing and housing services within its area of activity working with its existing and new partners.

The focus for the coming year will be to consolidate Larkfield's position within the Link Group and to continue to develop relationships and opportunities for sharing of central services and specialist services and experience.

#### **Charitable Donations and Community Involvement**

Charitable donations amounting to £100 (2009: £785) were made during the year. No donations were made for political purposes.

The Association is actively involved in wider action activities and community safety through the Larkfield Community Safety Group and continues to promote wider action activities through its involvement in the Larkfield Community Safety Group and Inverclyde Housing Association Forum. Specific projects included the Larkfield Environmental Schools Art Project.

#### **Maintenance Policies**

The Association seeks to maintain its properties to the highest standard. To this end, programmes of cyclical repairs are carried out in the medium term to deal with the gradual and predictable deterioration of building components. It is expected that the cost of all these repairs will be charged to the Income and Expenditure account.

In addition the Association has a long-term programme of major repairs to cover for works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. The cost of these repairs will be charged to the Income and Expenditure account unless they qualify as capital expenditure within the terms of the SORP.

The Association is required to demonstrate to its regulatory body that it will meet the Scottish Housing Quality Standard (an initiative by the Scottish Executive to have all public sector housing upgraded to a defined quality level by 2015). The Association's planned maintenance and major repairs programmes will seek to ensure that the Standard is achieved in the period to 2015.

#### **Services**

We aim to deliver high quality services, and we set ourselves the goal of achieving continuous improvement in what we do. In our housing stock, we continued to progress our major repairs programme.

We reviewed the rent payment methods available to our owners and, as a result, have now introduced an "All pay" payment system to enable a wider range of ways for owners to pay their common maintenance charges. We have continued to deliver many completed adaptations to existing properties, to meet the specific needs of our tenants.

The Association now provides management services for 234 properties in Port Glasgow on behalf of Link Housing Association Ltd.

#### **Credit Payment Policy**

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is under thirty days.

## **LARKFIELD HOUSING ASSOCIATION LIMITED**

### **Report of Committee of Management For year ended 31 March 2010**

#### **Best use of Resources**

We regularly conduct risk assessments, and take any action necessary to reduce or limit risk. We are continuing with a programme of major investment in our housing stock, which is by far our most costly asset. This includes both carrying out major repairs, and also considering whether there are any opportunities to build new housing stock in order to meet the changing requirements of tenants in the future. We have updated our stock condition information to ensure that our long-term financial planning reflects our future investment requirements.

#### **Risk Management Policy**

The Committee have, with advice from their auditors, introduced a formal risk management process to assess business risks and implement risk management strategies. This involved identifying the types of risks the Association faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the Committee have reviewed the adequacy of the Association's current internal controls.

In addition, the Committee have considered the guidance for directors of public listed companies contained within the Turnbull Report. They believe that although this is not mandatory for the Association it should, as a public interest body, adopt these guidelines as best practice. Accordingly they have set policies on internal controls which cover the following:

- consideration of the type of risks the Association faces;
- the level of risks which they regard as acceptable;
- the likelihood of the risks concerned materialising;
- the Association's ability to reduce the incidence and impact on the business of risks that do materialise; and the costs of operating particular controls relative to the benefit obtained;
- clarified the responsibility of management to implement the Committee's policies and to identify and evaluate risks for their consideration;
- communicated that employees have responsibility for internal control as part of their accountability for achieving objectives;
- embedded the control system in the Association's operations so that it becomes part of the culture of the Association;
- developed systems to respond quickly to evolving risks arising from factors within the Association and to changes in the external environment;
- included procedures for reporting failings immediately to appropriate levels of management and the Committee together with details of corrective action being undertaken.

#### **Employee Involvement and Health & Safety**

The Association encourages employee involvement in all major initiatives and holds an annual review day for staff and the Committee of Management to agree its objectives. A health and safety sub-committee meets four times per year consisting of both staff and committee members.

The Association is recognised as promoting the health of its staff and holds the Scotland's Health at Work (SHAW) Silver award. The Association is also recognised for the training and development of its staff and is accorded Investors in People (IIP) status.

#### **Internal Financial Control**

The Committee of Management is responsible for establishing and maintaining the Association's system of internal control. Internal control systems are designed to meet the particular needs of the Association and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the Committee of Management has established with a view to providing effective internal financial control are as follows:

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Report of Committee of Management For year ended 31 March 2010

#### Management Structure

The Committee of Management has overall responsibility for the Association and there is a formal schedule of matters specifically reserved for decision by the Committee.

#### Quality and Integrity of Personnel

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the Area Manager.

#### Budgetary Process

Each year the Committee of Management approves the annual budget and rolling five-year strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Committee of variances from the budget, updated forecasts for the year together with information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

#### Rental Income

The Association's Rent Policy is a points system based on the size, type and facilities of the accommodation. The policy ensures that the rent structure is easy to administer and covers the wide variations within the Association's properties. This policy follows the generally accepted practice/principles of the Housing Movement.

#### Disabled Employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Association may continue. It is the policy of the Association that training, career development and promotion opportunities should be available to all employees.

#### Auditors

A resolution to re-appoint Scott-Moncrieff, Chartered Accountants, as auditors will be put to the members of the Association at the annual general meeting.

On behalf of the Committee of Management

*Marion Jones* MARION JONES  
*Agnus McMillan* AGNUS MCMILLAN

Dated: 22 June 2010

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Statement of Committee Responsibilities

Under the legislation relating to Industrial and Provident Societies we are required 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 year. In preparing those financial statements we are required to:

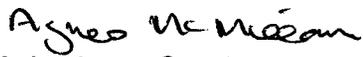
- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the Association's assets;
- taking reasonable steps for the prevention and detection of fraud.

By order of the Committee of Management

Agnes McMillan - Chairperson



Marion Jones - Secretary



Dated: 22 June 2010

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Committee of Management Statement on Internal Financial Controls For year ended 31 March 2010

The Committee of Management acknowledge their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments 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 proper authorisation and recording of transactions;
- the maintenance of proper accounting records; and
- the safeguarding of assets (against unauthorised use or disposition).

It is the Committee of Management'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 include ensuring that:

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.
- experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance.
- forecasts and budgets are prepared regularly which allow the Committee of Management and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures from the Committee of Management members.
- the Committee of Management review reports from their area manager, staff and from the internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association.
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Committee of Management have continued to review the system of internal financial control in the Association during the year ended 31 March 2010. No weaknesses were found in the internal financial controls, which could result in material losses, contingencies, or uncertainties which require disclosure in the financial statements, or in the auditors' report on the financial statements.

By order of the Committee of Management

Agnes McMillan - Chairperson



Marion Jones - Secretary



Dated: 22 June 2010

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Auditors' Report on Corporate Governance Matters

#### Corporate Governance

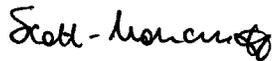
In addition to our audit of the accounts, we have reviewed the Committee of Management's statement on page 8 concerning the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

#### Basis of Opinion

We carried out our review having regard to Bulletin 2009/4 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 8 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.



Scott-Moncrieff  
Registered Auditors  
Chartered Accountants  
25 Bothwell Street  
Glasgow  
G2 6NL

Dated: 22 June 2010

## **LARKFIELD HOUSING ASSOCIATION LIMITED**

### **Report of the Independent Auditors to the Members of Larkfield Housing Association Limited**

We have audited the financial statements of Larkfield Housing Association Limited for the year ended 31 March 2010 set out on pages 12 to 30. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 15 to 16.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the directors and auditors**

As described on page 7 the Association's Management Committee is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial and Provident Societies Act 1965 to 2002, Schedule 7 the Housing (Scotland) Act 2001, and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. We also report to you if, in our opinion, the Association has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding management remuneration and transactions with the Association is not disclosed.

We read the Management Committee Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by management in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Report of the Independent Auditors to the Members of Larkfield Housing Association Limited**

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Association's affairs as at 31 March 2010 and of its results for the year then ended;
- the financial statements have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, Schedule 7 the Housing (Scotland) Act 2001, and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007;
- the information given in the Management Committee Report is consistent with the financial statements.

*Scott-Moncrieff*

Scott-Moncrieff  
Chartered Accountants  
Registered Auditor  
25 Bothwell Street  
Glasgow G2 6NL

Dated: 22 June 2010

**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Income and Expenditure Account  
For year ended 31 March 2010**

	<b>Notes</b>	<b>2010 £</b>	<b>2009 £</b>
<b>Turnover</b>	2	1,486,300	1,462,707
Less: Operating costs	2	1,223,804	1,117,376
<b>Operating surplus</b>	2	262,496	345,331
Gain on sale of fixed assets		24,340	16,155
Interest receivable		463	11,915
Interest payable		(210,665)	(332,451)
<b>Surplus on ordinary activities before taxation</b>		76,634	40,950
Taxation on surplus on ordinary activities	5	12,004	-
<b>Surplus for year</b>		64,630	40,950

All activities relate to continuing activities within the year.

There are no other gains or losses in 2009 and 2010 other than the surplus as above.

**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Balance Sheet  
As at 31 March 2010**

	Notes	2010 £	2009 £
<b>Tangible fixed assets</b>			
Housing properties	6	6,161,845	6,332,336
Other fixed assets	6	203,928	214,402
		<u>6,365,773</u>	<u>6,546,738</u>
<b>Debtors</b>			
Cash at bank and in hand	7	141,339	151,487
		<u>698,116</u>	<u>476,471</u>
		839,455	627,958
<b>Current Liabilities</b>			
Creditors due within one year	8	(487,761)	(328,457)
		<u>351,694</u>	<u>299,501</u>
<b>Net current assets</b>			
		6,717,467	6,846,239
<b>Total assets less current liabilities</b>			
Creditors due after one year	9	(5,404,533)	(5,597,936)
		<u>1,312,934</u>	<u>1,248,303</u>
<b>Net assets</b>			
		<u>1,312,934</u>	<u>1,248,303</u>
<b>Capital and reserves</b>			
Share capital	13	87	86
Revenue reserve	15	1,312,847	1,248,217
		<u>1,312,934</u>	<u>1,248,303</u>
<b>Total capital and reserves</b>			

The financial statements were authorised for issue by the Committee of Management on 22<sup>nd</sup> June 2010 and are signed on their behalf by:

Agnes McMillan - Chairperson

*Agnes McMillan*

Marion Jones - Secretary

*Marion Jones*

**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Cash Flow Statement  
For year ended 31 March 2010**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Net cash inflow from operating activities</b>	546,149	549,896
<b>Returns on investments and servicing of finance</b>		
Interest received	463	11,915
Interest paid	(210,665)	(332,451)
	<hr/>	<hr/>
Net cash flow from returns on investments and servicing of finance	(210,202)	(320,536)
<b>Taxation</b>	12,004	-
<b>Investing activities</b>		
Acquisition and construction of housing properties	(64,574)	(68,956)
Purchase of other fixed assets	(988)	(953)
Capital grants received	29,804	44,564
Sale of tangible fixed assets - properties	90,220	48,400
Sale of tangible fixed assets - other	-	4,289
	<hr/>	<hr/>
<b>Net cash inflow from investing activities</b>	54,462	27,344
	<hr/>	<hr/>
<b>Net cash inflow before financing</b>	402,413	256,704
	<hr/>	<hr/>
<b>Financing</b>		
Issue of share capital	1	2
Loans received	-	-
Loan repaid	(180,769)	(168,962)
	<hr/>	<hr/>
<b>Net cash inflow from financing</b>	(180,768)	(168,960)
	<hr/>	<hr/>
<b>Increase in cash</b>	<u>221,645</u>	<u>87,744</u>

Further details are given in note 16.

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Notes to the Financial Statements For the year ended 31 March 2010

#### 1. Principal Accounting Policies

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered by the Financial Services Authority. These financial statements are prepared in accordance with applicable accounting standards and statements of recommended practice, and comply with the requirements of the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and the Statement of Recommended Practice (SORP) Accounting by Registered Social Landlords 2008.

(a) **Basis of preparation**

The financial statements are prepared under the historical cost convention and on a going concern basis.

(b) **Turnover**

Turnover relates to the income from the letting of properties at affordable rents, together with revenue grants from The Scottish Government, local authorities and other organisations.

(c) **Tangible fixed assets**

Housing land and buildings are stated at cost.

(d) **Depreciation**

**Housing land and buildings**

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected economic useful lives of the properties at an annual rate of 2%. No depreciation is charged on the cost of land.

**Other fixed assets**

A full year's depreciation is charged in the year of acquisition but no charge is made in the year of disposal. Depreciation is charged at rates estimated to write off costs less the estimated residual value over the expected useful life, as follows:

Buy Back Properties	-	4% straight line
Office Premises	-	4% straight line
Furniture and Fittings	-	25% reducing balance
Office Equipment	-	25% reducing balance

(e) **Impairment of fixed assets**

Reviews for impairment of housing properties are carried out on an annual basis and any impairment in an income generating unit is recognised by a charge to the income and expenditure account. Impairment is recognised where the carrying value of an income generating unit exceeds the higher of its net realisable value or its value in use. Value in use represents the net present value of expected future cash flows from these units.

Impairment of assets would be recognised in the income and expenditure account.

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Notes to the Financial Statements For the year ended 31 March 2010

#### 1. Accounting policies (continued)

##### (f) Pension

The Association participates in the centralised Scottish Federation of Housing Associations' 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 to the independently administered Pensions Trust in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

The expected cost to the Association of pensions is charged to income so as to spread the cost of pensions over the service lives of the employees in the Scheme taken as a whole.

##### (g) Apportionment of management expenses

Direct employee administration and operating costs have been apportioned to the income and expenditure account on the basis that they are directly engaged in each of the operations dealt with in those accounts.

##### (h) Allocation of Owner Occupier Income

Monies charged and received from owner occupiers for common feu maintenance is credited into the income and expenditure account within the accounting period in which it is charged.

##### (i) Sale of housing properties

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale.

##### (j) Buy Backs

Properties are bought back at open market value as agreed with the Association's lenders.

##### (k) Improvements

Improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in:-

- an increase in rental income, or
- a material reduction in future maintenance costs, or
- a significant extension to the life of the property.

Works to existing properties, which fail to meet the above criteria, are charged to the income and expenditure account.

##### (l) Value added tax

The Association is not VAT registered. Expenditure as a result is shown inclusive of VAT

**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Notes to the Financial Statements  
For the year ended 31 March 2010**

**2. Particulars of Turnover, Operating Costs and Operating Surplus**

	Turnover £	2010 Operating Costs £	Operating Surplus £	Turnover £	2009 Operating Costs £	Operating Surplus £
<b>Income and Expenditure from lettings</b>						
Social Lettings	1,430,144	(1,180,968)	249,176	1,416,633	(1,075,872)	340,761
Other activities	56,156	(42,836)	13,320	46,074	(41,504)	4,570
<b>Total</b>	<u>1,486,300</u>	<u>(1,223,804)</u>	<u>262,496</u>	<u>1,462,707</u>	<u>(1,117,376)</u>	<u>345,331</u>

The income above relates solely to income from General Needs Housing, there is no income in relation to Supported Housing or Shared Ownership.

**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Notes to the Financial Statements  
For the year ended 31 March 2010**

**3. Particulars of turnover, operating costs and operating surplus from social letting activities**

	<b>General Needs Housing £</b>	<b>2010 Total £</b>	<b>2009 Total £</b>
<b>Income from rent and service charges</b>			
Rent receivable net of service charges	1,434,891	1,434,891	1,418,696
Service charges	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Gross income from rents and service charges</b>	1,434,891	1,434,891	1,418,696
<b>Less voids</b>	(4,747)	(4,747)	(2,063)
	<hr/>	<hr/>	<hr/>
<b>Net income from rents and service charges</b>	1,430,144	1,430,144	1,416,633
Grants from the Scottish Ministers	-	-	-
Other revenue grants	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total turnover from social letting activities</b>	1,430,144	1,430,144	1,416,633
	<hr/>	<hr/>	<hr/>
<b>Expenditure</b>			
Management and maintenance administration costs	327,280	327,280	326,849
Planned cyclical maintenance including major repairs	505,424	505,424	403,395
Reactive maintenance costs	172,317	172,317	190,594
Bad debts – rents and service charges	33,737	33,737	13,896
Depreciation of social housing	142,211	142,211	141,138
	<hr/>	<hr/>	<hr/>
<b>Operating costs for social letting activities</b>	1,180,969	1,180,969	1,075,872
	<hr/>	<hr/>	<hr/>
<b>Operating Surplus on letting activities, 2010</b>	249,175	249,175	
	<hr/>	<hr/>	
<b>Operating Surplus on letting activities, 2009</b>			340,761
			<hr/>

LARKFIELD HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements  
For the year ended 31 March 2010

4. Particulars of turnover, operating costs and operating surplus from other activities

	Grants from Scottish Ministers	Other Revenue Grants	Other income £	Total Turnover		Operating costs – bad debts	Other operating costs 2010 £	Operating surplus	
				2010 £	2009 £			2010 £	2009 £
Wider role activities	-	-	-	-	-	-	-	-	-
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	5,632	5,632	6,074	-	3,012	2,620	3,102
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	40,360	40,360	40,000	-	39,824	536	1,468
Other agency/ management services	-	-	-	-	-	-	-	-	-
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-
Development and improvements for sale to non RSLs	-	-	-	-	-	-	-	-	-
Other activities	-	-	10,164	10,164	-	-	-	10,164	-
<b>Total from other activities, 2010</b>	-	-	<b>56,156</b>	<b>56,156</b>	-	-	<b>42,836</b>	<b>13,320</b>	-
<b>Total from other activities, 2009</b>	-	-	-	-	<b>46,074</b>	-	-	-	<b>4,570</b>

**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Notes to the Financial Statements  
For the year ended 31 March 2010**

<b>5. Tax on profit on ordinary activities</b>	<b>2010 £</b>	<b>2009 £</b>
Current tax:		
UK corporation tax based on the results for the year at 21% (2009: 28%)	<u>12,004</u>	<u>-</u>
Factors affecting tax charge for the period		
The tax assessed for the period is lower than the standard rate of corporation tax (21%) as explained below:		
Surplus on ordinary activities before tax	76,634	40,950
Surplus on ordinary activities multiplied by the standard rate of corporation tax 21% (2009: 28%)	16,093	11,466
Effects of:		
Losses carried forward	(17,620)	(33,149)
Expenses not deductible for tax purposes	12,077	19,402
Depreciation in excess of capital allowances	<u>1,454</u>	<u>135</u>
Current tax charge for period	<u>12,004</u>	<u>-</u>

**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Notes to the Financial Statements  
For the year ended 31 March 2010**

6. Tangible Assets	Housing properties held for letting £	Office premises £	Office equipment £	Furniture & fittings £	Total £
<b>Cost</b>					
At 1 April 2009	7,618,990	237,905	86,411	5,147	7,948,453
Additions during year	64,574		434	554	65,562
Disposals during year	(75,500)				(75,500)
At 31 March 2010	<u>7,608,064</u>	<u>237,905</u>	<u>86,845</u>	<u>5,701</u>	<u>7,938,515</u>
<b>Depreciation</b>					
At 1 April 2009	1,242,090	30,297	80,505	4,259	1,357,151
Provided during year	142,211	9,516	1,585	361	153,673
Disposals during year	(12,450)				(12,450)
At 31 March 2010	<u>1,371,851</u>	<u>39,813</u>	<u>82,090</u>	<u>4,620</u>	<u>1,498,374</u>
<b>Grants</b>					
As at 1 April 2009	44,564				44,564
Additions	29,804	-	-	-	29,804
Transfers	-	-	-	-	-
At 31 March 2009	<u>74,368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,368</u>
<b>Net book value</b>					
At 31 March 2010	<u>6,161,845</u>	<u>198,092</u>	<u>4,755</u>	<u>1,081</u>	<u>6,365,773</u>
At 31 March 2009	<u>6,332,336</u>	<u>207,608</u>	<u>5,906</u>	<u>888</u>	<u>6,546,738</u>

None of the Association's properties are held under a lease.

**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Notes to the Financial Statements  
For the year ended 31 March 2010**

<b>7. Debtors</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year:		
Gross rent arrears	74,074	75,272
Less: Bad debt provision	(25,117)	(24,592)
	<u>48,957</u>	<u>50,680</u>
Debtor – owner occupiers	47,186	41,803
Provision for bad debts – owner occupiers	(7,365)	(7,713)
	<u>39,821</u>	<u>34,090</u>
Debtors – tenant recharges	83,901	66,166
Less: Bad debts	(62,928)	(47,744)
	<u>20,973</u>	<u>18,422</u>
Prepayment and accrued income	23,324	48,295
Amounts due from group undertakings	8,264	-
	<u>141,339</u>	<u>151,487</u>
	<u><u>141,339</u></u>	<u><u>151,487</u></u>
<b>8. Creditors due within one year</b>		
Trade Creditors	3,892	40,735
Accruals and deferred income	221,126	48,997
Amounts due to group undertakings	13,195	18,000
Other taxation and social security	22,118	8,995
Rents in advance	34,026	30,960
Facility loan	193,404	180,770
	<u>487,761</u>	<u>328,457</u>
	<u><u>487,761</u></u>	<u><u>328,457</u></u>
<b>9. Creditors due after one year</b>		
Facility loan	5,204,903	5,398,306
The Scottish Government	199,630	199,630
	<u>5,404,533</u>	<u>5,597,936</u>
	<u><u>5,404,533</u></u>	<u><u>5,597,936</u></u>

**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Notes to the Financial Statements  
For the year ended 31 March 2010**

**9. Creditors due after one year (contd)**

The Scottish Government has advanced funds to the Association in respect of proposed works to owner occupied properties. These funds will be repaid to the lender once repairs are completed and costs received from the owners. The Britannia Building Society holds a standard security and floating charge on the Association's 398 properties. The loan is repayable at rates of interest from 6.03% to 0.893% (2009: 6.858% to 3.055%), in instalments due as follows:

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
In one year or less	193,404	180,770
Between two and five years	918,584	858,569
In five years or more	4,286,319	4,539,737
	<u>5,398,307</u>	<u>5,579,076</u>

The total facility available to the Association at the year end was £5.9 million.

**10. Employees**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Staff costs during year		
Wages and salaries	256,551	238,598
Social security costs	20,722	17,800
Other pension costs	32,781	25,878
	<u>310,054</u>	<u>282,276</u>

The average full time equivalent and average number of persons employed by the Association during the year were as follows:

	<b>No</b>	<b>No</b>
Housing staff	6.6	6.6
Administrative and finance staff	2.2	2.2
	<u>        </u>	<u>        </u>

The Directors are defined as the members of the Committee of Management, the Housing Association Director and any other person reporting directly to the Housing Association Director or the Management Committee whose total emoluments exceed £60,000 per year.

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Aggregate emoluments payable to directors (including pension contributions and benefits in kind)	<u>        </u>	<u>        </u>
Emoluments payable to highest paid director (excluding pension contributions)	<u>        </u>	<u>        </u>

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Notes to the Financial Statements For the year ended 31 March 2010

#### 10. Employees (contd)

The Director is an ordinary member of the Association's pension scheme described in note 11. No enhanced or special terms apply to memberships and he has no other pension arrangements to which the Association contribute. The Association's contributions for the Director in the year amounted to £nil (2009: £nil).

	2010 £	2009 £
Total expenses reimbursed insofar as not chargeable to UK income tax – Committee of Management	825	1,711

No member of the Committee of Management received any emoluments in respect of their services to the Association

Number of directors during the year as following (excluding pension contributions)	2010 No	2009 No
£45,001 - £50,000	-	-
£50,001 - £55,000	-	-
£55,001 - £60,000	-	-
£60,001 - £65,000	-	-

#### 11. Pension commitments

##### General

Larkfield Housing Association Limited participates in the SFHA 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 Trustee commissions main actuarial valuation of the scheme every 3 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 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 levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The Scheme currently operates with a single benefit structure, final salary with a 1/60th accrual rate. From April 2008 there are three benefit structures available, 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

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.

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Notes to the Financial Statements For the year ended 31 March 2010

#### 11. Pension commitments (contd)

Larkfield Housing Association Limited has elected to continue to operate the final salary with a 1/60th accrual rate benefit structure for active members.

During the accounting period Larkfield paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%. As at the balance sheet date there were 7 active members (2009: 6) of the Scheme employed by Larkfield Housing Association. Larkfield 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. Due to the nature of the Scheme, the Income and Expenditure Account charge for the period under FRS17 represents the employer contribution payable. The pension charge for the year to 31 March 2010 was £32,781 (2009 - £25,878).

#### Valuation results

The last formal valuation of the Scheme was performed as at 30 September 2006 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £268 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £54 million (equivalent to a past service funding level of 83%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2008. 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 £265 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £149 million, equivalent to a past service funding level of 63.9%. Annual funding updates of the SFHA Pension Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the scheme since the last full valuation.

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2006.

#### Financial Assumptions

The financial assumptions underlying the valuation at 30th September 2006 were as follows: -

	% pa
- Investment return pre retirement	7.20
- Investment return post retirement	4.90
- Rate of salary increases	4.60
- Rate of pension increases:	
Pension accrued pre 6 April 2005	2.60
Pension accrued from 6 April 2005	2.25
(for leavers before 1 October 1993 pension increases are 5.0% pa)	
- Rate of price inflation	2.60

**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Notes to the Financial Statements  
For the year ended 31 March 2010**

**11. Pension commitments (contd)**

The valuation was carried out using the PA92C2025 short cohort mortality table for non-pensioners and PA92C2013 short cohort mortality table for pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions:

	Male Assumed life expectancy in years at age 65	Female Assumed life expectancy in years at age 65
Non-pensioners	21.6	24.4
Pensioners	20.7	23.6

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

Benefit structure	Long-term joint contribution rate (% of pensionable salaries per annum)
Final salary 60ths	17.8
Career average 60ths	14.6
Career average 70ths	12.6

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.

Following consideration of the results of the valuation it was agreed that the shortfall of £54 million would be dealt with by the payment of additional contributions of 5.3% of pensionable salaries per annum with effect from 1 April 2008. It is the Scheme policy that the joint contribution rate payable is split between employers and members in the ratio 2:1. Accordingly the joint contribution rates from 1 April 2008 for each of the benefit structures will be:

Benefit structure	Joint contribution rate (% of pensionable salaries per annum)
Final salary 60ths	23.1 comprising employer contributions of 15.4% and member contributions of 7.7%
Career average 60ths	19.9 comprising employer contributions of 13.3% and member contributions of 6.6%
Career average 70ths	17.9 comprising employer contributions of 11.9% and member contributions of 6.0%

A small number of employers that have closed the Scheme to new entrants are required to pay an additional contribution loading of 3.5% to reflect the higher costs of a closed arrangement.

If the valuation assumptions are borne out in practice this pattern of contributions should be sufficient to eliminate the past service deficit, on an on-going funding basis, by 31 March 2020.

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Notes to the Financial Statements For the year ended 31 March 2010

#### 11. Pension commitments (contd)

A copy of the recovery plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to the Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and / or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). The Regulator has reviewed the recovery plan for the SFHA Pension Scheme and confirmed that, in respect of the September 2006 actuarial valuation, it does not propose to issue any scheme funding directions under Part 3 of the Pensions Act 2004.

The next full actuarial valuation will be carried out as at 30 September 2009.

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 would be 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 Association does not intend to withdraw from the Scheme and the trustee has confirmed that there is no intention to wind up the Scheme.

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2006. As of this date the estimated employer debt for the Association was £565,598.

12. Auditors' remuneration	2010 £	2009 £
Remuneration of the auditors (including expenses and VAT)	7,000	8,380
Remuneration of the auditors in respect of services other than those of auditors	-	800
	<u>7,000</u>	<u>9,180</u>

**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Notes to the Financial Statements  
For the year ended 31 March 2010**

<b>13. Share capital</b>	<b>2010</b>	<b>2009</b>
Shares of £1 fully paid and issued at beginning of year	86	94
Shares issued during year	1	2
Shares cancelled during year	-	(10)
	<u>87</u>	<u>86</u>
Shares issued at end of year	<u>87</u>	<u>86</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.

<b>14. Reconciliation of capital and reserves</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Capital and reserves at 1 April 2009</b>	1,248,303	1,207,361
Surplus for year	76,634	40,950
Shares cancelled in year	-	(10)
New share capital subscribed	1	2
	<u>1,324,938</u>	<u>1,248,303</u>
<b>Capital and reserves at 31 March 2010</b>	<u>1,324,938</u>	<u>1,248,303</u>

<b>15. Revenue reserves</b>		
At 1 April 2009	1,248,217	1,207,267
Surplus for year	64,630	40,950
	<u>1,312,847</u>	<u>1,248,217</u>
At 31 March 2010	<u>1,312,847</u>	<u>1,248,217</u>

<b>16. Notes to the cash flow statement</b>	<b>2010</b>	<b>2009</b>
<b>(a) Reconciliation of operating surplus to net cash inflow from operating activities:</b>		
Surplus for year	64,630	40,950
Add: Interest payable	210,665	332,451
Less: Interest receivable	(463)	(11,915)
	<u>274,832</u>	<u>361,486</u>
Operating surplus for year	274,832	361,486
Depreciation	153,673	152,367
Cancellation of share capital	-	(10)
Decrease / (Increase) in debtors	10,148	108,918
(Decrease) / Increase in creditors	134,666	(56,710)
Gain on sale of fixed assets	(27,170)	(16,155)
	<u>546,149</u>	<u>549,896</u>
Net cash inflow from operating activities	<u>546,149</u>	<u>549,896</u>

**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Notes to the Financial Statements  
For the year ended 31 March 2009**

<b>16. Notes to the cash flow statement (contd)</b>			<b>2010</b>	<b>2009</b>
			<b>£</b>	<b>£</b>
<b>(b) Reconciliation of net cash inflow to movement in net debt</b>				
Increase in cash for year			221,645	87,744
Loan repayments			180,770	168,962
			<hr/>	<hr/>
Change in net debt			402,414	256,706
Net debt as at 1 April 2009			(5,302,235)	(5,558,941)
			<hr/>	<hr/>
Net debt as at 31 March 2010			(4,899,821)	(5,302,235)
			<hr/> <hr/>	<hr/> <hr/>
 <b>(c) Analysis of changes in net debt</b>				
	<b>As At</b>	<b>Cash</b>	<b>Other</b>	<b>At</b>
	<b>1 April 2009</b>	<b>Flow</b>	<b>Changes</b>	<b>31 March 2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	476,471	221,645	-	698,116
Debt due within one year	(180,769)	180,769	(193,403)	(193,404)
Debt due after one year	(5,597,936)	-	193,403	(5,404,533)
	<hr/>	<hr/>	<hr/>	<hr/>
	(5,302,235)	402,415	-	(4,899,821)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**17. Contingent liabilities**

**The Scottish Housing Regulator Stock Transfer**

Various financial provisions were incorporated in the legal documentation when the Association acquired its original housing stock from Communities Scotland (formerly Scottish Homes) in 1997. The Association is required to account for major repair, capital expenditure and sales of properties under the Right to Buy legislation every five years. At 31 March 2010, the Association has complied with all these provisions and no further sums are considered payable to Communities Scotland, (now the Scottish Government).

<b>18. Housing Units in Management</b>		<b>2010</b>	<b>2009</b>
		<b>No</b>	<b>No</b>
General Needs		398	401
Shared ownership		-	-
Supported housing		-	-
		<hr/>	<hr/>
		398	401
		<hr/> <hr/>	<hr/> <hr/>

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Notes to the Financial Statements For the year ended 31 March 2009

<b>19. Scottish Secure Tenancy Rents</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Average Scottish Secure Tenancy rent for housing accommodation	3,611	3,531
	<u>3,611</u>	<u>3,531</u>
Number of assured tenancies	398	401
	<u>398</u>	<u>401</u>
Percentage increase from previous year	1.9%	5%
	<u>1.9%</u>	<u>5%</u>

### 20. Related parties

As a wholly owned subsidiary of Link Group Limited the Association is exempt from the requirements of FRS 8 to disclosed details of transactions with other members of the group headed by Link Group Limited.

### 21. Ultimate parent organisation

The company's parent undertaking at the balance sheet date was Link Group Limited, a charitable Industrial and Provident Society registered with the Financial Services Authority, registration no 1481 (R) S. Link Group Limited exercises dominant control through its ability to control the majority of the membership of the Committee of Management.