



**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Report and Financial Statements  
For year ended 31 March 2017**

**Registered Housing Association No. HCB293  
Financial Conduct Authority No. 2509R(S)  
Scottish Charity No. SC042066**

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Report and Financial Statements For year ended 31 March 2017

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#### **Registration particulars**

Financial Conduct Authority

Co-operative and Community Benefit Societies  
Act 2014  
Registered number 2509R(S)

Scottish Housing Regulator

Housing (Scotland) Act 2010  
Registered number HCB293  
Scottish charity No: SC042066

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Members and Advisers

#### Committee of Management

Frances Beattie - Chairperson  
Sheralee McMillan - Vice Chairperson  
Suzanne Harris - Secretary

Jim Canning  
Allan McIntyre  
Margaret Bell  
Cllr David Wilson  
John Scott  
Denis Flannery  
Aileen Hunter

#### Area Manager

Lynne Griffin

#### Registered Office

14 Lothian Road  
Greenock  
PA16 OPG

#### External Auditor

KPMG LLP  
Chartered Accountants  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG

#### Internal Auditor

TIAA  
61 Dublin Street  
Edinburgh  
EH3 6NL

#### Bankers

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

#### Funder

Royal Bank of Scotland

#### Solicitors

Patten and Prentice  
2 Ardgowan Square  
Greenock  
PA16 8PP

Harper MacLeod LLP  
The Ca'd'oro  
45 Gordon Street  
Glasgow  
G1 3PE

## **LARKFIELD HOUSING ASSOCIATION LIMITED**

### **Report of Committee of Management For year ended 31 March 2017**

The Committee of Management presents its annual report and the audited financial statements for the year ended 31 March 2017.

#### **Principal Activity**

The principal activity of Larkfield Housing Association ('Larkfield') is the provision of social housing. In doing so Larkfield aims to:

- Provide well maintained and valued homes.
- Improve the range of housing options within our neighbourhoods.
- Seek continuous improvement in service delivery and customer satisfaction.
- Support our customers to sustain their homes and have a better quality of life.
- Adapt our existing stock to suit the changing needs of our customers.
- Continue to work with our local communities to create neighbourhoods people want to live in.
- Develop and help our people to fulfil their potential.
- Support the physical, social, economic and environmental regeneration of our neighbourhoods.

#### **Corporate Status**

Larkfield is registered with the Financial Conduct Authority as a Community Benefit Society, the Office of the Scottish Charities Regulator (OSCR) as a charity and the Scottish Housing Regulator as a Registered Social Landlord. Larkfield is a member of the Link Group of companies.

#### **Group Structure**

Larkfield joined the Link Group Limited (a Registered Social Landlord) on 28 November 2006 as a subsidiary. Although Larkfield became a wholly controlled subsidiary of Link Group, it retained its name, identity and membership. There have been a number of benefits to Larkfield from this move including Larkfield 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 Larkfield recorded total comprehensive income of £718,618 (2016 : £297,781). Investments to the housing stock in the year primarily included the second phase of the Association's current gas central heating system replacement programme. Larkfield also carried out external cladding improvement works to two of its Atholl Steel properties, fitted 17 adaptations throughout its stock, and serviced 380 gas appliances.

Larkfield's comprehensive income for the year increased by £420,837 compared with 2016, due principally to the effect of an overall decrease in the value of pension scheme liabilities, where a net credit of £0.1m was reflected in the Statement of Comprehensive Income. Larkfield adopted a change in the way in which pension liabilities are calculated in 2017 and this is described in detail in notes 11 and 13.

##### **Turnover**

Turnover of £2,295,951 relates entirely to the income from the letting of properties at affordable rents, the provision of common maintenance services to Larkfield owner occupiers and the provision of local housing management and maintenance services to Link Housing Association, in relation to its Inverclyde stock. It is Larkfield's policy to maintain affordability by limiting overall rent increases to no greater than 1 per cent above the Consumer Price Index, with the exception that our financial plans require that we need a greater increase to meet our obligations and ensure our long term viability. From April 2015, tenants are charged rents on a twelve monthly cycle.

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Report of Committee of Management For year ended 31 March 2017

#### Estate Maintenance

Larkfield acts as Management Agent to 578 owner-occupiers in the Larkfield area. Invoices are issued each year to recover the costs of common maintenance.

#### Property Acquisitions

There were no property acquisitions during the financial year.

#### Financing and Liquidity

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

Larkfield has a £4.5 million private finance loan facility with the Royal Bank of Scotland. Under the terms of the financing agreement, there are a number of financial and operational covenants that limit Larkfield'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. In addition to stock required as security for all its current borrowings, Larkfield has a large proportion of housing stock available to be used as security for future borrowing.

#### Treasury Management

Larkfield has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Committee of Management. In this way Larkfield 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.

Larkfield, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2017 100% of Larkfield's borrowings (2016: 100%) were subject to fixed rates of interest.

#### Members of Committee of Management

The Members of the Committee of Larkfield during the year to 31 March 2017 and subsequent to the day of signing were as follows:

(Chairperson)	Frances Beattie	
(Vice Chair)	Sheralee McMillan	(appointed 20 September 2016)
(Secretary)	Suzanne Harris	
(Member)	Rev Allan McIntyre	
(Member)	Jim Canning	
(Member)	Cllr David Wilson	
(Member)	Margaret Bell	
(Member)	Denis Flannery	
(Member)	John Scott	
(Member)	Aileen Hunter	(elected 20 September 2016)
(Member)	Moira McBride	(elected 20 September 2016 – resigned January 2017)

#### Future Developments

Larkfield 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.

## **LARKFIELD HOUSING ASSOCIATION LIMITED**

### **Report of Committee of Management For year ended 31 March 2017**

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

Charitable donations amounting to £120 (2016: £Nil) were made during the year. No donations were made for political purposes.

Larkfield is actively involved in community regeneration activities and community safety through the Larkfield Community Safety Group and continues to promote community regeneration projects through its involvement in the Inverclyde Housing Association Forum. Specific projects included, "Advice for All", money and welfare benefit advice project, "Inverclyde Tenancy Support" project offering support and advice services for vulnerable tenants at risk of losing their home and "Future Skills" project developed by the Inverclyde Financial Inclusion Partnership with the housing associations operating in the area to promote digital inclusion and financial inclusion within Inverclyde.

#### **Maintenance Policies**

Larkfield 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 Larkfield 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.

Larkfield owns 21 Atholl Steel flats in mixed tenure blocks and two properties with electric heating systems which do not meet the Scottish Housing Quality Standard. These have been reported to the Scottish Housing Regulator through Larkfield's Annual Return on the Charter and classed as "in abeyance". Larkfield is also working to achieve the additional obligations to be achieved by 2020 as set out by the Scottish Housing Regulator in 2015 in the Energy Efficiency Standard for Social Housing (ESSH).

#### **Services**

Larkfield aims to deliver high quality services, setting a goal of achieving continuous improvement in service delivery and aiming to deliver all targets in progressing major repairs programmes.

Larkfield has continued to deliver many completed adaptations to existing properties, to meet the specific needs of tenants. Larkfield now provides management services for 261 properties in Port Glasgow on behalf of Link Housing Association Ltd.

#### **Credit Payment Policy**

Larkfield'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.

#### **Risk Management Policy**

The Committee has a formal risk management process to assess business risks and implement risk management strategies. This involved identifying the types of risks Larkfield 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 has reviewed the adequacy of Larkfield's current internal controls.

## **LARKFIELD HOUSING ASSOCIATION LIMITED**

### **Report of Committee of Management For year ended 31 March 2017**

Larkfield has set policies on internal controls which cover the following:

- Type of risks Larkfield faces.
- Level of risks which it regards as acceptable.
- Probability of the risks concerned materialising.
- Larkfield's ability to reduce the incidents and impact on the business of risks that do materialise; and the costs of operating particular controls relative to the benefit obtained.
- Responsibility of management to implement the Committee's policies and to identify and evaluate risks for their consideration.
- Responsibility of employees regarding internal control as part of their accountability for achieving objectives.
- Implementation of the control system into Larkfield's operations ensuring integration into the culture of Larkfield.
- Development of systems to respond quickly to evolving risks arising from factors within Larkfield and to changes in the external environment.
- Implementation of 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**

Larkfield 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.

Larkfield is recognised as promoting the health of its staff and holds the Scotland's Healthy Working Lives Silver award. Larkfield is also recognised for the training and development of its staff and is accorded Investors in People (IIP) Gold Recognition status and Investors in Diversity status.

#### **Internal Financial Control**

The Committee of Management is responsible for establishing and maintaining Larkfield's system of internal control. Internal control systems are designed to meet the particular needs of Larkfield 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.

#### **Management Structure**

The Committee of Management has overall responsibility for Larkfield 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.

## **LARKFIELD HOUSING ASSOCIATION LIMITED**

### **Report of Committee of Management For year ended 31 March 2017**

#### **Rental Income**

Larkfield'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 Larkfield's properties. This policy follows the generally accepted practice/principles of the housing movement. Larkfield's rental policy and actual rent levels will be kept under review to monitor comparability and affordability levels.

#### **Business Outlook**

Larkfield is continuing with a programme of major investment in its housing stock, which ensures Larkfield meets its statutory and contractual obligations with regard to tenants, funders and regulators. This includes both carrying out major repairs, and also considering whether there are any opportunities to build new housing stock (in partnership with Link) in order to meet the changing requirements of tenants in the future. Larkfield has updated its stock condition information to ensure that the long-term financial planning reflects the future investment requirements.

#### **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 Larkfield may continue. It is the policy of Larkfield that training, career development and promotion opportunities should be available to all employees.

#### **Auditor**

KPMG LLP was re-appointed as auditor during the year. A resolution to re-appoint KPMG LLP as auditor will be put to the members of Larkfield at the annual general meeting.

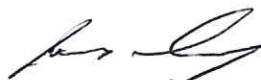
#### **Provision of information to the auditor**

The Directors who held office at the date of approval of this report of committee of management confirm that, so far as they each are aware, there is no relevant audit information of which Larkfield's auditor is unaware; and each trustee has taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that Larkfield's auditor is aware of that information

On behalf of the Committee of Management



Sheralee McMillan – Vice Chair



Jim Canning – Committee member

Dated: 14 July 2017



## LARKFIELD HOUSING ASSOCIATION LIMITED

### Statement of Committee Responsibilities in respect of the Report of Committee of Management and the financial statements

The Committee of Management (which is also the charity's trustees) is responsible for preparing the Report of Committee of Management and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Committee of Management to prepare financial statements for each financial year. Under those regulations the Committee of Management has elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of Larkfield Housing Association and of its income and expenditure for that period.

In preparing these financial statements, the Committee of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that Larkfield Housing Association will continue in business.

The Committee of Management is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of Larkfield Housing Association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2014, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). The Committee of Management has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of Larkfield Housing Association and to prevent and detect fraud and other irregularities

By order of the Committee of Management



Sheralee McMillan – Vice Chair



Jim Canning – Committee member

Dated: 14 July 2017

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Committee of Management Statement on Internal Financial Controls For year ended 31 March 2017

The Committee of Management acknowledges its ultimate responsibility for ensuring that Larkfield Housing 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 Larkfield Housing 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:

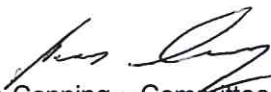
- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of Larkfield Housing Association's assets;
- experienced and suitably qualified staff 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 reviews reports from its Area Manager, staff and from the internal auditor and external auditor to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing Larkfield Housing Association; and
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Committee of Management has continued to review the system of internal financial control in Larkfield Housing Association during the year ended 31 March 2017. 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 external auditor's report on the financial statements.

By order of the Committee of Management



Sheralee McMillan – Vice Chair



Jim Canning – Committee Member

Dated: 14 July 2017

## **Independent auditor's report to the members of Larkfield Housing Association Limited**

We have audited the financial statements of Larkfield Housing Association for the year ended 31 March 2017 set out on pages 11 to 30. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to Larkfield Housing Association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 69 of the Housing (Scotland) Act 2010 and to the charity's trustees, as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulation 2006. Our audit work has been undertaken so that we might state to Larkfield Housing Association those matters we are required to state to it 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 Larkfield Housing Association as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the Committee of Management and auditor**

As more fully explained in the Statement of Committee Responsibilities set out on page 7, the Committee of Management is responsible for the preparation of financial statements which 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 Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of Larkfield Housing Association as at 31 March 2017 and of its income and expenditure for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been properly prepared in accordance with the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2012, the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**Independent auditor's report to the members of Larkfield Housing Association (continued)**

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

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- the association has not kept proper books of account; or
- the association has not maintained a satisfactory system of control over transactions; or
- the financial statements are not in agreement with the association's books of account; or
- we have not received all the information and explanations we need for our audit.

*Andrew Shaw*

**Andrew Shaw**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

*KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006*

Saltire Court

20 Castle Terrace

Edinburgh

EH1 2EG

*24 July 2017*

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Statement of Comprehensive Income For year ended 31 March 2017

	Notes	2017	2016
		£	£
<b>Turnover</b>	2	2,295,950	1,978,864
Less: Operating expenditure	2	(1,609,507)	(1,541,181)
<b>Operating surplus</b>	2	686,443	437,683
Interest receivable		425	699
Interest and financing costs		(128,250)	(128,601)
Other finance charges		(9,000)	(12,000)
<b>Surplus on ordinary activities before taxation</b>		549,618	297,781
Taxation	5	-	-
<b>Surplus for the year</b>		549,618	297,781
Release of provision for pension liabilities		539,000	-
Remeasurement of the defined benefit pension liability		(370,000)	-
<b>Total comprehensive income for the year</b>		718,618	297,781

All activities relate to continuing activities within the year.

### Statement of Changes in Reserves

	Share capital	Revenue reserve	Total
	£	£	£
Balance as at 1 April 2016	97	4,698,193	4,698,290
Surplus from Statement of Comprehensive Income	-	549,618	549,618
Release of provision for pension liabilities		539,000	539,000
Remeasurement of the defined benefit pension liability		(370,000)	(370,000)
<b>Balance as at 31 March 2017</b>	<b>97</b>	<b>5,416,811</b>	<b>5,416,908</b>

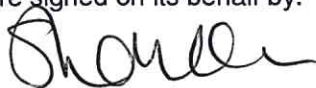
The notes on page 14 to 30 form part of these financial statements

**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Statement of Financial Position  
As at 31 March 2017**

	Notes	2017 £	2016 £
<b>Non-current assets</b>			
Tangible Fixed Assets			
Housing properties	6	8,304,143	8,323,678
Other fixed assets	6	141,393	141,217
		<u>8,445,536</u>	<u>8,464,895</u>
<b>Current assets</b>			
Trade and other debtors	7	152,842	155,507
Cash and cash equivalents		1,850,305	1,747,571
		<u>2,003,147</u>	<u>1,903,078</u>
Creditors: Amounts falling due within one year	8	<u>(134,791)</u>	<u>(566,130)</u>
<b>Net current assets</b>		1,868,356	1,336,948
<b>Total assets less current liabilities</b>		10,313,892	9,801,843
Creditors: Amounts falling due after more than one year	9	(4,500,000)	(4,500,000)
<b>Deferred income</b>	10	(63,066)	(64,553)
<b>Provisions for liabilities</b>	11	-	(539,000)
<b>Pension liability</b>	13b	<u>(333,918)</u>	-
<b>Net assets</b>		<u><u>5,416,908</u></u>	<u><u>4,698,290</u></u>
<b>Capital and reserves</b>			
Share capital		97	97
Revenue reserve		5,416,811	4,698,193
<b>Total capital and reserves</b>		<u><u>5,416,908</u></u>	<u><u>4,698,290</u></u>

The financial statements were authorised for issue by the Committee of Management on 14 July 2017 and are signed on its behalf by:



Sheralee McMillan – Vice Chair



Jim Canning – Committee Member



Suzanne Harris – Secretary

The notes on page 14 to 30 form part of these financial statements

**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Statement of Cash Flows  
For year ended 31 March 2017**

	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>£</b>	<b>£</b>
<b>Net cash inflow from operating activities</b>	16	549,234	1,136,922
<b>Cash flow from investing activities</b>			
Capitalised improvement expenditure		(522,225)	(516,475)
Acquisition and construction of properties		(10,153)	(23,100)
Sale of tangible fixed assets – properties		213,703	87,001
Interest received on cash and cash equivalents		425	699
<b>Net cash outflow from investing activities</b>		<u>(230,984)</u>	<u>(451,875)</u>
<b>Cash flow from financing activities</b>			
Interest paid on loans		(128,250)	(128,601)
Issue of share capital		-	6
Cancellation of share capital		-	(10)
<b>Net cash outflow from financing</b>		<u>(128,250)</u>	<u>(128,605)</u>
<b>Increase in cash and cash equivalents</b>		102,734	556,442
Opening Cash and Cash Equivalents		1,747,571	1,191,129
<b>Closing Cash and Cash Equivalents</b>		<u>1,850,305</u>	<u>1,747,571</u>

The notes on page 14 to 30 form part of these financial statements

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Notes to the Financial Statements For the year ended 31 March 2017

#### 1. Principal Accounting Policies

Larkfield Housing Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 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 Determination of Accounting Requirements 2012 as issued by the Scottish Housing Regulator and the Housing SORP 2014, Statement of Recommended Practice for registered social housing providers.

##### (a) Basis of preparation

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

These financial statements are prepared in accordance with the applicable accounting standards and statements of recommended practice, and comply with the requirements of the Determination of Accounting Requirements 2014 issued by the Scottish Housing Regulator and the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers 2014 (SORP 2014) and Financial Reporting Standard 102 (FRS 102).

##### (b) Going Concern

The Management Committee anticipates that a surplus will be generated in the year to 31 March 2018 and the year to 31 March 2019. Larkfield Housing Association has a healthy cash and net current asset position and thus the Management Committee is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus the Management Committee continues to adopt the going concern basis of accounting in preparing the annual financial statements.

##### (c) 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.

##### (d) Tangible fixed assets

Housing land and buildings are stated at cost.

##### (e) Depreciation

###### Housing land and buildings

Housing properties are stated at cost 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.

Each housing unit has been split between its major component parts. Each major component is depreciated on a straight line basis over its expected economic useful life. The following major components and useful lives have been identified by Larkfield Housing Association:

##### (f) Capital Commitments

The Association currently has no capital commitments



## LARKFIELD HOUSING ASSOCIATION LIMITED

### Notes to the Financial Statements For the year ended 31 March 2017

#### 1. Principal Accounting Policies (cont'd)

Land	- not depreciated
Structure	- over 50 years
Re-wiring	- over 40 years
Windows / doors	- over 30 years
Bathrooms	- over 25 years
Pipe work	- over 24 years
Kitchen	- over 15 years
Boilers	- over 15 years

#### 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:

Housing Properties held for letting	- 4% straight line
Office Premises	- 4% straight line
Furniture and Fittings	- 25% reducing balance
Office Equipment	- 25% reducing balance

#### (g) 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.

#### (h) 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.

#### (i) Pension

The Association participates in the SHAPS Defined Contribution pension scheme. Contributions are charged to the Statement of Comprehensive Income so as to spread the cost of pensions over the employees' working lives with the Association.

Retirement benefits to employees are funded by contributions from all participating employers and employees in the Scheme. In respect of the defined benefit element of 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. In accordance with FRS 102, the Group's share of the scheme assets and liabilities has been separately identified and included in the Group's Statement of Financial Position and measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Larkfield's share of the deficit is recognised in full and the movement is split between operating costs, finance items and in the Statement of Comprehensive Income as actuarial gain or loss on pension schemes.

#### (j) Provisions

The Association recognises provisions when: there is a present legal or constructive obligation as a result of past events; it is probable that an outflow of resource will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Notes to the Financial Statements For the year ended 31 March 2017

#### 1. Principal Accounting Policies (cont'd)

- (j) **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.
- (k) **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.
- (l) **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.
- (m) **Buy Backs**  
Properties are bought back at open market value as agreed with Larkfield Housing Association's lenders.
- (n) **Taxation**  
Larkfield Housing Association is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2012 and therefore meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.
- (o) **Finance**  
The financial statements have been prepared on the basis that the capital expenditure referred to in note 6 will be grant aided, funded by loan or met out of reserves.
- (p) **Financial instruments**  
Loans provided by lenders are classed as "basic" under the requirements of FRS102 and are measured at amortised cost.
- (q) **Value added tax**  
Larkfield Housing Association is VAT registered. However, a large proportion of the income, namely rents, is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure as a result is shown inclusive of VAT.
- (r) **Grants**  
Social Housing Grants and Other Capital Grants are accounted for using the accrual method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised as income on a systematic basis over the expected useful life of the property and assets to which it relates.

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.

Non-government grants are accounted for using the performance method, as outlined in Section 34 of Financial Reporting Standard 102 and the SORP 2014. Non-government grants are recognised as income when the performance conditions have been met.

**LARKFIELD HOUSING ASSOCIATION LIMITED**

Notes to the Financial Statements  
For the year ended 31 March 2017

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

	2017		2016
	Turnover £	Operating Costs £	Operating Surplus £
<b>Affordable lettings activities</b>			
Affordable lettings activities	2,017,028	(1,371,436)	412,298
Other activities (note 4)	278,922	(238,071)	25,385
<b>Total</b>	<b>2,295,950</b>	<b>(1,609,507)</b>	<b>437,683</b>
<b>2017</b>	<b>2,295,952</b>	<b>(1,609,509)</b>	<b>686,443</b>
<b>2016</b>	<b>1,978,864</b>	<b>(1,541,181)</b>	<b>437,683</b>

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 2017**

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

	2017 Total £	2016 Total £
<b>Revenue from lettings</b>		
Rent receivable net of service charges	1,771,531	1,749,917
<b>Gross income from rents and service charges</b>	<u>1,771,531</u>	<u>1,749,917</u>
Less voids	(2,019)	(11,826)
<b>Net income from rents and service charges</b>	<u>1,769,512</u>	<u>1,738,091</u>
Grants from the Scottish Ministers	26,799	34,000
Grants from the Energy Savings Trust	219,230	-
Grants released from deferred income	1,487	1,487
<b>Total turnover from social letting activities</b>	<u>2,017,028</u>	<u>1,773,578</u>
<b>Expenditure</b>		
Management and maintenance administration costs	401,102	381,196
Planned cyclical maintenance including major repairs	300,753	279,952
Reactive maintenance costs	305,753	328,730
Bad debts – rents and service charges	6,508	16,403
Depreciation of social housing	295,645	277,877
Loss on disposal of fixed assets	61,676	77,122
<b>Operating costs for social letting activities</b>	<u>1,371,436</u>	<u>1,361,280</u>
<b>Operating Surplus on affordable letting activities</b>	<u>645,592</u>	<u>412,298</u>

All income and expenditure relates to general needs housing.

**LARKFIELD HOUSING ASSOCIATION LIMITED**

Notes to the Financial Statements  
For the year ended 31 March 2017

**4. Particulars of Turnover, Cost of Sales, Operating Costs and Operating Surplus**

	Other income	Total Turnover	Other operating costs	Operating Surplus
	2017	2017	2017	2016
	£	£	£	£
Factoring	5,716	5,716	(4,439)	1,277
Agency/management services for RSLs	50,372	50,372	(40,259)	10,113
Gain on disposal of properties	221,314	221,314	(192,051)	29,263
Other activities	1,520	1,520	(1,322)	198
<b>Total from other activities</b>	<b>278,922</b>	<b>278,922</b>	<b>(238,071)</b>	<b>40,851</b>
<b>Total from other activities 2016</b>	<b>205,286</b>	<b>205,286</b>	<b>(179,901)</b>	<b>25,385</b>

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Notes to the Financial Statements For the year ended 31 March 2017

#### 5. Taxation

Larkfield Housing Association is considered to pass the tests set out in paragraph 1 schedule 6 of the Finance Act 2010 and meets the definition of a charitable company for UK corporation tax purposes. Accordingly, it is potentially exempt from taxation in respect of income or capital gains received within categories set out in chapter 3 part II of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent such income or gains are applied exclusively to charitable purposes.

6. Non-current assets	Housing properties held for letting £	Office premises £	Office equipment £	Furniture & fittings £	2017 Total £	2016 Total £
<b>Cost</b>						
At 1 April 2016	10,807,824	237,905	94,011	5,701	11,145,441	10,813,332
Additions during year	522,225	10,153	-	-	532,378	539,575
Disposals during year	(354,708)	-	-	-	(354,708)	(207,466)
At 31 March 2017	<u>10,975,341</u>	<u>248,058</u>	<u>94,011</u>	<u>5,701</u>	<u>11,323,111</u>	<u>11,145,441</u>
<b>Depreciation</b>						
At 1 April 2016	2,484,146	96,909	93,790	5,701	2,680,546	2,449,187
Provided during year	295,645	9,922	55	-	305,622	287,468
Disposals during year	(108,593)	-	-	-	(108,593)	(56,109)
At 31 March 2017	<u>2,671,198</u>	<u>106,831</u>	<u>93,845</u>	<u>5,701</u>	<u>2,877,575</u>	<u>2,680,546</u>
<b>Net book value</b>						
At 31 March 2017	<u>8,304,143</u>	<u>141,227</u>	<u>166</u>	<u>-</u>	<u>8,445,536</u>	<u>8,464,895</u>
At 31 March 2016	<u>8,323,678</u>	<u>140,996</u>	<u>221</u>	<u>-</u>	<u>8,464,895</u>	
					<b>2017</b>	<b>2016</b>
<b>Works expenditure on housing properties</b>					<b>£</b>	<b>£</b>
Capitalised improvements					-	-
Capitalised component replacements					522,225	516,475
Expensed					219,230	197,471
Total works expenditure on housing properties					<u>741,455</u>	<u>713,946</u>

All land and buildings are wholly owned by Larkfield Housing Association Limited

**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Notes to the Financial Statements  
For the year ended 31 March 2017**

<b>7. Debtors</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year:		
Gross rent arrears	92,050	86,264
Adjustment to discount arrears balance with payment plans	(7,356)	(5,949)
Less: Bad debt provision	(14,442)	(18,832)
	<u>70,252</u>	<u>61,483</u>
Debtor – owner occupiers	31,139	27,736
Provision for bad debts – owner occupiers	(6,278)	(5,594)
	<u>24,861</u>	<u>22,142</u>
Debtors – tenant recharges	38,190	42,588
Less: Bad debt provision	(24,518)	(27,784)
	<u>13,672</u>	<u>14,804</u>
Prepayments and accrued income	44,057	57,078
	<u>152,842</u>	<u>155,507</u>
<b>8. Creditors: amounts falling due within one year</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade creditors	16,290	31,812
Accruals and deferred income	96,003	190,200
Amounts due to parent	12,067	312,148
Amounts due to group companies	10,431	31,970
	<u>134,791</u>	<u>566,130</u>
<b>9. Creditors due after one year</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Facility loan	4,500,000	4,500,000
	<u>4,500,000</u>	<u>4,500,000</u>

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Notes to the Financial Statements For the year ended 31 March 2017

#### 9. Creditors due after one year (cont'd)

The Royal Bank of Scotland holds a standard security on 196 of Larkfield Housing Association's 390 properties. The loan is repayable at a fixed rate of interest, 2.85% (2016: 2.85%), in one payment due as follows:

	2017 £	2016 £
Between two and five years	4,500,000	4,500,000
	<u>4,500,000</u>	<u>4,500,000</u>

The total facility available to Larkfield Housing Association at the year end was £4.5 million (2016: £4.5 million).

#### 10. Deferred income

	2017 £	2016 £
<b>Social Housing Grants</b>		
Balance as at 1 April 2016	64,553	66,040
Amortisation in the year	(1,487)	(1,487)
Balance as at 31 March 2017	<u>63,066</u>	<u>64,553</u>

The social housing grants are only repayable when the properties are disposed of. There are no amounts due within 5 years.

#### 11. Provisions for Liabilities

	2017 £	2016 £
<b><i>Provision for pension liabilities</i></b>		
Balance as at 1 April 2016	539,000	573,000
Provision released to the statement of comprehensive income	(539,000)	
Unwinding of the discount factor (interest expense)	-	12,000
Deficit contribution paid	-	(44,000)
Remeasurements – impact of any change in assumptions	-	(2,000)
Balance as at 31 March 2017	<u>-</u>	<u>539,000</u>

#### **Provision for pension liabilities**

The 2016 pension provision relates to the Larkfield's share of past service deficit liabilities within the Scottish Housing Association Pension Scheme (SHAPS), which is a multi employer scheme. In 2016, insufficient information was available to account for the liability as a defined benefit scheme, and therefore the liabilities were calculated as a defined contribution scheme, in accordance with FRS102 paragraph 28.13A.

In 2017, Larkfield engaged a firm of professional actuaries to establish whether it would be possible to account for Larkfield's share of the SHAPS liabilities as a defined benefit scheme. The actuary has developed a methodology to calculate Larkfield's share of the scheme's assets and liabilities, based on information provided by the SHAPS administrator at scheme level and the deficit contributions payable by Larkfield



**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Notes to the Financial Statements  
For the year ended 31 March 2017**

**11. Provision for pension liabilities (Continued)**

As a result, it is now possible to account for Larkfield's liabilities as a defined contribution scheme at 31 March 2017.

This change in accounting estimate does not result in a prior year adjustment; however the provision for pension liabilities of £539,000 at 31 March 2016 has been released to the statement of comprehensive income. A new pension liability, amounting to £333,918 has been established in 2017 and is disclosed in detail at note 13b.

**12. Employees**

	<b>2017</b>	<b>2016</b>
	£	£
Staff costs during year		
Wages and salaries	316,379	350,204
Social security costs	31,115	33,118
Other pension costs	27,139	71,071
	<u>419,715</u>	<u>454,393</u>

The average full time equivalent (FTE) employed by Larkfield Housing Association during the year were as follows:

	<b>FTE</b>	<b>FTE</b>
Housing, administrative and finance staff	<u>9.7</u>	<u>10.7</u>
The total number of employees employed	<u>11</u>	<u>12</u>

The key management personnel are defined as the Managing Director and any other person reporting directly to the Managing Director. The Managing Director is the equivalent of the Chief Executive. Number of key management personnel during the year whose total emoluments (including pension contributions) were:

	<b>2017</b>	<b>2016</b>
£60,000 - £69,999	<u>1</u>	<u>1</u>
<b>Emoluments payable to the Managing Director :</b>	<b>£</b>	<b>£</b>
Emoluments excluding pension contributions	55,000	52,376
Employer's pension contributions	6,369	6,285
	<u>61,369</u>	<u>58,661</u>

	<b>2017</b>	<b>2016</b>
	£	£
Total expenses reimbursed insofar as not chargeable to UK income tax – Committee of Management	<u>-</u>	<u>1,132</u>

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Notes to the Financial Statements For the year ended 31 March 2017

#### 13. Pension commitments

##### 13a Defined Contribution Scheme

Larkfield Housing Association Limited offers all staff membership to the SHAPS Defined Contribution scheme, with employer contribution rates of 6%, 9% or 12% of pensionable salaries. As at the balance sheet date, there were 12 active members (2016: 12) of the Defined Contribution Scheme employed by Larkfield Housing Association Limited.

##### 13b Defined Benefit Scheme – Past Service Deficit Liability

Larkfield Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme ('the Scheme'), a multi-employer scheme which provides benefits to some 155 non-associated employers. The scheme is a defined benefit scheme in the UK.

Larkfield Housing Association Limited closed this scheme to all staff in 1<sup>st</sup> October 2014.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2015. This actuarial valuation showed assets of £616m, liabilities of £814m and a deficit of £198m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme as follows:

##### Deficit contributions

From 1 April 2017 to 28 February 2022:	£25,735,092 per annum (payable monthly, increasing by 3% each 1st April)
From 1 April 2017 to 30 June 2025:	£727,217 per annum (payable monthly, increasing by 3% each 1st April)
From 1 April 2017 to 31 October 2026:	£1,239,033 per annum (payable monthly, increasing by 3% each 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Under UK pensions legislation, Larkfield is responsible for funding the Scheme benefits and for paying contributions to make up any shortfall between the assets and liabilities of the Scheme. The Scheme's liabilities are assessed at least every three years by the Scheme's actuary. It is Larkfield's funding policy to annually contribute an amount agreed between Larkfield and the Trustees of the Scheme in accordance with UK legislative requirements if a funding deficit exists. The amount of contributions required depends on the assumptions used by the actuary and can therefore be volatile between actuarial valuations.

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Notes to the Financial Statements For the year ended 31 March 2017

#### 13b. Defined Benefit Scheme – Past Service Deficit Liability

This volatility of contribution amounts can be to the detriment of the Association's cashflows and impacts on the statement of comprehensive income. The volatility of the Scheme's liabilities against the assets held impacts on the Association's statement of financial position.

The last formal actuarial valuation of the SHAPS scheme was as at 30 September 2015.

The Scheme is a funded defined benefit arrangement. All monetary figures are shown in £000s sterling.

No assets included in the fair value of plan assets are the entity's own financial instruments or are properties occupied or used by the entity.

#### Principal Actuarial Assumptions

	2017		2016
Discount Rate	2.80%		3.80%
Salary Increases	3.30%		3.10%
Inflation (RPI)	3.30%		3.10%
Inflation (CPI)	2.30%		2.10%
Male Mortality	90% S1PMA; CMI 2011 F1.5%; Birth Year	90% S1PMA; CMI 2011 F1.5%; Birth Year	90% S1PMA; CMI 2011 F1.5%; Birth Year
Female Mortality	90% S1PFA; CMI 2011 F1.25%; Birth Year	90% S1PFA; CMI 2011 F1.25%; Birth Year	90% S1PFA; CMI 2011 F1.25%; Birth Year

#### Amounts Recognised in Statement of Financial Position

	2017	2016
	£'000	£'000
Fair value of scheme assets	1,412	1,083
Present value of benefit obligation	(1,746)	(1,333)
Net pension liability	<u>(334)</u>	<u>(250)</u>

#### Amounts Recognised in Statement of Comprehensive Income

	2017	2016
	£'000	£'000
Current service costs	-	-
Administration costs	2	2
Net interest on net defined benefit obligation	9	11
Total pension cost recognised in Statement of Comprehensive Income	<u>11</u>	<u>13</u>

**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Notes to the Financial Statements  
For the year ended 31 March 2017**

**13b. Defined Benefit Scheme – Past Service Deficit Liability**

<b>Changes in Defined Benefit Obligation</b>	<b>2017 £'000</b>	<b>2016 £'000</b>
Opening Defined Benefit Obligation	1,333	1,383
Interest Expense	50	46
Actuarial (Gains)/Losses	401	(58)
Benefits Paid	(38)	(38)
Closing Defined Benefit Obligation	<u>1,746</u>	<u>1,333</u>

<b>Changes in Fair Value of Scheme Assets</b>	<b>2017 £'000</b>	<b>2016 £'000</b>
Opening Fair Value of Scheme Assets	1,083	1,036
Actual Return on Scheme Assets less Interest Income	281	6
Interest income	41	35
Employer Contributions	47	46
Benefits Paid	(38)	(38)
Administration costs	(2)	(2)
Closing Fair Value of Scheme Assets	<u>1,412</u>	<u>1,083</u>

<b>Other Comprehensive Income</b>	<b>2017 £'000</b>	<b>2016 £'000</b>
Actual return on plan assets less interest income on plan assets	281	6
Actuarial gains / (losses)	(401)	58
Remeasurement gains and losses recognised in other comprehensive income	<u>(120)</u>	<u>64</u>

**The major categories of Scheme assets as a percentage of total plan assets are as follows**

	<b>2017 £'000</b>	<b>2016 £'000</b>
Equities	35%	37%
Property	4%	5%
Bonds	35%	32%
Alternatives	24%	24%
Cash and other	2%	2%
Total	<u>100%</u>	<u>100%</u>

**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Notes to the Financial Statements  
For the year ended 31 March 2017**

**14. Auditor's remuneration**

	2017 £	2016 £
Audit fees	<u>5,700</u>	<u>5,400</u>

**15. Share capital**

	2017	2016
Shares of £1 fully paid and issued at beginning of year	97	101
Shares issued during year	-	6
Shares cancelled during year	-	(10)
	<u>97</u>	<u>97</u>

Each member of Larkfield Housing Association holds one share of £1 in Larkfield Housing 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 Larkfield Housing Association. Each member has a right to vote at members' meetings.

**16. Notes to the cash flow statement**

	2017 £	2016 £
<b>(a) Reconciliation of operating surplus to net cash inflow from operating activities:</b>		
Surplus for the year	549,618	297,781
Depreciation of tangible fixed assets	305,622	287,467
Decrease in trade and other debtors	2,665	85,452
Increase/(Decrease) in trade and other creditors	(431,341)	309,449
(Decrease) in provision	-	(34,000)
Carrying amount of tangible fixed asset disposals	246,115	154,945
Proceeds from the sale of fixed assets	(213,702)	(90,588)
Government grants utilised in the year	(1,487)	(1,487)
Interest payable	128,251	128,602
Interest received	(425)	(699)
Pensions costs less contributions payable	(36,082)	
Net cash inflow from operating activities	<u>549,234</u>	<u>1,136,922</u>

**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Notes to the Financial Statements  
For the year ended 31 March 2017**

**16. Notes to the cash flow statement (continued)**

	2017 £	2016 £
<b>(b) Reconciliation of net cash inflow to movement in net debt</b>		
Increase in cash for year	102,734	556,442
Net debt as at 1 April	(2,752,429)	(3,308,871)
Net debt as at 31 March	<u>(2,649,695)</u>	<u>(2,752,429)</u>

<b>(c) Analysis of changes in net debt</b>	1 April 2016 £	Cash Flow £	31 March 2017 £
Cash at bank and in hand	1,747,571	102,734	1,850,305
Debt due within one year	-	-	-
Debt due after one year	(4,500,000)	-	(4,500,000)
	<u>(2,752,429)</u>	<u>102,734</u>	<u>(2,649,695)</u>

<b>17. Housing Units in Management</b>	2017 No	2016 No
General Needs	<u>382</u>	<u>390</u>

**18. Related parties**

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

As at 31 March 2017 five members of the Board were tenants, one owned a property which benefits from property management services performed by Larkfield Housing Association, three members were employees of public entities and one was a Councillor. The tenancies of those Board members who were tenants during the year are on normal commercial terms and they cannot use their position to their advantage. The transactions made with the related public entities are made at arm's length, on normal commercial terms and these Board members cannot use their position to their advantage.

Transactions with governing body members were as follows:

Rent received from tenants on the Committee	£23,088
Factoring charges received from owners on the Committee	£43
Tenants and owner Committee member arrears as at 31 <sup>st</sup> March 2017	£ -

As a wholly owned subsidiary of Link Group Limited Larkfield Housing Association is exempt from the requirements of FRS 102 to disclose details of transactions with other members of the group headed by Link Group Limited

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Notes to the Financial Statements For the year ended 31 March 2017

#### 19. Material Estimates and Judgements

##### *Pension Scheme Liabilities*

The SHAPS pension scheme provision is valued in these financial statements by an independent actuary. The assumptions used are reviewed by the Board of Management and considered appropriate. Assumptions include estimates of mortality, salary inflation, inflation and discount rates. There are also judgements in respect of the allocation of assets and liabilities in SHAPS as a multi employer pension scheme.

#### 20. 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.

Link Group Limited's accounts can be obtained from

Registered Office	Web Site	E-Mail
2C New Mart Road Edinburgh EH14 1RL	<a href="http://www.linkhousing.org.uk">www.linkhousing.org.uk</a>	<a href="mailto:linkhousing@linkhousing.org.uk">linkhousing@linkhousing.org.uk</a>