LARKFIELD HOUSING ASSOCIATION LIMITED

Report and Financial Statements
For year ended 31 March 2021

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 2021

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Registration Particulars:

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

LARKFIELD HOUSING ASSOCIATION LIMITED

Members and Advisers

Committee of Management

Suzanne Harris (Chairperson)
Aileen Hunter (Secretary)
Cllr David Wilson
Alison McManus
Danny McMillan
Ashley Brown
Allison Akhtar
Mhairi Cushnaghan
Kelly-Ann Doherty
William Rice
Mareta Greig

Key Management Personnel

Lynne Griffin (Area Manager)
Kevin Coneely (Technical Manager)
Sharon Rowatt (Housing Manager)

Registered Office

14 Lothian Road
Greenock
PA16 0PG

External Auditor

RSM UK Audit LLP
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Internal Auditor

Azets
Exchange Place
3 Semple Street
EH3 8BL

Banker

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

Funder

Link Group

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 2021

The Committee of Management presents its annual report and the audited financial statements for the year ended 31 March 2021.

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 that are adaptable as people's needs change.
- Improve access to affordable and sustainable housing within our communities.
- Seek continuous improvement and deliver service excellence.
- Work in partnership with our tenants and stakeholders to help our communities to grow and thrive.
- Support and encourage more people to reach their potential.

Corporate Status

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

Group Structure

Larkfield joined Link Group Limited on 28 November 2006 as a wholly owned subsidiary. Although Larkfield became a wholly owned subsidiary of Link Group, it retained its name, identity, and membership. There have been a range of benefits to Larkfield from this move including Larkfield having access to economies of scale for example in procurement and repairs and maintenance services, and also access to financial services and business support, and supporting the growth of its service provision.

Operating and Financial Review

Financial Summary

This year Larkfield recorded total comprehensive income of £0.3 million (2020: £0.4 million). Investments in the year, to the housing stock, included the completion of new external lighting to 347 homes and upgraded smoke alarms/heat detectors works in 122 of its properties, in preparation of the new Fire & Smoke Alarm 2022 standard. In addition, a small number of bathrooms, kitchens, central heating systems and fascia and soffit improvement works were carried out. Adaptations to 32 homes were completed and gas safety checks across all the' Larkfield's stock was undertaken.

Turnover

Turnover of £2.0 million (2020: £1.9 million) 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 Ltd, in relation to its Inverclyde properties. It is Larkfield's policy to review annually the actual rent levels required to ensure viability whilst also monitoring comparability and affordability levels on an annual basis. Tenants are charged rents on a twelve-monthly cycle.

Key Performance Indicators (KPIs)

The table below highlights several important KPIs, of both a financial and non-financial nature. The majority show slight fluctuations between the performance and targeted performance for 2020/21. The average re-let time, average time to complete non-emergency repairs and the percentage of reactive repairs carried out right first time have been adversely impacted due to the Covid-19 pandemic and the resulting restrictions. Repairs completed later than our locally agreed timescales are classified as having not been carried out right first time, in line with technical guidance.

We have reported 2 properties as failing the EESSH standard, therefore these are deemed to have failed the SHQS due to changes from December 2020. Energy efficiency improvement works have been carried out within the properties however, and on the basis that we have identified some discrepancies in the current EPC certification, new inspections were planned to be carried out in 2020. Due to the Covid-19 pandemic and lockdown restrictions, these inspections were unable to be carried out in the year.

KPI Indicator	Larkfield Performance 2019/20	Larkfield Target 2020/21	Larkfield Performance 2020/21
Financial Health			
% rent due lost through properties being empty	0.6%	0.4%	0.5%
Gross rent arrears (all tenants) as a percentage of rent due	4.6%	4.5%	4.0%
Service Quality			
Average re-let time (calendar days)	28.8 days	20.0 days	50.6 days
Average length of time taken to complete emergency repairs	4.1 hours	4.0 hours	2.9 hours
Average length of time to complete non-emergency repairs	7.4 days	6.0 days	10.9 days
Percentage of reactive repairs carried out in the last year completed right first time.	91.6%	93.0%	79.1%
% ASB cases reported and resolved	100.0%	95.0%	94.4%
Percentage of tenants who feel the rent for their property represents value for money.	85.0%	80.0%	84.8%
Stock Quality			
Percentage of stock meeting the Scottish Housing Quality Standard (SHQS). (RSL average)	94.5%	95.0%	94.0%
Percentage of properties meeting the Energy Efficiency Scottish Social Housing (EESSH) (RSL average)	96.0%	99.0%	98.7%
Access to housing & Support			
Percentage of new tenancies sustained for more than one year, by source of let	96.0%	90.0%	100.0%

Estate Maintenance

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

Property Acquisitions

There were no property acquisitions during the financial year.

Financing and Liquidity

Larkfield has an intercompany loan with Link Group of £2.5million, with a bullet-repayment due in December 2024.

The Members of the Committee of Larkfield have considered and approved the budget for the year 2021/22, as well as the 5-year and 30-year financial plan commencing from 2021/22. Based on the evaluation of these plans, the Members of the Committee are confident in Larkfield's ability to continue as a going concern.

Treasury Management

Larkfield has an active treasury management function, which operates in accordance with the Treasury Policy approved by its Committee of Management. In this way Larkfield manages its borrowing arrangements to ensure that it is always able to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

As at 31 March 2021 100% of Larkfield's borrowings (2020: 100% variable) were subject to variable rates of interest.

Members of Committee of Management

The Members of the Committee of Management of Larkfield during the year to 31 March 2021 and subsequent up to the day of signing were as follows:

(Former Chairperson)	Sheralee McMillan	(resigned January 2021)
(Chairperson)	Suzanne Harris	(appointed Chairperson, January 2021)
(Secretary)	Aileen Hunter	
(Member)	Cllr David Wilson	
(Member)	Denis Flannery	(resigned September 2020)
(Member)	Danny McMillan	
(Member)	Allison Akhtar	
(Member)	Alison McManus	
(Member)	Ashley Brown	
(Member)	Mhairi Cushnaghan	
(Member)	Kelly-Ann Doherty	
(Member)	William Rice	(appointed September 2020)
(Member)	Mareta Greig	(appointed January 2021)

Future Developments

Larkfield will continue with its policy of improving the quality of housing, housing services and community regeneration within its area of activity, working with its existing and new partners. In the coming year we will continue to consolidate Larkfield's position within Link Group Limited, developing relationships and opportunities for the sharing of central services, specialist services and experience and providing value for money for our tenants.

Charitable Donations and Community Involvement

Larkfield is actively involved in community regeneration activities and community safety and continues to promote community regeneration projects through a partnership approach with both Link Group and local RSLs and projects include, our "Advice for All" project which provides tenants access to money and welfare benefit advice. Our "Inverclyde Tenancy Support" project provides support and advice services for vulnerable tenants at risk of losing their home. The Association also provides support to "Inverclyde Starter Packs" which assists new tenants to set up and sustain their tenancy, providing packs of essential household items and local voluntary groups. A charitable donation of £500 was made to Branchton Community Group to support their "Emergency Hot Lunch" service providing hot meals to people across communities in the South West area in Greenock, in response to the coronavirus pandemic and "lock-down" restrictions.

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 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 as stated in the Accounting Policies.

Larkfield owns 19 "Atholl steel" framed flats, in mixed tenure blocks, and two properties with electric heating systems which do not meet the Scottish Housing Quality Standard. These are reported to the Scottish Housing Regulator, through Larkfield's Annual Return on the Charter and recorded as "in abeyance" works. Larkfield is also working to achieve the additional obligations in the Energy Efficiency Standard for Social Housing (EESSH) and EESSH 2 as set out by the Scottish Housing Regulator.

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 complete a programme of adaptations to existing properties, to meet the specific and changing needs of tenants. Larkfield now provides management services for 281 properties within Inverclyde on behalf of Link Housing Association Ltd (2020: 281).

We will also work with colleagues across the Link group to look at new ways of working across our business operations to support sustainable services and assets.

Credit Payment Policy

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

Internal Financial Control

The Committee of Management is responsible for establishing and maintaining Larkfield's system of internal controls. 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 detailed on the Committee of Management Statement on Internal Financial Controls.

Risk Management Policy

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

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 controls relative to the benefit obtained.
- Responsibility of management to implement the Committee of Management'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 of Management 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 as part of the Link group of companies with Investors in People (IIP) Gold Recognition status and Investors in Diversity and Investors in Young People status.

LARKFIELD HOUSING ASSOCIATION LIMITED

Report of Committee of Management
For year ended 31 March 2021

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 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

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 sector. Larkfield's rental policy and actual rent levels will be kept under annual 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 it statutory and contractual obligations regarding tenants, funders and regulators. This includes both carrying out major repairs and considering whether there are any opportunities to build or acquire new housing stock (in partnership with Link Group Limited) 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 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.

LARKFIELD HOUSING ASSOCIATION LIMITED

Report of Committee of Management
For year ended 31 March 2021

Auditor

RSM UK Audit LLP was appointed as auditor during the year.

Provision of information to the auditor

The Committee of Management members 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 Committee of Management member has taken all the steps that they ought to have taken as a Committee of Management member 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

Suzanne Harris – Chairperson

Date: 17 August 2021

LARKFIELD HOUSING ASSOCIATION LIMITED

Statement of Committee of Management's responsibilities under the Co-operative and Community Benefit Societies Act 2014 for a registered social landlord

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Committee of Management 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 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 accounting standards 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 the Association will continue in business.

The Committee of Management is responsible for instituting adequate systems of internal control and for:

- Safeguarding assets
- Taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Committee of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

LARKFIELD HOUSING ASSOCIATION LIMITED

Committee of Management Statement on Internal Financial Controls
For year ended 31 March 2021

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 2021. 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

Suzanne Harris – Chairperson

Date: 17 August 2021

LARKFIELD HOUSING ASSOCIATION LIMITED

Independent Auditor's Report to the Members of Larkfield Housing Association Limited

Opinion
We have audited the financial statements of Larkfield Housing Association Limited (the 'Association') for the year ended 31 March 2021 which comprise Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, Statement of Cash Flows, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the Association's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Committee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt about the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Committee with respect of going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Committee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report to the Members of Larkfield Housing Association Limited

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:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Committee

As explained more fully in the Committee of Management's Responsibilities statement set out on page 9, the Committee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the Association operates in and how the Association is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Housing SORP 2018, the Housing (Scotland) Act 2010 and the Scottish Housing Regulator's Determination of Accounting Requirements – February 2019. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are the Scottish Housing Regulator's Regulatory Framework (published 2019) and the Housing (Scotland) Acts 2006 and 2014. We performed audit procedures to inquire of management whether the Association is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an 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.

RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Date…….

LARKFIELD HOUSING ASSOCIATION LIMITED

Report by the Auditor to the Members of Larkfield Housing Association Limited on Corporate Governance Matters

In addition to our audit of the Financial Statements, we have reviewed your statement on page 10 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 10 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Date…….

LARKFIELD HOUSING ASSOCIATION LIMITED

Statement of Comprehensive Income
For year ended 31 March 2021

	Notes	2021	2020
Turnover	2	2,003,170	1,931,741
Less: Operating expenditure	2	(1,366,659)	(1,712,598)
Operating surplus	2	636,511	219,143
Interest receivable		142	1,996
Interest and financing costs		(41,638)	(106,291)
Other finance charges		-	(8,000)
Surplus on ordinary activities before taxation		595,015	106,848
Taxation		-	-
Surplus for the year		595,015	106,848
Remeasurement of the defined benefit pension liability	11	(297,000)	301,473
Total comprehensive income for the year		298,015	408,322

All activities relate to continuing activities within the year.

Statement of Changes in Reserves

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2020	102	6,545,556	6,545,658
Net movement of members	1	-	1
Surplus from Statement of Comprehensive Income	-	595,015	595,015
Remeasurement of the defined benefit pension liability	-	(297,000)	(297,000)
Balance as at 31 March 2021	103	6,843,571	6,843,674

The notes on page 18 to 32 form part of these financial statements

LARKFIELD HOUSING ASSOCIATION LIMITED

Statement of Financial Position
As at 31 March 2021

	Notes	2021	2020
Non-current assets			
Tangible Fixed Assets			
Housing properties	5	7,672,941	7,947,684
Other fixed assets	5	105,038	116,084
		7,777,979	8,063,768
Current assets			
Trade and other receivables	6	160,982	154,255
Cash and cash equivalents		2,027,132	1,182,497
		2,188,114	1,336,752
Payables: Amounts falling due within one year	7	(331,224)	(296,261)
Net current assets/(liabilities)		1,856,890	1,040,491
Total assets less current liabilities		9,634,869	9,104,259
Payables: Amounts falling due after more than one year	8	(2,500,000)	(2,500,000)
Deferred income	9	(57,117)	(58,601)
Pension liability	11	(234,078)	-
Net assets		6,843,674	6,545,658
Share capital		103	102
Revenue reserve		6,843,571	6,545,556
Total capital and reserves		6,843,674	6,545,658

The financial statements were approved and authorised for issue by the Committee of Management on 17 August 2021 and are signed on its behalf by:

Suzanne Harris – Chairperson

Aileen Hunter – Secretary

Alison McManus – Member

The notes on page 18 to 32 form part of these financial statements

LARKFIELD HOUSING ASSOCIATION LIMITED

Statement of Cash Flows
For year ended 31 March 2021

	Notes	2021	2020
Net cash inflow from operating activities	14	958,766	587,567
Cash flow from investing activities			
Capitalised improvement expenditure		(72,636)	(136,731)
Acquisition and construction of properties			-
Loan Received/(Paid)		-	(2,000,000)
Interest received on cash and cash equivalents		142	1,996
Net cash outflow from investing activities		886,272	(2,134,735)
Cash flow from financing activities			
Interest paid on loans		(41,638)	(106,291)
Issue of share capital		2	5
Cancellation of share capital		(1)	(9)
Net cash outflow from financing		(41,637)	(106,295)
Increase in cash and cash equivalents		844,635	(1,653,463)
Opening Cash and Cash Equivalents		1,182,497	2,835,960
Closing Cash and Cash Equivalents		2,027,132	1,182,497

The notes on page 18 to 32 form part of these financial statements

1. Principal Accounting Policies

Larkfield Housing Association Limited is incorporated under the Co-operative and Community Benefit Societies Act 2014, registered number 2509(S), and is registered by the Financial Conduct Authority. Larkfield is a Public Benefit Entity incorporated in Scotland. The registered office is 14 Lothian Road, Greenock, PA16 0PG.

(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. They comply with the requirements of the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator and the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers 2018 (SORP 2018) and Financial Reporting Standard 102 (FRS 102).

(b) Going Concern

The Committee of Management anticipates that a surplus will be generated in the year to 31 March 2022 and the year to 31 March 2023. Larkfield Housing Association has a healthy cash and net current asset position and thus the Committee of Management is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. The Committee of Management, after reviewing the Association's budgets for 2021/22 and the medium term financial position as detailed in the 30-year business plan, including changes arising from the Covid-19 pandemic, are of the opinion that, taking account of severe but plausible downsides, the Association will have sufficient funds to meet its liabilities as they fall due for a period of 12 months from the date of approval of the financial statements. The Committee of Management therefore continue to adopt the going concern basis 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 and is recognised when it falls due.

(d) Tangible fixed assets

Housing Properties are properties for the provision of social housing or to otherwise provide social benefit and are principally properties available for rent. Housing properties are stated at cost less accumulated depreciation. Works to existing properties will generally be capitalised under the following circumstances:

i) Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or
ii) Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing properties which fail to meet the above criteria are charged to the Statement of Comprehensive Income. The major components of housing properties are detailed below.

1. Principal Accounting Policies (continued)

(e) Depreciation

Housing properties

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:

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 12 years
Smoke Detectors	- over 10 years

Other fixed assets

Other fixed assets are stated at cost less accumulated depreciation. 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:

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

(f) Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist the Association estimates the recoverable amount of the asset. Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the Statement of Comprehensive Income.

g) Pension

Defined Contribution Scheme

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

1. Principal Accounting Policies (continued)

Defined Benefit Scheme

Larkfield participates in the Scottish Housing Association's Pension scheme (SHAPS), a multi-employer pension scheme which provides benefits to non-associated participating employers. The scheme is classed as a defined benefit scheme in the UK. The scheme is classified as a 'last man standing' arrangement. Therefore, Larkfield 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.

The SHAPS defined benefit liability is valued in these financial statements by an independent actuary. The assumptions used are reviewed by the Committee 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.

(h) Provisions

The Association recognises provisions when: there is a present legal or constructive obligation because 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.

(i) 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.

(j) 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.

(k) 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.

(l) Taxation

Larkfield 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.

(m) Financial instruments

Larkfield has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument, and are offset only when the Association currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1. Principal Accounting Policies (continued)

Financial assets

Receivables

Receivables which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade receivables are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade receivable constitutes a financing transaction, the receivable is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of receivables is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade receivable over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities

Trade payables

Trade payables payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade payable constitutes a financing transaction, the payable is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

1. Principal Accounting Policies (continued)

(n) Value added tax

Larkfield 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.

(o) 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 2018. Non-government grants are recognised as income when the performance conditions have been met.

(p) Judgements in Applying Policies and Key Sources of Estimation Uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The members of the Committee of Management are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied in apportioning the cost of housing properties between constituent components and in determining the depreciation rates which have been deemed to be appropriate for the class of asset or asset component and in determining the appropriate level of bad debt provision for rental arrears and in determining the appropriate level of the pension liability.

Defined Benefit Pension Obligation

Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 11).

2. Particulars of Turnover, Operating Costs and Operating Surplus

	2021			2020
Affordable lettings activities	**Turnover £**	**Operating Costs £**	**Operating Surplus/ (Loss) £**	**Operating Surplus/ (Loss) £**
Affordable lettings activities (note 3)	1,909,661	(1,313,109)	596,552	210,365
Other activities (note 4)	93,509	(53,550)	39,959	8,778
Total	2,003,170	(1,366,659)	636,511	219,143
2020	1,931,741	(1,712,598)	219,143	

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

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

	2021 £	2020 £
Revenue from lettings		
Rent receivable net of service charges	1,906,988	1,869,594
Gross income from rents and service charges	1,906,988	1,869,594
Less voids	(13,312)	(12,434)
Net income from rents and service charges	1,893,676	1,857,160
Grants from the Scottish Ministers	14,498	9,378
Grants released from deferred Income	1,487	1,487
Total turnover from social letting activities	1,909,661	1,868,025
Expenditure		
Management and maintenance administration costs	469,616	507,708
Planned cyclical maintenance including major repairs	237,378	462,030
Reactive maintenance costs	273,740	333,648
Bad debts – rents and service charges	(15,005)	6,024
Depreciation of social housing	344,450	338,031
Loss on disposal of fixed assets	2,930	10,219
Operating Costs for social letting activities	1,313,109	1,657,660
Operating Surplus on affordable letting activities	596,552	210,365

All income and expenditure relates to general needs housing.

4. Particulars of Turnover, Cost of Sales, Operating Costs and Operating Surplus from Other Activities

	Other income 2021 £	Other operating costs 2021 £	Operating Surplus 2021 £	Operating Surplus 2020 £
Factoring	33,945	(5,224)	28,721	140
Agency/management services for RSLs	55,170	(46,798)	8,372	6,022
Other activities	4,394	(1,528)	2,866	2,616
Total from other activities	93,509	(53,550)	39,959	8,778
Total from other activities 2020	63,716	(54,938)	8,778	

5. Tangible Fixed Assets

	Housing properties held for letting £	Office premises £	Office equipment £	Furniture & fittings £	Total £
Cost					
At 1 April 2020	11,488,369	248,058	32,255	5,700	11,774,382
Additions during year	72,636	-	557	-	73,193
Disposals during year	(6,350)	-	-	-	(6,350)
At 31 March 2021	11,554,655	248,058	32,812	5,700	11,841,225
Depreciation					
At 1 April 2020	3,540,685	136,598	27,631	5,700	3,710,614
Provided during year	344,449	10,307	1,296	-	356,052
Disposals during year	(3,420)	-	-	-	(3,420)
At 31 March 2021	3,881,714	146,905	28,927	5,700	4,063,246
Net book value					
At 31 March 2021	7,672,941	101,153	3,885	-	7,777,979
At 31 March 2020	7,947,684	111,460	4,624	-	8,063,768

5. Tangible Fixed Assets (continued)

Works expenditure on housing properties	2021 £	2020 £
Capitalised component replacements	72,636	136,731
Expensed	114,316	345,046
Total works expenditure on housing properties	186,952	481,777

All land and buildings are wholly owned by Larkfield Housing Association Limited, included in the total net book value of housing properties held for letting is £1,172,465 (2020: £1,172,465) in respect of land which is not being depreciated.

6. Receivables: Amounts falling due within one year

	2021 £	2020 £
Gross rent arrears	105,007	113,679
Adjustment to discount arrears balance with payment plans	(11,399)	(13,006)
Less: Bad debt provision	(20,670)	(20,754)
	72,938	79,919
Receivables – owner occupiers	57,121	42,308
Provision for bad debts – owner occupiers	(12,247)	(8,854)
	44,874	33,454
Receivables – tenant recharges	45,524	66,564
Less: Bad debt provision	(32,672)	(49,899)
	12,852	16,665
Prepayments and accrued income	11,232	24,217
Amounts due from group companies	19,086	-
	160,982	154,255

7. Payables: Amounts falling due within one year

	2021 £	2020 £
Trade payables	20,002	2,624
Accruals and deferred income	63,309	38,924
Amounts due to parent	148,024	163,925
Amounts due to group companies	5,860	15,890
Rent paid in advance	94,029	74,898
	331,224	296,261

8. Payables due after one year

	2021 £	2020 £
Facility loan	2,500,000	2,500,000

The Intercompany loan from Link Group is unsecured. The loan is repayable at a variable rate of interest, 3-month Libor plus 1.25% (2020: 1.25%). The loan is repayable in one payment due in December 2024.

	2021 £	2020 £
Due within one year	-	-
Between two and five years	2,500,000	2,500,000
	2,500,000	2,500,000

The total facility available to Larkfield Housing at the year end was £2.5 million (2020: £2.5 million).

9. Deferred income

	2021 £	2020 £
Social Housing Grants		
Balance as at 1 April	58,604	60,088
Amortisation in the year	(1,487)	(1,487)
Balance as at 31 March	57,117	58,604

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

10. Employees

	2021 £	2020 £
Staff costs during year:		
Wages and salaries	370,269	373,888
Social security costs	36,966	35,402
Other pension costs	33,780	32,490
	441,015	441,780
The average full time equivalent (FTE) posts during the year	10	10
The average number of employees during the year	12	11

The cost of temporary staff on secondment or employed through an agency in the year was £774 (2020: £5,417).

10. Employees (continued)

The key management personnel are stated in the Members and Advisers section on page 1. The Area Manager is the equivalent of the Chief Executive. Number of key management personnel during the year whose total emoluments (including pension contributions) were:

	2021	2020
£60,000 - £69,999	1	1
Emoluments payable to the Area Manager:	£	£
Emoluments excluding pension contributions	65,695	63,740
Employer's pension contributions	7,889	7,603
	73,584	71,343

	2021 £	2020 £
Total expenses reimbursed insofar as not chargeable to UK income tax – Committee of Management	1,234	3,199

The total emoluments for key management personnel for the year was £193,312 (2020: £189,758).

11. Pension commitments

Larkfield Housing Association participates in the Scottish Housing Association Pension Scheme (SHAPS) defined contribution scheme as at 31 March 2021.

Larkfield Housing Association also participates in SHAPS defined benefit scheme. This is a multi-employer pension scheme which provides benefits to non-associated participating employers. The scheme is classed as a defined benefit scheme in the UK.

11a. Defined Contribution Scheme

Larkfield Housing Association Limited offers all staff membership to the SHAPS Defined Contribution scheme, with employer contribution rates of 3%, 6%, 9% or 12% of pensionable salaries. As at the balance sheet date, there were 9 active members (2020: 9) of the Defined Contribution Scheme employed by Larkfield Housing Association Limited. Employer contributions totalled £33,780 (2020: £30,689).

11b. Defined Benefit Scheme

The Association participates in the Scottish Housing Associations' Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

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 last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2018. This valuation revealed a deficit of £121m. A Recovery Plan has been put in place to eliminate the deficit which will run to either 30 September 2022 or 31 March 2023 (depending on funding levels) for the majority of employers, although certain employers have different arrangements.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the Association 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.

The Scheme is accounted for as a defined benefit scheme.

An actuarial valuation of the scheme was carried out as at 30 September 2020 to inform the liability for the 31st March 2021.

The liabilities are compared, at the relevant accounting date, with the Association's fair share of the Scheme's total assets to calculate the Association's net deficit or surplus.

Key assumptions	**2021**	**2020**
Discount Rate	2.05%	2.40%
Salary Growth	2.00%	2.00%
Inflation (RPI)	3.50%	2.80%
Inflation (CPI)	2.80%	1.80%
Allowance for cash commutation	75% of maximum allowance	75% of maximum allowance

Mortality Assumptions	**Life Expectancy at the age of 65 (Years)**
Male retiring in 2021	21.5
Female retiring in 2021	23.4
Male retiring in 2041	22.8
Female retiring in 2041	25.0

The mortality assumptions adopted at 31 March 2021 imply the life expectancies shown above.

11b. Defined Benefit Scheme (continued)

Amounts Recognised in Statement of Financial Position	2021 £'000	2020 £'000
Fair value of scheme assets	2,573	2,268
Present value of benefit obligation	(2,808)	(2,246)
Surplus in plan	(235)	22
Unrecognised surplus	-	(22)
Net pension liability	(235)	-

Amounts Recognised in Statement of Comprehensive Income	2021 £'000	2020 £'000
Administration costs	2	1
Net interest on net defined benefit obligation	-	8
Total pension cost recognised in Statement of Comprehensive Income	2	9

Changes in Defined Benefit Obligation	2021 £'000	2020 £'000
Opening Defined Benefit Obligation	2,246	2,198
Interest Expense	54	54
Expenses	2	3
Actuarial (Gains)/Losses	525	9
Benefits Paid and Expenses	(19)	(18)
Closing Defined Benefit Obligation	2,808	2,246

Changes in Fair Value of Scheme Assets	2021 £'000	2020 £'000
Opening Fair Value of Scheme Assets	2,268	1,856
Actual Return on Scheme Assets less Interest Income	205	332
Interest income	55	48
Employer Contributions	64	50
Benefits Paid and Expenses	(19)	(18)
Administration costs	-	-
Closing Fair Value of Scheme Assets	2,573	2,268

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2021 was £260,000.

Other Comprehensive Income	2021 £'000	2020 £'000
Actual return on plan assets less interest income on plan assets	205	332
Actuarial gains / (losses)	(525)	(9)
Impact on Asset Ceiling	23	(22)
Remeasurements gains (losses) recognised in OCI	(297)	301

Reconciliation of the impact of the Asset Ceiling	2021 £'000	2020 £'000
Impact on asset ceiling at the start of the period	22	-
Effect of the asset ceiling included in net interest cost	1	-
Actuarial Losses (gain) on asset Ceiling	(23)	(22)
Impact of asset ceiling at the end of the period	-	(22)

11b. Defined Benefit Scheme (continued)

The major categories of Scheme assets as a of the total plan assets are as follow:

	2021 £'000	2020 £'000
Global Equity	398	312
Absolute Return	127	139
Distressed Opportunity	88	41
Credit Relative Value	74	55
Fund of Hedge Funds	-	-
Insurance linked securities	54	61
Risk Sharing	92	72
Emerging Markets Debt	104	81
Liquid Credit	44	59
Long Lease Property	60	55
Property	46	42
Infrastructure	144	134
Corporate Bond Fund	194	166
Over 15 Year Gilts	1	29
Alternative Risk Premia	103	182
Liability Driven Investments	619	597
Opportunistic Illiquid Credit	66	55
Private Debt	61	45
Secured Income	141	126
Net Current Assets	19	17
High Yield	67	-
Cash	1	-
Opportunistic Credit	70	-
	2,573	2,268

None of the fair values of the assets shown above include any direct investments in the Association's own financial instruments or any property occupied by, or other assets used by, the Association.

12. Auditor's remuneration

	2021 £	2020 £
Audit fees	10,440	6,498

13. Share Capital

	2021	2020
Shares of £1 fully paid and issued at beginning of year	102	106
Shares issued during year	2	6
Shares cancelled during year	(1)	(9)
Shares issued at end of year	103	102

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.

14. Notes to the cash flow statement

(a) Reconciliation of operating surplus to net cash inflow from operating activities:

	2021 £	2020 £
Surplus for the year	595,015	106,849
Depreciation of tangible fixed assets	356,052	349,726
Decrease/(Increase) in trade and other receivables	(6,727)	26,314
Increase/(Decrease) in trade and other payables	34,963	33,908
Carrying amount of tangible fixed asset disposals	2,930	10,218
Government grants utilised in the year	(1,487)	(13,120)
Interest payable	41,638	106,291
Interest received	(142)	(1,996)
Pensions costs less contributions payable	(63,476)	(30,273)
Net cash inflow from operating activities	958,766	587,567

(b) Reconciliation of net cash inflow to movement in net debt

	2021 £	2020 £
Increase/(Decrease) in cash for year	844,635	(1,653,463)
Loans Received	-	(2,500,000)
Loans Paid	-	4,500,000
Movement in net debt	844,635	346,537
Net debt as at 1 April	(1,317,503)	(1,664,040)
Net debt as at 31 March	(472,868)	(1,317,503)

(c) Analysis of changes in net debt

	1 April 2020 £	Movement £	31 March 2021 £
Cash at bank and in hand	1,182,497	844,634	2,027,132
Debt due within one year	-	-	-
Debt due after one year	(2,500,000)	-	(2,500,000)
	(1,317,503)	844,634	(472,868)

15. Housing Units in Management

	2021 No	2020 No
General Needs	382	382

16. Related parties

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

As at 31 March 2021 two members of the Committee were tenants with another active member having held a tenancy which ended during the year, one owned a property which benefits from property management services performed by Larkfield Housing Association, four members were associated with public entities and one was a Councillor. There are also two members of the Committee who are related. 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 Committee members cannot use their position to their advantage.

Transactions with governing body members were as follows:

	2021	**2020**
Rent received from tenants on the Committee	£11,955	£20,660
Factoring charges received from owners on the Committee	£61	£50
Tenants and owner Committee member arrears as at 31 March	£1,968	£3,188

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.

17. Capital Commitments

Amounts contracted for but not provided in the financial statements amounted to £nil (2020: £nil).

18. Ultimate parent organisation

The entity's parent CCBS at the balance sheet date was Link Group Limited, a Cooperative and Community Benefit Society registered with the Financial Conduct 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	www.linkhousing.org.uk	linkhousing@linkhousing.org.uk