



**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Report and Financial Statements  
For year ended 31 March 2020**

**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 2020

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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

Sheralee McMillan - Chairperson  
Suzanne Harris – Vice Chair  
Aileen Hunter – Secretary

Cllr David Wilson  
Suzanne Gallagher  
Danny McMillan  
Denis Flannery  
Allison Akhtar  
Adam Thompson  
Henry Cooke

#### 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

Scott Moncrieff  
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 Management Committee For year ended 31 March 2020**

The Management Committee presents its annual report and the audited financial statements for the year ended 31 March 2020.

#### **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 the range of housing within our communities.
- Seek continuous improvement in our service delivery and customer satisfaction.
- Support our customers to sustain their homes and be active participants in their communities.
- Consult and work with our tenants and others to regenerate our communities.
- Develop and help our people to fulfil their potential.

#### **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 Link Group Limited (a Registered Social Landlord).

#### **Group Structure**

Larkfield joined Link Group Limited 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 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 £0.4m (2019: £0.2m). Investments in the year, to the housing stock, included the completion of 9 gas central heating system replacements, external decoration works to 202 properties, across our Stuart & Atholl Brick Cottages, porch window replacements to 49 properties and electrical testing to 24 properties. The Association also carried out upgraded smoke alarms/heat detectors works in 163 of its properties, in preparation of the new 2021 standard, and a small number of ad hoc bathrooms and kitchens upgrades. 13 adaptations were completed and gas safety checks across all our 382 stock.

##### **Turnover**

Turnover of £2m 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 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.

## **LARKFIELD HOUSING ASSOCIATION LIMITED**

### **Report of Management Committee For year ended 31 March 2020**

#### **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 works and services.

#### **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 's £4.5 million private finance loan facility with the Royal Bank of Scotland ended on December 2019. To replace this loan facility, Larkfield has now undertaken an intercompany loan with Link Group of £2.5million, with a bullet- repayment due in five years' time.

Larkfield will strive not to deviate materially from its 30-year business plan and financial projections.

#### **Treasury Management**

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

Larkfield, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2020 100% of Larkfield's borrowings (2019: 100% fixed) were subject to variable rates of interest.

#### **Members of Committee of Management**

The Members of the Committee of Larkfield during the year to 31 March 2020 and subsequent up to the day of signing were as follows:

(Chairperson)	Sheralee McMillan
(Vice Chair)	Suzanne Harris
(Secretary)	Aileen Hunter
(Member)	Cllr David Wilson
(Member)	Denis Flannery
(Member)	Danny McMillan
(Member)	Alison Akhtar
(Member)	Alison McManus (appointed September 2019)
(Member)	Ashley Brown (appointed September 2019)
(Member)	Mhairi Cushnaghan (appointed September 2019)
(Member)	Kelly-Ann Doherty (appointed September 2019)
(Member)	Suzanne Gallagher (resigned September 2019)
(Member)	Adam Thompson (resigned September 2019)
(Member)	Henry Cooke (resigned September 2019)
(Member)	Veronica Pollard (resigned May 2019)

## **LARKFIELD HOUSING ASSOCIATION LIMITED**

### **Report of Committee of Management For year ended 31 March 2020**

#### **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 the "Future Skills" project in Inverclyde which promotes and delivers digital and financial inclusion support to Larkfield tenants and "Inverclyde Starter Packs" which assists new tenants to set up and sustain their tenancy, providing packs of essential household items.

#### **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.

Larkfield owns 19 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 December 2020 as set out by the Scottish Housing Regulator in 2015 in the Energy Efficiency Standard for Social Housing (ESSH) and ESSH 2.

#### **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 several completed 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.

#### **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 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 has reviewed the adequacy of Larkfield's current internal controls.

## **LARKFIELD HOUSING ASSOCIATION LIMITED**

### **Report of Committee of Management For year ended 31 March 2020**

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'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 Management Committee 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.

#### **Internal Financial Control**

The Management Committee 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 Management Committee has established with a view to providing effective internal financial control are detailed on the Management Committee Statement on Internal Financial Controls.

#### **Management Structure**

The Management Committee 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 Management Committee 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 Management Committee For year ended 31 March 2020**

#### **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 its 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 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.

#### **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 management committee 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 Management Committee

Aileen Hunter – Secretary

Suzanne Harris – Vice Chairperson

Alison McManus – Member

Date: 26 August 2020



## **LARKFIELD HOUSING ASSOCIATION LIMITED**

### **Statement of Board's responsibilities in respect of the Board's report and the financial statements**

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have 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 the association and of its income and expenditure for that period.

In preparing these financial statements, the Board 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
- assess the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the association or to cease operations or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the 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). It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Committee of Management:

Aileen Hunter – Secretary

Suzanne Harris – Vice Chairperson

Alison McManus – Member

Date: 26 August 2020

## **LARKFIELD HOUSING ASSOCIATION LIMITED**

### **Committee of Management Statement on Internal Financial Controls For year ended 31 March 2020**

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 2020. 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

Aileen Hunter – Secretary

Suzanne Harris – Vice Chairperson

Alison McManus – Member

Date: 26 August 2020

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Independent auditor's report to Larkfield Housing Association Limited

#### Opinion

We have audited the financial statements of Larkfield Housing Association Limited (“the association”) for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the state of affairs of the association as at 31 March 2020 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 the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2012.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### Going concern

The association's Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the association or to cease its operations, and as they have concluded that the association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Board's conclusions, we considered the inherent risks to the association's business model and analysed how those risks might affect the association's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the association will continue in operation.

#### Other information

The association's Board is responsible for the other information, which comprises the Report of Committee of Management, Statement of Board's Responsibilities in respect of the Board's report and the financial statements and Committee of Management Statement on Internal Financial Controls. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

## **LARKFIELD HOUSING ASSOCIATION LIMITED**

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the Statement on Internal Financial Control on page 8 does not provide 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; or
- in our opinion, the Statement on Internal Financial Control is materially inconsistent with the knowledge acquired by us in the course of performing our audit.

We have nothing to report in these respects.

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

Under the Co-operative and Community Benefit Societies Act 2014 we are required 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.

We have nothing to report in these respects.

### **Board’s responsibilities**

As more fully explained in their statement set out on page 2, the association’s Board is responsible for the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 it either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

### **Auditor’s responsibilities**

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 our opinion in an auditor’s report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC’s website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)

**LARKFIELD HOUSING ASSOCIATION LIMITED**

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 section 69 of the Housing (Scotland) Act 2010. Our audit work has been undertaken so that we might state to the 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 the association as a body, for our audit work, for this report, or for the opinions we have formed.

**Debra Chamberlain**

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

*Chartered Accountants*

8 Princes Parade

Liverpool

L3 1QH

[Date]

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Statement of Comprehensive Income For year ended 31 March 2020

	Notes	2020 £	2019 £
<b>Turnover</b>	2	1,931,741	1,943,054
Less: Operating expenditure	2	(1,712,598)	(1,472,634)
<b>Operating surplus</b>	2	219,143	470,420
Interest receivable		1,996	1,562
Interest and financing costs		(106,291)	(128,250)
Other finance charges		(8,000)	(12,000)
<b>Surplus on ordinary activities before taxation</b>		106,848	331,732
Taxation	5	-	-
<b>Surplus for the year</b>		106,848	331,732
Remeasurement of the defined benefit pension liability		301,473	(169,000)
<b>Total comprehensive income for the year</b>		408,322	162,732

All activities relate to continuing activities within the year.

### Statement of Changes in Reserves

	Share capital £	Revenue reserve £	Total £
Balance as at 1 April 2019	106	6,137,235	6,137,341
Net movement of members	(4)	-	(4)
Surplus from Statement of Comprehensive Income	-	106,848	106,848
Remeasurement of the defined benefit pension liability	-	301,473	301,473
<b>Balance as at 31 March 2020</b>	<b>102</b>	<b>6,545,556</b>	<b>6,545,658</b>

The notes on page 15 to 31 form part of these financial statements

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Statement of Financial Position As at 31 March 2020

	Notes	2020 £	2019 £
<b>Non-current assets</b>			
Tangible Fixed Assets			
Housing properties	6	7,947,684	8,159,203
Other fixed assets	6	116,084	126,101
		<u>8,063,768</u>	<u>8,285,304</u>
<b>Current assets</b>			
Trade and other debtors	7	154,255	180,569
Cash and cash equivalents		1,182,497	2,835,960
		<u>1,336,752</u>	<u>3,016,529</u>
Creditors: Amounts falling due within one year	8	(296,261)	(4,762,353)
<b>Net current assets/(liabilities)</b>		<u>1,040,491</u>	<u>(1,745,824)</u>
<b>Total assets less current liabilities</b>		9,104,259	6,539,480
Creditors: Amounts falling due after more than one year	9	(2,500,000)	-
<b>Deferred income</b>	10	(58,601)	(60,092)
<b>Pension liability</b>	12	-	(342,047)
<b>Net assets</b>		<u><u>6,545,658</u></u>	<u><u>6,137,341</u></u>
Share capital		102	106
Revenue reserve		6,545,556	6,137,235
<b>Total capital and reserves</b>		<u><u>6,545,658</u></u>	<u><u>6,137,341</u></u>

The financial statements were authorised for issue by the Committee of Management on 26 August 2020 and are signed on its behalf by:

Suzanne Harris – Vice Chairperson

Aileen Hunter – Secretary

Alison McManus – Member

The notes on page 15 to 31 form part of these financial statements

**LARKFIELD HOUSING ASSOCIATION LIMITED****Statement of Cash Flows  
For year ended 31 March 2020**

	<b>Note</b>	<b>2020</b> £	<b>2019</b> £
<b>Net cash inflow from operating activities</b>	15	587,567	836,125
<b>Cash flow from investing activities</b>			
Capitalised improvement expenditure		(136,731)	(377,283)
Acquisition and construction of properties		-	(5,009)
Loan Received/(Paid)		(2,000,000)	
Interest received on cash and cash equivalents		1,996	1,562
<b>Net cash outflow from investing activities</b>		<u>(2,134,735)</u>	<u>(380,730)</u>
<b>Cash flow from financing activities</b>			
Interest paid on loans		(106,291)	(128,250)
Issue of share capital		5	7
Cancellation of share capital		(9)	(4)
<b>Net cash outflow from financing</b>		<u>(106,295)</u>	<u>(128,247)</u>
<b>Increase in cash and cash equivalents</b>		(1,653,463)	327,148
Opening Cash and Cash Equivalents		2,835,960	2,508,812
<b>Closing Cash and Cash Equivalents</b>		<u>1,182,497</u>	<u>2,835,960</u>

The notes on page 15 to 31 form part of these financial statements



## LARKFIELD HOUSING ASSOCIATION LIMITED

### Notes to the Financial Statements For the year ended 31 March 2020

#### 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 2014 as issued by the Scottish Housing Regulator and the Housing SORP 2019, 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 2019 (SORP 201) 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 2020 and the year to 31 March 2021. 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. The Management Committee, after reviewing the company's budgets for 2020/21 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 company 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 Management Committee 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.

##### (d) Tangible fixed assets

Housing land and buildings are stated at cost.

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Notes to the Financial Statements For the year ended 31 March 2020

#### (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:

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

##### 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

#### (f) 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.

#### (g) 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.

#### h) 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.

**LARKFIELD HOUSING ASSOCIATION LIMITED**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2020**

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

**Defined Benefit Scheme**

The company participates in 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, 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.

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.

(j) **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.

(k) **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.

(l) **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.

(m) **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.

(n) **Buy Backs**

Properties are bought back at open market value, agreed with Larkfield Housing Association's lenders.

(o) **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.

(p) **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.

(q) **Financial instruments**

Loans provided by lenders are classed as "basic" under the requirements of FRS102 and are measured at amortised cost.

(r) **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.

**LARKFIELD HOUSING ASSOCIATION LIMITED**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2020**

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

**(s) 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 2019. 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 2020**

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

	<b>Turnover</b> £	<b>2020 Operating Costs</b> £	<b>Operating Surplus</b> £	<b>2019 Operating Surplus</b> £
<b>Affordable lettings activities</b>				
Affordable lettings activities	1,868,025	(1,657,660)	210,365	428,309
Other activities (note 4)	63,716	(54,938)	8,778	42,111
<b>Total</b>	<u>1,931,741</u>	<u>(1,712,598)</u>	<u>219,143</u>	<u>470,420</u>
<b>2019</b>	<u>1,943,054</u>	<u>(1,472,634)</u>	<u>470,420</u>	

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

**LARKFIELD HOUSING ASSOCIATION LIMITED**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2020**

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

	<b>2020</b>	<b>2019</b>
	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
<b>Revenue from lettings</b>		
Rent receivable net of service charges	1,869,594	1,832,870
	<hr/>	<hr/>
<b>Gross income from rents and service charges</b>	1,869,594	1,832,870
Less voids	(12,434)	(20,766)
	<hr/>	<hr/>
<b>Net income from rents and service charges</b>	1,857,160	1,812,104
Grants from the Scottish Ministers	9,378	20,000
Grants released from deferred Income	1,487	1,487
Income received from Wise Group	-	16,628
	<hr/>	<hr/>
<b>Total turnover from social letting activities</b>	1,868,025	1,850,219
<b>Expenditure</b>	507,708	455,141
Management and maintenance administration costs	462,030	236,263
Planned cyclical maintenance including major repairs	333,648	326,630
Reactive maintenance costs	6,024	28,884
Bad debts – rents and service charges	338,031	325,632
Depreciation of social housing	10,219	49,360
Loss on disposal of fixed assets	<hr/>	<hr/>
	1,657,660	1,421,910
	<hr/>	<hr/>
<b>Operating Costs for social letting activities</b>	1,657,660	1,421,910
	<hr/>	<hr/>
<b>Operating Surplus on affordable letting activities</b>	<u>210,365</u>	<u>428,309</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 2020**

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

	<b>Other income</b>	<b>Other operating costs</b>	<b>Operating Surplus</b>	
	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2019</b>
	£	£	£	£
Factoring	5,750	5,610	140	1,903
Agency/management services for RSLs	53,822	47,800	6,022	8,409
Wider Role Activities	-	-	-	27,762
Other activities	4,144	1,528	2,616	4,037
<b>Total from other activities</b>	<u>63,716</u>	<u>54,938</u>	<u>8,778</u>	<u>42,111</u>
<b>Total from other activities 2019</b>	<u>92,835</u>	<u>(50,724)</u>	<u>42,111</u>	

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Notes to the Financial Statements For the year ended 31 March 2020

#### 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 £	2020 Total £	2019 Total £
<b>Cost</b>						
At 1 April 2019	11,374,240	248,058	30,925	5,700	11,658,923	11,394,356
Additions during year	136,731	-	1,330	-	138,061	382,292
Disposals during year	(22,602)	-	-	-	(22,602)	(117,725)
At 31 March 2020	<u>11,488,369</u>	<u>248,058</u>	<u>32,255</u>	<u>5,700</u>	<u>11,774,382</u>	<u>11,658,923</u>
<b>Depreciation</b>						
At 1 April 2019	3,215,037	126,711	26,172	5,700	3,373,619	3,104,144
Provided during year	338,380	9,887	1,459	-	349,726	337,785
Disposals during year	(12,732)	-	-	-	(12,732)	(68,310)
At 31 March 2020	<u>3,540,685</u>	<u>136,598</u>	<u>27,631</u>	<u>5,700</u>	<u>3,710,614</u>	<u>3,373,619</u>
<b>Net book value</b>						
At 31 March 2020	<u>7,947,684</u>	<u>111,460</u>	<u>4,624</u>	<u>-</u>	<u>8,063,768</u>	
At 31 March 2019	<u>8,159,203</u>	<u>121,347</u>	<u>4,754</u>	<u>-</u>	<u>8,285,304</u>	<u>8,285,304</u>
<b>Works expenditure on housing properties</b>					<b>2020</b>	<b>2019</b>
					<b>£</b>	<b>£</b>
Capitalised component replacements					136,731	377,283
Expensed					345,046	109,786
Total works expenditure on housing properties					<u>481,777</u>	<u>487,069</u>

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 £1,172,000 (2019: £1,172,000) in respect of land which is not being depreciated.



**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Notes to the Financial Statements  
For the year ended 31 March 2020**

<b>7. Debtors : Amounts falling due within one year</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Gross rent arrears	113,679	108,115
Adjustment to discount arrears balance with payment plans	(13,006)	(9,967)
Less: Bad debt provision	(20,754)	(22,837)
	<u>79,919</u>	<u>75,311</u>
Debtor – owner occupiers	42,308	44,573
Provision for bad debts – owner occupiers	(8,854)	(8,992)
	<u>33,454</u>	<u>35,581</u>
Debtors – tenant recharges	66,564	67,363
Less: Bad debt provision	(49,899)	(50,974)
	<u>16,665</u>	<u>16,389</u>
Prepayments and accrued income	24,217	53,288
	<u>154,255</u>	<u>180,569</u>
	<u><u>154,255</u></u>	<u><u>180,569</u></u>
<b>8. Creditors: Amounts falling due within one year</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade creditors	2,624	503
Accruals and deferred income	38,924	212,714
Amounts due to parent	163,925	32,208
Amounts due to group companies	15,890	16,928
Facility loan	-	4,500,000
Rent paid in advance	74,898	-
	<u>296,261</u>	<u>4,762,353</u>
	<u><u>296,261</u></u>	<u><u>4,762,353</u></u>
<b>9. Creditors due after one year</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Facility loan	2,500,000	-
	<u>2,500,000</u>	<u>-</u>
	<u><u>2,500,000</u></u>	<u><u>-</u></u>

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Notes to the Financial Statements For the year ended 31 March 2020

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

The Intercompany loan from Link Group is unsecured. The loan is repayable at a variable rate of interest, 3-month Libor +1.25% (2019: 2.85%), the loan is repayable in one payment due in December 2024.

	2020 £	2019 £
Due within one year	-	4,500,000
Between two and five years	2,500,000	-
	<u>2,500,000</u>	<u>4,500,000</u>

The total facility available to Larkfield Housing Association at the year end was £2.5 million (2019: £4.5 million).

10. Deferred income	2020 £	2019 £
<b>Social Housing Grants</b>		
Balance as at 1 April 2019	60,092	61,579
Amortisation in the year	(1,487)	(1,487)
Balance as at 31 March 2020	<u>58,601</u>	<u>60,092</u>

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

11. Employees	2020 £	2019 £
Staff costs during year		
Wages and salaries	373,888	344,025
Social security costs	35,402	34,032
Other pension costs	32,490	31,987
	<u>441,780</u>	<u>410,044</u>

	2020	2019
The average full time equivalent (FTE) posts during the year	<u>10</u>	<u>10</u>
The average number of employees during the year	<u>11</u>	<u>11</u>

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Notes to the Financial Statements For the year ended 31 March 2020

#### 11. Employees (Continued)

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>2020</b>	<b>2019</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	63,355	61,980
Employer's pension contributions	<u>7,603</u>	<u>7,432</u>
	<u>70,958</u>	<u>69,412</u>
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Total expenses reimbursed insofar as not chargeable to UK income tax – Committee of Management	<u>3,199</u>	<u>2,590</u>

#### 12. Pension commitments

Larkfield Housing Association participates in the SHAPS defined contribution scheme as at 31 March 2020.

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.

#### 12a. 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 (2019: 9) of the Defined Contribution Scheme employed by Larkfield Housing Association Limited.

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Notes to the Financial Statements For the year ended 31 March 2020

#### 12b. Defined Benefit Scheme

The company 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 2015. This valuation revealed a deficit of £198m. A Recovery Plan has been put in place to eliminate the deficit which runs to 28 February 2022 for the majority of employers, although certain employers have different arrangements.

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.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

This volatility of contribution amounts can be to the detriment of the Association's cash flows 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.

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Notes to the Financial Statements For the year ended 31 March 2020

#### 12b. Defined Benefit Scheme

Key Assumptions	2020	2019
Discount Rate	2.40%	2.55%
Salary Growth	2.50%	2.35%
Inflation (RPI)	2.80%	3.35%
Inflation (CPI)	1.80%	2.35%
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 2020	21.5
Female retiring in 2020	23.2
Male retiring in 2040	22.8
Female retiring in 2040	24.5

Amounts Recognised in Statement of Financial Position	2020 £'000	2019 £'000
Fair value of scheme assets	2,268	1,856
Present value of benefit obligation	(2,246)	(2,198)
Surplus in plan	22	
Unrecognised surplus	(22)	
Net pension liability	-	(342)

Amounts Recognised in Statement of Comprehensive Income	2020 £'000	2019 £'000
Administration costs	1	1
Net interest on net defined benefit obligation	8	12
Total pension cost recognised in Statement of Comprehensive Income	9	13

Changes in Defined Benefit Obligation	2020 £'000	2019 £'000
Opening Defined Benefit Obligation	2198	1,640
Interest Expense	56	61
Actuarial (Gains)/Losses	9	532
Benefits Paid	(18)	(35)
Closing Defined Benefit Obligation	2,246	2,198

**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Notes to the Financial Statements  
For the year ended 31 March 2020**

**12b. Defined Benefit Scheme**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Changes in Fair Value of Scheme Assets</b>		
Opening Fair Value of Scheme Assets	1,856	1,431
Actual Return on Scheme Assets less Interest Income	332	363
Interest income	48	48
Employer Contributions	50	49
Benefits Paid	(18)	(35)
Administration costs	0	0
Closing Fair Value of Scheme Assets	<u>2,268</u>	<u>1,856</u>
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Other Comprehensive Income</b>		
Actual return on plan assets less interest income on plan assets	332	363
Actuarial gains / (losses)	(9)	(532)
Impact on Asset Ceiling	(22)	-
Remeasurements gains (losses) recognised in OCI	<u>301</u>	<u>(169)</u>
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Reconciliation of the impact of the Asset Ceiling</b>		
Impact on asset ceiling at the start of the period	-	-
Actuarial Losses (gain) on asset Ceiling	(22)	-
Impact of asset ceiling at the end of the period	<u>(22)</u>	<u>-</u>

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Global Equity	312	298
Absolute Return	139	157
Distressed Opportunity	41	32
Credit Relative Value	55	32
Fund of Hedge Funds	-	5
Insurance linked securities	61	48
Risk Sharing	72	54
Emerging Markets Debt	81	59
Liquid Credit	59	-
Long Lease Property	55	23
Property	42	37
Infrastructure	134	78
Corporate Bond Fund	166	130
Over 15 Year Gilts	29	48
Alternative Risk Permia	182	104
Liability Driven Investments	597	660
Opportunistic Illiquid Credit	55	-
Private Debt	45	24
Secured Income	126	65
Net Current Assets	17	2
	<u>2,268</u>	<u>1,856</u>

**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Notes to the Financial Statements  
For the year ended 31 March 2020**

<b>13. Auditor's remuneration</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Audit fees	6,498	6,353

<b>14. Share Capital</b>	<b>2020</b>	<b>2019</b>
Shares of £1 fully paid and issued at beginning of year	106	103
Shares issued during year	5	7
Shares cancelled during year	(9)	(4)
Shares issued at end of year	102	106

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.

<b>15. Notes to the cash flow statement</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>(a) Reconciliation of operating surplus to net cash inflow from operating activities:</b>		
Surplus for the year	106,849	331,732
Depreciation of tangible fixed assets	349,726	337,785
Decrease/(Increase) in trade and other debtors	26,314	33,025
Increase/(Decrease) in trade and other creditors	33,908	(4,411)
Carrying amount of tangible fixed asset disposals	10,218	49,415
Government grants utilised in the year	(13,120)	(1,487)
Interest payable	106,291	128,250
Interest received	(1,996)	(1,562)
Pensions costs less contributions payable	(30,273)	(36,622)
Net cash inflow from operating activities	587,567	836,125

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Notes to the Financial Statements For the year ended 31 March 2020

#### 15. Notes to the cash flow statement (continued)

	2020 £	2019 £
<b>(b) Reconciliation of net cash inflow to movement in net debt</b>		
Increase/(Decrease) in cash for year	(1,653,463)	327,148
Loans Received	(2,500,000)	-
Loans Paid	4,500,000	-
Movement in net debt	<u>346,537</u>	<u>327,148</u>
Net debt as at 1 April 2019	<u>(1,664,040)</u>	<u>(1,991,188)</u>
Net debt as at 31 March 2020	<u><u>(1,317,503)</u></u>	<u><u>(1,664,040)</u></u>

#### (c) Analysis of changes in net debt

	1 April 2019 £	Movement £	31 March 2020 £
Cash at bank and in hand	2,835,960	(1,653,463)	1,182,497
Debt due within one year	(4,500,000)	4,500,000	-
Debt due after one year	-	(2,500,000)	(2,500,000)
	<u>(1,664,040)</u>	<u>346,537</u>	<u>(1,317,503)</u>

#### 16. Housing Units in Management

	2020 No	2019 No
General Needs	<u>382</u>	<u>382</u>

#### 17. 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 2020 five members of the Board were tenants, 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 board 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 Board members cannot use their position to their advantage.

Transactions with governing body members were as follows:

Rent received from tenants on the Committee	£20,660
Factoring charges received from owners on the Committee	£50
Tenants and owner Committee member arrears as at 31 March 2020	£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



## LARKFIELD HOUSING ASSOCIATION LIMITED

### Notes to the Financial Statements For the year ended 31 March 2020

#### 18. Capital Commitments

Amounts contracted for but not provided in the financial statements amounted to £nil (2019 - £nil).

#### 19. 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>