



**LARKFIELD HOUSING ASSOCIATION LIMITED**

**Report and Financial Statements  
For year ended 31 March 2022**

**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 2022**

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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 (Vice Chair)  
William Rice (Secretary)  
Cllr David Wilson  
Alison McManus  
Danny McMillan  
Kelly-Ann Doherty  
Mareta Greig  
Jim Lennon  
Tracey Thompson  
John Scott  
Carol Crawford  
Elizabeth McLean

#### **Key Management Personnel**

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

#### **Registered Office**

14 Lothian Road  
Greenock  
PA16 0PG

#### **External Auditor**

RSM UK Audit LLP  
Third Floor  
2 Semple Street  
Edinburgh  
EH3 8BL

#### **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 Limited

#### **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 2022**

The Committee of Management presents its annual report and the audited financial statements for the year ended 31 March 2022.

#### **Principal Activity**

The principal activity of Larkfield Housing Association Limited ('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 the Link Group, where Link Group Limited (a Registered Social Landlord) is the parent company.

#### **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 £583k (2021: £298k). Investments in the year, to the housing stock, included the completion of additional external lighting to 211 homes and upgraded smoke alarms/heat detectors works in 12 properties, in preparation of the new Fire & Smoke Alarm 2022 standard and to ensure compliance across all of the stock by February 2022. External decoration works were carried out across some of our stock and render upgrades to six blocks of our flats were completed.

In addition, a small number of bathrooms, kitchens and central heating systems were renewed. A total of 14 adaptations were completed, 176 Electrical Inspection Condition Records were carried out and gas safety checks across all of Larkfield's stock was undertaken.

##### **Turnover**

Turnover of £2.0 million (2021: £2.0 million) mainly relates 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 Limited, in relation to its Inverclyde properties. It is Larkfield's policy to review annually the actual rent levels charged to ensure viability whilst also monitoring comparability and affordability levels. Tenants are charged rents on a twelve-monthly cycle.

**LARKFIELD HOUSING ASSOCIATION LIMITED****Report of Committee of Management (Continued)  
For year ended 31 March 2022****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 2021/22. 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 80 properties as failing the Scottish Housing Quality Standard (SHQS). These properties are deemed to have failed the SHQS due to changes in reporting and the requirement to have in place an Electrical Installation Condition Report (EICR) for each of our properties, within a 5 yearly cycle. Due to the Covid-19 pandemic, we were unable to complete some planned EICRs last year and the works that were unable to be carried out will be completed in 2022/23.

<b>KPI Indicator</b>	<b>Larkfield Performance 2020/21</b>	<b>Larkfield Target 2021/22</b>	<b>Larkfield Performance 2021/22</b>
<b>Financial Health</b>			
% rent due lost through properties being empty	0.5%	0.4%	0.4%
Gross rent arrears (all tenants) as a percentage of rent due	4.0%	4.2%	4.6%
<b>Service Quality</b>			
Average re-let time (calendar days)	50.6 days	25 days	29 days
Average length of time taken to complete emergency repairs	2.9 hours	4 hours	3.4 hours
Average length of time to complete non-emergency repairs	10.9 days	6 days	9.5 days
Percentage of reactive repairs carried out in the last year completed right first time	79.1%	90%	79.1%
% ASB cases reported and resolved	94.4%	95%	100%
Percentage of tenants who feel the rent for their property represents value for money	84.8%	80%	76.5%
<b>Stock Quality</b>			
Percentage of stock meeting the Scottish Housing Quality Standard (SHQS) (RSL average)	94.0%	95%	73.8%
Percentage of properties meeting the Energy Efficiency Scottish Social Housing (ESSH) (RSL average)	98.7%	100%	99.5%
<b>Access to housing &amp; Support</b>			
Percentage of new tenancies sustained for more than one year, by source of let	100.0%	90%	100%

## **LARKFIELD HOUSING ASSOCIATION LIMITED**

### **Report of Committee of Management (Continued) For year ended 31 March 2022**

#### **Estate Maintenance**

Larkfield acted as Management Agent to 578 owner-occupiers in the Larkfield area in the year to 31 March 2022. Invoices are issued to owner-occupiers to recover the costs of common maintenance works and services.

#### **Property Acquisitions**

There were 4 property acquisitions during the financial year. The 4 properties were acquired from owner-occupiers in the Larkfield area, meaning estate maintenance services are now carried out for 574 owner-occupiers.

#### **Financing and Liquidity**

Larkfield has an intercompany loan with Link Group Limited of £2.5million, with a single bullet-repayment due at the end of the loan term which is due in December 2024.

The Members of the Committee of Larkfield have considered and approved the budget for the year 2022/23, 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 that Larkfield is solvent, viable and sustainable and therefore is 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 2022 100% of Larkfield's borrowings (2021: 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 2022 and subsequent up to the day of signing were as follows:

(Chairperson)	Suzanne Harris
(Vice Chair)	Aileen Hunter
(Secretary)	William Rice
(Member)	Cllr David Wilson
(Member)	Danny McMillan
(Member)	Allison Akhtar (resigned September 2021)
(Member)	Alison McManus
(Member)	Ashley Brown (resigned September 2021)
(Member)	Mhairi Cushnaghan (resigned May 2021)
(Member)	Kelly-Ann Doherty
(Member)	Mareta Greig
(Member)	Jim Lennon (appointed September 2021)
(Member)	Tracey Thompson (appointed September 2021)
(Member)	John Scott (appointed September 2021)
(Member)	Carol Crawford (appointed September 2021)
(Member)	Elizabeth McLean (appointed September 2021)

## **LARKFIELD HOUSING ASSOCIATION LIMITED**

### **Report of Committee of Management (Continued) For year ended 31 March 2022**

#### **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 as well as community safety and continues to promote community regeneration projects through a partnership approach with both Link Group and local RSLs. Projects include our "Advice for All" project which provides tenants access to money and welfare benefit advice. In addition, our "Inverclyde Tenancy Support" project provides support and advice services for vulnerable tenants at risk of losing their home. Larkfield 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.

#### **Maintenance Policies**

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 eighteen "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 (ESSH) and ESSH 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 Limited (2021: 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.

#### **Creditor Payment Policy**

Larkfield's policy concerning the payment of its trade payables complies with the Confederation of British Industry guidelines.

## **LARKFIELD HOUSING ASSOCIATION LIMITED**

### **Report of Committee of Management (Continued) For year ended 31 March 2022**

#### **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's key risks are aligned with the Link Group Strategic Risk Register.

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 (Continued) For year ended 31 March 2022**

#### **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. All personnel are bound by the Group Code of Conduct.

#### **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 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 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 (Continued)  
For year ended 31 March 2022**

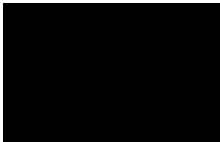
**Auditor**

In accordance with section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and RSM UK Audit LLP will therefore continue in office.

**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



— Chairperson

Date: 17 August 2022

## **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 2022

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:

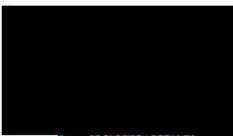
- The reliability of financial information used within Larkfield Housing Association or for publication;
- The proper authorisation and recording of transactions;
- The maintenance of proper accounting records; and
- The safeguarding of assets (against unauthorised use or disposition).

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 2022. 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

 Chairperson

Date: 17 August 2022

## **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 2022 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 2022 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.

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Independent Auditor's Report to the Members of Larkfield Housing Association Limited (Continued)

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

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

- 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.

## **LARKFIELD HOUSING ASSOCIATION LIMITED**

### **Independent Auditor's Report to the Members of Larkfield Housing Association Limited (Continued)**

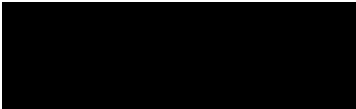
As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Housing SORP 2018, the Housing (Scotland) Act 2010 and the Scottish Housing Regulator's Determination of Accounting Requirements – February 2019. We 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  
Third Floor  
2 Semple Street  
Edinburgh  
EH3 8BL  
Date 26/8/2022 | 14:27 BST

**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 11 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.



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Chartered Accountants  
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Edinburgh  
EH3 8BL

26/8/2022 | 14:27 BST  
Date.....



**LARKFIELD HOUSING ASSOCIATION LIMITED****Statement of Comprehensive Income  
For year ended 31 March 2022**

	Notes	2022 £'000	2021 £'000
<b>Turnover</b>	2	2,044	2,003
Less: Operating expenditure	2	<u>(1,594)</u>	<u>(1,366)</u>
<b>Operating surplus</b>	2	<u>450</u>	<u>637</u>
Interest receivable		-	-
Interest and financing costs		(41)	(42)
Other finance charges		<u>-</u>	<u>-</u>
<b>Surplus on ordinary activities before taxation</b>		<u>409</u>	<u>595</u>
Taxation		<u>-</u>	<u>-</u>
<b>Surplus for the year</b>		<u>409</u>	<u>595</u>
Remeasurement of the defined benefit pension liability	11	<u>174</u>	<u>(297)</u>
<b>Total comprehensive income for the year</b>		<u><u>583</u></u>	<u><u>298</u></u>

All activities relate to continuing activities within the year.

**Statement of Changes in Reserves**

	Share Capital £'000	Revenue Reserve £'000	2022 Total £'000	2021 Total £'000
<b>Balance as at 1 April</b>	-	6,844	6,844	6,546
Issue of shares	-	-	-	-
Cancellation of shares	-	-	-	-
Surplus from Statement of Comprehensive Income	-	409	409	595
Remeasurement of the defined benefit pension liability	-	174	174	297
<b>Balance as at 31 March</b>	<u>-</u>	<u>7,427</u>	<u>7,427</u>	<u>6,844</u>

The notes on page 18 to 33 form part of these financial statements

**LARKFIELD HOUSING ASSOCIATION LIMITED****Statement of Financial Position  
As at 31 March 2022**

	Notes	2022 £'000	2021 £,000
<b>Non-current assets</b>			
Tangible Fixed Assets			
Housing properties	5	7,716	7,673
Other fixed assets	5	<u>96</u>	<u>105</u>
		7,812	7,778
<b>Current assets</b>			
Receivables	6	275	161
Cash and cash equivalents		<u>2,478</u>	<u>2,027</u>
		2,753	2,188
Payables: Amounts falling due within one year	7	<u>(445)</u>	<u>(331)</u>
<b>Net current assets</b>		<u>2,308</u>	<u>1,857</u>
<b>Total assets less current liabilities</b>		10,120	9,635
Payables: Amounts falling due after more than one year	8	(2,500)	(2,500)
<b>Deferred income</b>	9	(193)	(57)
<b>Defined benefit pension liability</b>	11	-	(234)
<b>Net assets</b>		<u>7,427</u>	<u>6,844</u>
Share capital		-	-
Revenue reserve		7,427	6,844
<b>Total capital and reserves</b>		<u>7,427</u>	<u>6,844</u>

The financial statements were approved and authorised for issue by the Committee of Management on 17 August 2022 and are signed on its behalf by:

 – Chairperson   
 – Secretary   
 – Vice Chair 

The notes on page 18 to 33 form part of these financial statements

**LARKFIELD HOUSING ASSOCIATION LIMITED****Statement of Cash Flows  
For year ended 31 March 2022**

	Notes	2022 £'000	2021 £'000
<b>Net cash inflow from operating activities</b>	14	759	959
<b>Cash flow from investing activities</b>			
Acquisition and construction of properties		(405)	(73)
Purchase of other fixed assets		(2)	-
Grants received		140	-
Interest received on cash and cash equivalents		-	-
<b>Net cash outflow from investing activities</b>		<u>(267)</u>	<u>(73)</u>
<b>Cash flow from financing activities</b>			
Interest paid on loans		(41)	(41)
Issue/ (cancellation) of shares		-	-
<b>Net cash outflow from financing</b>		<u>(41)</u>	<u>(41)</u>
<b>Increase in cash</b>		451	845
Opening Cash and Cash Equivalents		2,027	1,182
Closing Cash and Cash Equivalents		<u>2,478</u>	<u>2,027</u>

The notes on page 18 to 33 form part of these financial statements

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Notes to the Financial Statements For the year ended 31 March 2022

#### 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). All values are stated in Sterling and are displayed in £'000, unless stated otherwise. All values had previously been stated in £.

##### (b) Going Concern

The Committee of Management anticipates that a surplus will be generated in the year to 31 March 2023 and the year to 31 March 2024. 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 Larkfield's budgets for 2022/23 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, Larkfield 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.

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

##### (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.

**LARKFIELD HOUSING ASSOCIATION LIMITED****Notes to the Financial Statements  
For the year ended 31 March 2022****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:

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, Larkfield 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**

Larkfield participates in the Scottish Housing Association Pension Scheme (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 Larkfield.

**LARKFIELD HOUSING ASSOCIATION LIMITED****Notes to the Financial Statements  
For the year ended 31 March 2022****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**

Larkfield 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.

**(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 considered to be 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 Larkfield becomes a party to the contractual provisions of the instrument and are offset only when Larkfield 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.

**LARKFIELD HOUSING ASSOCIATION LIMITED****Notes to the Financial Statements  
For the year ended 31 March 2022****1. Principal Accounting Policies (continued)****Financial assets***Receivables*

Amounts 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 non-receipt of receivables (bad debt) is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Bad debt 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***Payables*

Amounts which are 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 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.

**LARKFIELD HOUSING ASSOCIATION LIMITED****Notes to the Financial Statements  
For the year ended 31 March 2022****1. Principal Accounting Policies (continued)****(n) Value added tax**

Larkfield is part of the Link Group Limited VAT group and therefore registered for VAT. 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).



## LARKFIELD HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements  
For the year ended 31 March 2022

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

		2022	Operating Surplus/ (Loss)	2021
	Turnover	Operating	(Loss)	Operating
Affordable lettings activities	£'000	Costs	£'000	Surplus/ (Loss)
		£'000	£'000	£'000
Affordable lettings activities (note 3)	1,941	(1,495)	446	597
Other activities (note 4)	<u>103</u>	<u>(99)</u>	<u>4</u>	<u>4</u>
<b>Total 2022</b>	<u>2,044</u>	<u>(1,594)</u>	<u>450</u>	<u>637</u>
<b>Total 2021</b>	<u>2,003</u>	<u>(1,366)</u>	<u>637</u>	

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

	2022	2021
	£'000	£'000
<b>Revenue from lettings</b>		
Rent receivable net of service charges	<u>1,938</u>	<u>1,907</u>
<b>Gross income from rents and service charges</b>	1,938	1,907
Less voids	<u>(15)</u>	<u>(13)</u>
<b>Net income from rents and service charges</b>	1,923	1,894
Grants released from deferred income	4	1
Revenue grants from Scottish Ministers	14	14
<b>Total turnover from social letting activities</b>	<u>1,941</u>	<u>1,909</u>
<b>Expenditure</b>		
Management and maintenance administration costs	600	470
Service Costs	43	-
Planned cyclical maintenance including major repairs	255	237
Reactive maintenance costs	220	274
Bad debts – rents and service charges	15	(15)
Depreciation of affordable let properties	355	344
Loss on disposal of components	7	3
<b>Operating Costs for social letting activities</b>	<u>1,495</u>	<u>1,313</u>
<b>Operating Surplus/(Deficit) on affordable letting activities 2022</b>	<u>446</u>	<u>596</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 2022**

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

	Other income 2022 £'000	Other operating costs 2022 £'000	Operating Surplus 2022 £'000	Operating Surplus 2021 £'000
Wider role activities	10	(25)	(15)	-
Factoring	33	(11)	22	29
Contracted out services undertaken for RSLs	55	(59)	(4)	8
Support activities	5	(4)	1	3
<b>Total from other activities</b>	<u>103</u>	<u>(99)</u>	<u>4</u>	<u>40</u>
<b>Total from other activities 2021</b>	<u>94</u>	<u>(54)</u>	<u>40</u>	

**5. Tangible Fixed Assets**

	Housing properties held for letting £'000	Heritable office property £'000	Plant & equipment £'000	Total £'000
<b>Cost</b>				
At 1 April 2021	<u>11,555</u>	<u>248</u>	<u>38</u>	<u>11,841</u>
Additions during year	405	-	2	407
Disposals during year	(16)	-	-	(16)
At 31 March 2022	<u>11,944</u>	<u>248</u>	<u>40</u>	<u>12,232</u>
<b>Depreciation</b>				
At 1 April 2021	<u>3,882</u>	<u>147</u>	<u>34</u>	<u>4,063</u>
Charge in year	355	10	1	366
Eliminated on disposals in year	(9)	-	-	(9)
At 31 March 2022	<u>4,228</u>	<u>157</u>	<u>35</u>	<u>4,420</u>
<b>Net book value</b>				
At 31 March 2022	<u>7,716</u>	<u>91</u>	<u>5</u>	<u>7,812</u>
At 31 March 2021	<u>7,673</u>	<u>101</u>	<u>4</u>	<u>7,778</u>

**LARKFIELD HOUSING ASSOCIATION LIMITED****Notes to the Financial Statements  
For the year ended 31 March 2022****5. Tangible Fixed Assets (continued)**

<b>Works expenditure on housing properties</b>	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Capitalised component replacements	122	73
Expensed	255	187
Total works expenditure on housing properties	<u>377</u>	<u>260</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 £1,199,395 (2021: £1,172,465) in respect of land which is not being depreciated.

**6. Receivables: Amounts falling due within one year**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Arrears of rent and service charges	121	105
Less: payment plan adjustments	(13)	(11)
Less: provision for bad and doubtful debts	(44)	(54)
Net rental debtors	<u>64</u>	<u>40</u>
Trade receivables	24	91
Other receivables	-	-
Prepayments and accrued income	53	11
Amounts due from group undertakings	<u>134</u>	<u>19</u>
	<u>275</u>	<u>161</u>

**7. Payables: Amounts falling due within one year**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Trade payables	12	20
Accruals and deferred income	247	63
Other payables	22	-
Pension contributions payables	10	-
Taxation and social security	9	-
Amounts owed due to group undertakings	36	154
Rent paid in advance	109	94
	<u>445</u>	<u>331</u>

**LARKFIELD HOUSING ASSOCIATION LIMITED****Notes to the Financial Statements  
For the year ended 31 March 2022**

<b>8. Payables due after one year</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Intercompany loans	<u>2,500</u>	<u>2,500</u>

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

<b>Housing loans – analysis of loan facilities</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Variable rate:</b>		
Advanced by group undertakings	2,500	2,500
	<u>2,500</u>	<u>2,500</u>

<b>Analysis of maturity of debt</b>	<b>2022</b>	<b>2021</b>
<b>Amounts repayable:</b>	<b>£'000</b>	<b>£'000</b>
Due within one year	-	-
Between two and five years	2,500	2,500
	<u>2,500</u>	<u>2,500</u>

The total facility available to Larkfield Housing at the year-end was £2.5 million (2021: £2.5 million)

<b>9. Deferred income</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Social Housing Grants</b>		
At 1 April 2021	57	58
Additions in the year	140	-
Amortisation in the year	(4)	(1)
At 31 March 2022	<u>193</u>	<u>57</u>

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

<b>10. Employees</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs during the year were as follows:		
Wages and salaries	383	370
Social security costs	40	37
Contributions to defined contribution plans	<u>36</u>	<u>34</u>
	<u>459</u>	<u>441</u>
Agency staff costs	<u>-</u>	<u>1</u>
16 directors (2021: 13) received travel expenses of £Nil (2021: £Nil)		
Average full-time equivalent of employees during the year	<u>10</u>	<u>10</u>
Average number of employees during the year	<u>12</u>	<u>12</u>

**LARKFIELD HOUSING ASSOCIATION LIMITED****Notes to the Financial Statements  
For the year ended 31 March 2022****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:

	<b>2022</b>	<b>2021</b>
£70,000 - £79,999	<u>1</u>	<u>1</u>
<b>Emoluments payable to the Area Manager:</b>	<b>£'000</b>	<b>£'000</b>
Emoluments excluding pension contributions	67	66
Employer's pension contributions	8	8
	<u>75</u>	<u>74</u>
	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Total expenses reimbursed insofar as not chargeable to UK income tax – Committee of Management	<u>-</u>	<u>1</u>

The total emoluments for key management personnel for the year was £177,730 (2021: £193,312).

**11. Pension commitments**

Larkfield participates in the SHAPS defined contribution scheme as at 31 March 2022.

Larkfield 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 6%, 9% or 12% of pensionable salaries. As at the balance sheet date, there were 10 active members (2021: 9) of the Defined Contribution Scheme employed by Larkfield Housing Association Limited. Employer contributions totalled £35,834 (2021: £33,780).

**LARKFIELD HOUSING ASSOCIATION LIMITED****Notes to the Financial Statements  
For the year ended 31 March 2022****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.

For financial years ending on or before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2021. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2022 to 28 February 2023 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

<b>Key assumptions</b>	<b>2022</b>	<b>2021</b>
Discount Rate	2.75%	2.05%
Salary Growth	4.75%	2.00%
Inflation (RPI)	3.85%	3.50%
Inflation (CPI)	3.25%	2.80%
Allowance for cash commutation	75% of maximum allowance	75% of maximum allowance

<b>Mortality Assumptions</b>	<b>Life Expectancy at the age of 65 (Years)</b>
Male retiring in 2022	21.6
Female retiring in 2022	23.9
Male retiring in 2042	22.9
Female retiring in 2042	25.4

The mortality assumptions adopted at 31 March 2022 imply the life expectancies shown above.

**LARKFIELD HOUSING ASSOCIATION LIMITED****Notes to the Financial Statements  
For the year ended 31 March 2022****11b. Defined Benefit Scheme (continued)**

	<b>2022</b>		<b>2021</b>
	<b>£'000</b>		<b>£'000</b>
<b>Amounts Recognised in Statement of Financial Position</b>			
Fair value of scheme assets	2,686		2,573
Present value of benefit obligation	<u>(2,613)</u>	—	<u>(2,808)</u>
Surplus in plan	73		(235)
Unrecognised surplus	<u>(73)</u>	—	
Net pension liability to be recognised	<u>—</u>	=	<u>(235)</u>

	<b>2022</b>		<b>2021</b>
	<b>£'000</b>		<b>£'000</b>
<b>Amounts Recognised in Statement of Comprehensive Income</b>			
Administration costs	2		2
Net interest on net defined benefit obligation	<u>4</u>	—	
Total pension cost recognised in Statement of Comprehensive Income	<u>6</u>	=	<u>2</u>

	<b>2022</b>		<b>2021</b>
	<b>£'000</b>		<b>£'000</b>
<b>Changes in Defined Benefit Obligation</b>			
Opening Defined Benefit Obligation	2,808		2,246
Interest Expense	57		54
Employer Expenses	2		2
Actuarial (Gains)/Losses due to scheme experience	54		525
Actuarial (Gains)/Losses due to changes in demographic assumptions	8		—
Actuarial (Gains)/Losses due to changes in financial assumptions	(297)		—
Benefits Paid and Expenses	<u>(19)</u>	—	<u>(19)</u>
Closing Defined Benefit Obligation	<u>2,613</u>	=	<u>2,808</u>

	<b>2022</b>		<b>2021</b>
	<b>£'000</b>		<b>£'000</b>
<b>Changes in Fair Value of Scheme Assets</b>			
Opening Fair Value of Scheme Assets	2,573		2,268
Actual Return on Scheme Assets less Interest Income	12		205
Interest income	53		55
Employer Contributions	67		64
Benefits Paid and Expenses	<u>(19)</u>	—	<u>(19)</u>
Closing Fair Value of Scheme Assets	<u>2,686</u>	=	<u>2,573</u>

The actual return on plan assets (including any changes in share of assets ) over the period from 31 March 2022 was £65k.

	<b>2022</b>		<b>2021</b>
	<b>£'000</b>		<b>£'000</b>
<b>Amounts Recognised in Other Comprehensive Income</b>			
Experience on plan assets (excluding amounts included in net interest cost) – gain/(loss)	12		205
Experience gains and losses arising on the plan liabilities – gain/(loss)	297		(525)
Actuarial gains/(losses) due to changes in demographic assumptions	(8)		—
Actuarial gains/(losses)	<u>(54)</u>	—	
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	247		(320)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	<u>(73)</u>	—	<u>23</u>
Total amount recognised in Other Comprehensive Income - gain (loss)	<u>174</u>	=	<u>(297)</u>

**LARKFIELD HOUSING ASSOCIATION LIMITED****Notes to the Financial Statements  
For the year ended 31 March 2022****11b. Defined Benefit Scheme (continued)**

	<b>2022</b>	<b>2021</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	-	22
Effect of the asset ceiling included in net interest cost	-	1
Actuarial Losses (gain) on asset Ceiling	<u>73</u>	<u>(23)</u>
Impact of asset ceiling at the end of the period	<u><u>73</u></u>	<u><u>—</u></u>

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Global Equity	531	398
Absolute Return	123	127
Distressed Opportunity	96	88
Credit Relative Value	86	74
Currency Hedging	(10)	-
Insurance linked securities	56	54
Risk Sharing	88	92
Emerging Markets Debt	100	104
Liquid Credit	17	44
Long Lease Property	77	60
Property	70	46
Infrastructure	168	144
Corporate Bond Fund	170	194
Over 15 Year Gilts	1	1
Alternative Risk Premia	111	103
Liability Driven Investments	650	619
Opportunistic Illiquid Credit	89	66
Private Debt	68	61
Secured Income	144	141
Net Current Assets	9	19
High Yield	26	67
Cash	7	1
Opportunistic Credit	<u>9</u>	<u>7</u>
	<u><u>2,686</u></u>	<u><u>2,577</u></u>

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

<b>12. Auditor's remuneration</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£,000</b>
Audit fees	<u>11</u>	<u>11</u>
<b>13. Share Capital</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Shares of £1 fully paid and issued at beginning of year	103	102
Shares issued during year	10	2
Shares cancelled during year	(5)	(1)
Shares issued at end of year	<u><u>108</u></u>	<u><u>103</u></u>



**LARKFIELD HOUSING ASSOCIATION LIMITED****Notes to the Financial Statements  
For the year ended 31 March 2022****13. Share Capital (continued)**

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:**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Surplus for the year	409	595
Depreciation of tangible fixed assets	367	356
Decrease/(Increase) in receivables	162	(7)
Increase/(Decrease) in payables	(162)	35
Carrying amount of tangible fixed asset disposals	7	3
Government grants utilised in the year	(4)	(1)
Interest payable	41	42
Interest received	-	-
Pensions costs less contributions payable	(61)	(63)
Net cash inflow from operating activities	<u>759</u>	<u>960</u>

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

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Increase/(Decrease) in cash for year	451	845
Loans Received	-	-
Loans Paid	-	-
Movement in net debt	<u>451</u>	<u>845</u>
Net debt as at 1 April	(473)	(1,318)
Net debt as at 31 March	<u>(22)</u>	<u>(473)</u>

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

	<b>1 April</b> <b>2021</b> <b>£'000</b>	<b>Movement</b> <b>£'000</b>	<b>31 March</b> <b>2022</b> <b>£'000</b>
Cash at bank and in hand	2,027	451	2,478
Debt due within one year	-	-	-
Debt due after one year	(2,500)	-	(2,500)
	<u>(473)</u>	<u>451</u>	<u>(22)</u>

**LARKFIELD HOUSING ASSOCIATION LIMITED****Notes to the Financial Statements  
For the year ended 31 March 2022**

<b>15. Housing Units in Management</b>	<b>2022</b>	<b>2021</b>
	<b>No</b>	<b>No</b>
General Needs	<u>386</u>	<u>382</u>

**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 2022 five members of the Committee were tenants and one owned a property which benefits from property management services performed by Larkfield Housing Association. The tenancies of those Committee 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:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Rent received from tenants on the Committee	25	12
Factoring charges received from owners on the Committee	-	-
Tenants and owner Committee member arrears as at 31 March	3	2

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 (2021: £nil).

**18. Contingent Liabilities**

The Association has been notified by the Trustee of the Scottish Housing Association Pension Scheme (SHAPS) that it has performed a review of the changes made to the Scheme's benefits over recent years. The Trustee has been advised to seek clarification from the Court on potential changes to the pension liability. This process is ongoing and the Association understands that the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until the outcome of the Court process is known, it is not possible to calculate the impact on the liabilities of this issue, particularly on an individual employer basis, with any accuracy for the purposes of the 31 March 2022 financial statements. Accordingly no adjustment has been made in these financial statements in respect of this potential issue.

## LARKFIELD HOUSING ASSOCIATION LIMITED

### Notes to the Financial Statements For the year ended 31 March 2022

#### 19. Ultimate parent organisation

The entity's parent Cooperative and Community Benefit Society (CCBS) at the balance sheet date was Link Group Limited, a CCBS 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

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