



Lochfield Park Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2010

Registered Housing Association No.HAC268

FSA Reference No. 2444RS

Scottish Charity No. SC037694

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

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LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE , EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2010

MANAGEMENT COMMITTEE

HANNAH McDONALD	Chairperson
ANN RESTRICK	Vice-Chair
CATHERINE WHITE	Treasurer
ALEX CAIRNS	(Retired 29/09/09)
JANE BOYCE	
STEVEN GALLACHER	
JANET McALOON	
WILLIAM MCDONALD	(Deceased 12/02/10)
MARIE QUINN	
MARGARET COX	Secretary
SANDRA FALCONER	
ANN WHITLEY	
JOAN BUCHANAN	
GERALDINE WHITLEY	(Resigned 26/05/09)
DONALD MONTGOMERY	

EXECUTIVE OFFICERS

KENNETH HALLIDAY	Director
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REGISTERED OFFICE

37 DRUMLANRIG AVENUE
EASTERHOUSE
GLASGOW
G34 0JF

AUDITORS

ALEXANDER SLOAN
CHARTERED ACCOUNTANTS
38 CADOGAN STREET
GLASGOW
G2 7HF

BANKERS

CLYDESDALE BANK PLC
47 MAIN STREET
BAILLIESTON
GLASGOW
G69 6AD

SOLICITORS

T.C. YOUNG
7 WEST GEORGE STREET
GLASGOW
G2 1BA

FINANCE AGENTS

FMD FINANCIAL SERVICES LTD
15 LADYLOAN PLACE
GLASGOW
G15 8LB

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2010

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2010.

Legal Status

The Association is a registered non-profit making organisation under the Industrial and Provident Societies Act 1965 No.2444RS. The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SC037694.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation and development of low-cost home ownership.

Review of Business and Future Developments

The last year has seen the Association continue its positive progress in all key areas. The Management Committee and staff team have ensured targets and objectives agreed at the Strategy Day in April 2009 have been achieved.

Highlights this year include:

- Completion of the Association's Phase 9 New Build Development in December 2009.
- Comprehensive Tenant Satisfaction Survey carried out in August 2009 with a 64% response rate.
Main findings were:
 - 91% felt the services provided by the Association were excellent or very good.
 - 92% were very satisfied with the assistance and advice given by staff
 - 96% were very satisfied with the repairs service
 - 93% were very satisfied with the Association as their landlord
 - 96% were very pleased with the changes in the area as a result of the Association's activity
 - 91% were very satisfied with the design and layout of their home.
- Documentary film made about the Association and its work titled "The Other Side of the Rainbow".
- Successful Post Scheme Audit of the Phase 7 Development by Glasgow City Council where the Association was given an "A" Grade as a developer.
- Successful Annual General Meeting held in September 2009 with 49 attendees.
- Financial Position strengthened further, through effective management.
- Short, medium and long term projections updated.
- Reserves increased to a level where the Association was able to self fund the Private Finance requirements of Phase 9 without the need to increase borrowing.
- Performance Targets achieved in all key service areas.
- Significant environmental improvement works carried out to the estate.

The next 12 months promises to be particularly challenging for the Association as the existing development programme is complete. The current economic climate has had serious effects on developers and mixed tenure developments are becoming more difficult to stack up. The Political situation is also uncertain with competing priorities for Government Funding and the threat of financial cuts in the near future.

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2010

Review of Business and Future Developments (Contd.)

Despite the gloomy predications for the future, Lochfield Park will continue to seek funding to continue the regeneration of the Lochend Area. The Association owns land at Abbeycraig Road and will seek to produce a Feasibility Study to investigate and identify options for the re-development of the site.

As ever, the Management Committee and staff team are clear that the risks inherent in development must always be borne in mind and not allowed to compromise our core business of providing the best service possible to our tenants and customers.

The long term future of the Association remains healthy with current stock numbers and any further developments can only strengthen the position further.

The Association continues to invest in its staff team to ensure we have the right people with the necessary skills to provide the level of service our tenants expect.

The Management Committee and staff team are fully aware that the new office facility has given us a platform to provide better and more varied services to tenants and other service users.

The Association provides a Welfare Rights / Financial Advice Service to tenants and local residents which is proving to be extremely popular and worthwhile. Lochfield Park is the only Registered Social Landlord in Greater Easterhouse to provide this service from its own resources.

Whilst the future development opportunities remain uncertain, everyone connected to the Association is committed to ensuring that we are in a position to take advantage of any opportunities that may arise over the next year.

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2010**

Management Committee and Executive Officers

The members of the Management Committee and the Executive Officers are listed on Page 1.

Each member of the Management Committee holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Management Committee.

The members of the Management Committee are also Trustees of the Charity. Members of the Management Committee are appointed by the members at the Association's Annual General Meeting.

Statement of Management Committee's Responsibilities

The Industrial and Provident Societies Acts 1965 to 2002 require the Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Management Committee is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgments 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
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.
- prepare a statement on Internal Financial Control.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Management Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's Association's Auditors are aware of that information

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2010

Statement on Internal Financial Control

The Management Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Association, or for publication;
- the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposition.

It is the Management Committee'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 of the Association's systems include ensuring that:

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

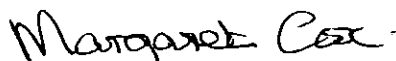
Donations

During the year the Association made charitable donations amounting to £150 (2009 £130)

Auditors

A resolution to re-appoint the Auditors, Alexander Sloan, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the Management Committee



MARGARET COX

Secretary

05 August 2010

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

**REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF
LOCHFIELD PARK HOUSING ASSOCIATION LIMITED
ON CORPORATE GOVERNANCE MATTERS**

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 4 and 5 concerning the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 4 and 5 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the section on Internal Financial Control within SFHA's "Raising Standards in Housing".



ALEXANDER SLOAN
Chartered Accountants

GLASGOW
05 August 2010

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LOCHFIELD PARK HOUSING ASSOCIATION LIMITED**

We have audited the financial statements of Lochfield Park Housing Association Limited for the year ended 31st March 2010 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the Association's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Management Committee and Auditors

As described in the Statement of Management Committee's Responsibilities the Association's Management Committee are responsible for the preparation of the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

Basis of Opinion

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

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

Opinion

In our opinion the Financial Statements:

give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Association's affairs as at 31st March 2010 and of its income and expenditure and cash flow for the year then ended; and

have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

In our opinion, the information given in the Management Committee's Report is consistent with the financial statements.



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
05 August 2010

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

	Notes	£	2010 £	£	2009 £
TURNOVER	2.		2,061,215		2,301,406
Operating Costs	2.		<u>(1,336,844)</u>		<u>(1,691,959)</u>
OPERATING SURPLUS	9.		724,371		609,447
Profit on Sale of Housing Stock	7.	7,804		12,475	
Interest Receivable and Other Income		11,741		54,586	
Interest Payable and Similar Charges	8.	<u>(418,153)</u>		<u>(321,902)</u>	
			<u>(398,608)</u>		<u>(254,841)</u>
SURPLUS ON ORDINARY ACTIVITIES			<u><u>325,763</u></u>		<u><u>354,606</u></u>

All amounts relate to continuing activities. All recognised surpluses and deficits have been included in the Income & Expenditure Account. Historical cost surpluses and deficits are identical to those shown in the accounts.

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2010

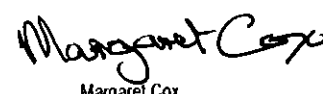
	Notes	£	2010 £	£	2009 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	11.(a)		38,298,284		36,735,487
Less: Social Housing Grant	11.(a)		(30,020,974)		(28,856,513)
: Other Public Grants	11.(a)		(533,391)		(533,391)
			<u>7,743,919</u>		<u>7,345,583</u>
Other fixed assets	11.(b)		826,817		886,015
			<u>8,570,736</u>		<u>8,231,598</u>
FIXED ASSET INVESTMENTS					
Shared Equity Cost	22.	380,268		281,728	
Shared Equity Grant	22.	(380,268)		(281,728)	
			<u>-</u>	<u>-</u>	
CURRENT ASSETS					
Debtors	14.	109,579		445,860	
Development Cost of Housing Property	23.	45,750		339,745	
Investments	24.	1,000,000		1,000,000	
Cash at bank and in hand		1,272,024		1,061,836	
			<u>2,427,353</u>	<u>2,847,441</u>	
CREDITORS: Amounts falling due within one year	15.	(522,974)		(756,917)	
NET CURRENT ASSETS			<u>1,904,379</u>		<u>2,090,524</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>10,475,115</u>		<u>10,322,122</u>
CREDITORS: Amounts falling due after more than one year	16.		(8,369,930)		(8,542,719)
NET ASSETS			<u><u>2,105,185</u></u>		<u><u>1,779,403</u></u>
CAPITAL AND RESERVES					
Share Capital	18.		394		375
Designated Reserves	19.(a)		1,546,424		1,302,103
Revenue Reserves	19.(b)		558,367		476,925
			<u>2,105,185</u>		<u>1,779,403</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on

05 August 2010


Hannah McDonald
Chairperson


Ann Restrick
Vice-Chairperson


Margaret Cox
Secretary

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2010

	Notes	£	2010 £	£	2009 £
Net Cash Inflow from Operating Activities	17.		1,130,653		170,370
Returns on Investment and Servicing of Finance					
Interest Received		10,210		54,586	
Interest Paid		(419,552)		(370,884)	
Net Cash (Outflow) from Investment and Servicing of Finance			(409,342)		(316,298)
Capital Expenditure and Financial Investment					
Acquisition and Construction of Properties		(1,883,147)		(3,747,380)	
Purchase of Other Fixed Assets		(1,726)		(373,285)	
Social Housing Grant Received		1,506,012		1,826,085	
Social Housing Grant Repaid		(61,375)		(158,412)	
Other Grants Received		(12,458)		-	
Proceeds on Disposal of Properties		105,350		249,220	
Proceeds on Disposal of Other Fixed Assets		-		-	
Net Cash (Outflow) from Capital Expenditure and Financial Investment			(347,344)		(2,203,772)
Net Cash (Outflow) / Inflow before use of Liquid Resources and Financing			373,967		(2,349,700)
Management of Liquid Resources					
Change in short term deposits with banks			-		(300,000)
Financing					
Loan Advances Received		-		3,210,343	
Loan Principal Repayments		(163,814)		(132,450)	
Share Capital Issued		35		30	
Net Cash Inflow from Financing			(163,779)		3,077,923
Increase in Cash	17.		<u>210,188</u>		<u>428,223</u>

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Basis Of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2008, and on the historical cost basis. They also comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2007. A summary of the more important accounting policies is set out below.

Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable.

Retirement Benefits

The Association participates in the S.F.H.A. Defined Benefits Pension Scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

Valuation Of Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the properties at an annual rate of 2%. Land is not depreciated. Housing Properties are reviewed for impairment if events or circumstances indicate that the carrying value is higher than the recoverable amount.

Depreciation And Impairment Of Other Fixed Assets

Other Fixed Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:-

Office Premises	2%
Furniture and Fittings	10% to 20%
Computer Equipment	33.33%

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Social Housing Grant And Other Grants In Advance/Arrears

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

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.

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Sales Of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal shown in the Income and Expenditure Account.

Disposals of housing property under the Right to Buy scheme are treated as a fixed asset disposal and any gain and loss on disposal accounted for in the Income and Expenditure Account.

Disposals under shared equity schemes are accounted for in the Income and Expenditure Account. The remaining equity in the property is treated as a fixed asset investment, which is matched with the grant received.

Leases/Leased Assets

Costs in respect of operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

Designated Reserves

The Association has designated part of its reserves to meet its long term obligations.

The Cyclical Maintenance Reserve has been designated to meet future repair and maintenance obligations which are cyclical in nature. These are carried out in accordance with a planned programme of works.

The Major Repairs Reserve is based on the Association's liability to maintain housing properties in a state of repair which at least maintains their residual values in prices prevailing at the time of acquisition and construction.

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Income and Expenditure Account in accordance with the Statement of Recommended Practice.

Property developments that are intended for resale are included in current assets until disposal.

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2010			2009		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	1,583,560	859,189	724,371	1,306,104	696,657	609,447
Other Activities	4.	477,655	477,655	-	995,302	995,302	-
Total		2,061,215	1,336,844	724,371	2,301,406	1,691,959	609,447

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Shared ownership £	2010 Total £	2009 Total £
Income from Lettings				
Rent Receivable Net of Identifiable Service Charges	1,535,035	39,487	1,574,522	1,309,491
Service Charges Receivable	-	-	-	-
Gross Rents Receivable	1,535,035	39,487	1,574,522	1,309,491
Less: Rent losses from voids	4,865	-	4,865	3,387
Net Rents Receivable	1,530,170	39,487	1,569,657	1,306,104
Revenue Grants from Scottish Ministers	-	-	-	-
Revenue Grants From Local Authorities and Other Agencies	13,903	-	13,903	-
Total Income From Social Letting	1,544,073	39,487	1,583,560	1,306,104
Expenditure on Social Letting Activities				
Service Costs	-	-	-	-
Management and maintenance administration costs	473,101	-	473,101	384,411
Reactive Maintenance	92,131	-	92,131	68,614
Bad Debts - Rents and Service Charges	12,356	-	12,356	10,348
Planned and Cyclical Maintenance, including Major Repairs	134,291	-	134,291	76,806
Depreciation of Social Housing	140,373	6,937	147,310	156,478
Operating Costs of Social Letting	852,252	6,937	859,189	696,657
Operating Surplus on Social Letting Activities	691,821	32,550	724,371	609,447
2009	600,600	8,847		

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants From Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2010	Operating Surplus / (Deficit) 2009
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	-	-	-	-	-	-	-	145,758
Development and construction of property activities	154,906	-	-	284,875	439,781	-	439,781	-	833,453
Other Activities - Stage 3 Grants	37,874	-	-	-	37,874	-	37,874	-	16,091
Total From Other Activities	192,780	-	-	284,875	477,655	-	477,655	-	995,302
2009	161,849	-	-	833,453	995,302	-	995,302	-	-

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in s74 of the Industrial and Provident Societies Act 1965 as the members of the Management Committee, managers or servants of

2010	2009
£	£

No Officer of the Association received emoluments greater than £60,000.

Emoluments payable to Chief Executive (excluding pension contributions)

<u>59,616</u>	<u>55,853</u>
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Pension contributions payable to Chief Executive

<u>8,837</u>	<u>8,387</u>
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6. EMPLOYEE INFORMATION

The average monthly number of full time equivalent persons employed during the year was

2010	2009
------	------

No.	No.
-----	-----

<u>8</u>	<u>7</u>
----------	----------

Staff Costs were:

Wages and Salaries
Social Security Costs
Other Pension Costs

£	£
254,988	224,103
19,605	18,057
35,000	29,514
<u>309,593</u>	<u>271,674</u>

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2010	2009
	£	£
Sales Proceeds	105,350	249,220
Cost of Sales	97,546	236,745
Gain On Sale Of Housing Stock	<u>7,804</u>	<u>12,475</u>

8. INTEREST PAYABLE

	2010	2009
	£	£
On Bank Loans & Overdrafts	418,153	370,884
On Other Loans	-	-
	<u>418,153</u>	<u>370,884</u>
Less: Interest Capitalised	-	48,982
	<u>418,153</u>	<u>321,902</u>

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £NIL (2009 £NIL).

9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2010	2009
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	178,356	188,217
Auditors' Remuneration - Audit Services	5,116	5,616
Operating Lease Rentals - Other	<u>6,748</u>	<u>-</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Total £
COST				
As at 1st April 2009	35,897,178	428,491	1,214,066	37,539,735
Additions	356,011	1,537,216	-	1,893,227
Disposals	(187,813)	-	-	(187,813)
Schemes Completed	1,965,707	(1,965,707)	-	-
As at 31st March 2010	<u>38,031,083</u>	<u>-</u>	<u>1,214,066</u>	<u>39,245,149</u>
DEPRECIATION				
As at 1st April 2009	751,231	-	53,017	804,248
Charge for Year	140,373	-	6,937	147,310
Disposals	(4,693)	-	-	(4,693)
As at 31st March 2010	<u>886,911</u>	<u>-</u>	<u>59,954</u>	<u>946,865</u>
SOCIAL HOUSING GRANT				
As at 1st April 2009	27,623,565	428,391	804,557	28,856,513
Additions	-	1,319,910	-	1,319,910
Disposals	(155,449)	-	-	(155,449)
Schemes Completed	1,748,301	(1,748,301)	-	-
As at 31st March 2010	<u>29,216,417</u>	<u>-</u>	<u>804,557</u>	<u>30,020,974</u>
OTHER CAPITAL GRANTS				
As at 1st April 2009	533,391	-	-	533,391
Additions	-	-	-	-
Disposals	-	-	-	-
Schemes Completed	-	-	-	-
As at 31st March 2010	<u>533,391</u>	<u>-</u>	<u>-</u>	<u>533,391</u>
NET BOOK VALUE				
As at 31st March 2010	<u>7,394,364</u>	<u>-</u>	<u>349,555</u>	<u>7,743,919</u>
As at 31st March 2009	<u>6,988,991</u>	<u>100</u>	<u>356,492</u>	<u>7,345,583</u>

Additions to housing properties includes capitalised development administration costs of £10,924 (2009 - £24,496) and capitalised major repair costs to existing properties of £NIL (2009 £NIL)

All land and housing properties are freehold.

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets

	Office Costs £	Furniture & Equipment £	Total £
COST			
As at 1st April 2009	850,000	67,754	917,754
Additions	-	1,726	1,726
Overprovision in Previous Year	(29,878)	-	(29,878)
As at 31st March 2010	<u>820,122</u>	<u>69,480</u>	<u>889,602</u>
GRANTS RECEIVED			
As at 1st April 2009	-	-	-
Received in year	-	-	-
Repaid on Disposal	-	-	-
As at 31st March 2010	<u>-</u>	<u>-</u>	<u>-</u>
AGGREGATE DEPRECIATION			
As at 1st April 2009	17,000	14,739	31,739
Charge for year	15,804	15,242	31,046
Eliminated on disposal	-	-	-
As at 31st March 2010	<u>32,804</u>	<u>29,981</u>	<u>62,785</u>
NET BOOK VALUE			
As at 31st March 2010	<u>787,318</u>	<u>39,499</u>	<u>826,817</u>
As at 31st March 2009	<u>833,000</u>	<u>53,015</u>	<u>886,015</u>

12. CAPITAL COMMITMENTS

	2010 £	2009 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements.	-	<u>1,780,650</u>

13. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-

	2010 £	2009 £
Other		
Expiring within one year	5,868	5,868
Expiring between two and five years	11,736	17,604
Expiring in over five years	-	-

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. DEBTORS

	2010 £	2009 £
Arrears of Rent & Service Charges	70,383	67,589
Less: Provision for Doubtful Debts	(17,289)	(15,112)
	<u>53,094</u>	<u>52,477</u>
Social Housing Grant Receivable	-	186,102
Other Debtors	56,485	207,281
	<u>109,579</u>	<u>445,860</u>

15. CREDITORS: Amounts falling due within one year

	2010 £	2009 £
Housing Loans	162,370	153,395
Trade Creditors	244,032	394,556
Rent in Advance	35,104	55,776
Other Creditors	73,994	133,258
Accruals and Deferred Income	7,474	19,932
	<u>522,974</u>	<u>756,917</u>

At the balance sheet date there were pension contributions outstanding of £NIL (2009 £NIL)

16. CREDITORS: Amounts falling due after more than one year

	2010 £	2009 £
Housing Loans	<u>8,369,930</u>	<u>8,542,719</u>
Housing Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as follows:-		
Within one year	162,370	153,395
Between one and two years	165,432	160,651
Between two and five years	544,522	529,675
In five years or more	7,659,976	7,852,393
	<u>8,532,300</u>	<u>8,696,114</u>
Less: Amount shown in Current Liabilities	162,370	153,395
	<u>8,369,930</u>	<u>8,542,719</u>

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2010 £	2009 £
Operating Surplus	724,371	609,447
Depreciation	178,356	188,217
Change in properties developed for resale	293,995	(339,746)
Change in Debtors	151,710	(215,826)
Change in Creditors	(247,641)	(71,720)
Loss on sale of fixed assets	29,878	-
Share Capital Written Off	(16)	(2)
Net Cash Inflow from Operating Activities	1,130,653	170,370

<i>Reconciliation of net cash flow to movement in net debt</i>	2010 £	£	2009 £	£
Increase in Cash	210,188		428,223	
Cash flow from management of liquid resources	-		300,000	
Cash flow from change in debt	163,814		(3,077,893)	
Movement in net debt during year		374,002		(2,349,670)
Net debt at 1st April 2009		(6,634,278)		(4,288,833)
Net debt at 31st March 2010		(6,260,276)		(6,638,503)

<i>Analysis of changes in net debt</i>	At 01.04.09 £	Cash Flows £	Other Changes £	At 31.03.10 £
Cash at bank and in hand	1,061,836	210,188		1,272,024
	1,061,836	210,188		1,272,024
Liquid Resources	1,000,000	-		1,000,000
Debt: Due within one year	(153,395)	163,814	(172,789)	(162,370)
Debt: Due after more than one year	(8,542,719)	-	172,789	(8,369,930)
Net Debt	(6,634,278)	374,002	-	(6,260,276)

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2009	375
Issued in year	35
Cancelled in year	(16)
At 31st March 2010	<u>394</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

19. RESERVES

(a) Designated Reserves

	Cyclical Maintenance £	Major Repairs £	Total £
At 1st April 2009	151,979	1,150,124	1,302,103
Transfer to / (from) Revenue Reserves	-	244,321	244,321
At 31st March 2010	<u>151,979</u>	<u>1,394,445</u>	<u>1,546,424</u>

(b) Revenue Reserves

	Total £
At 1st April 2009	476,925
Surplus for the Year	325,763
Transfer (to) / from Designated Reserves	(244,321)
At 31st March 2010	<u>558,367</u>

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2010 No.	2009 No.
General Needs - New Build	360	347
- Rehabilitation	101	101
Shared Ownership	24	24
	<u>485</u>	<u>472</u>

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 8.

The related party relationships of the members of the Management Committee is summarised as follows:

10 members are tenants of the Association

2 members are factored owners

Those members that are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

22. FIXED ASSET INVESTMENT

	2009 £	2008 £
Shared Equity Properties		
Development Cost of Shared Equity Property	380,268	281,728
Less: Grants Receivable	380,268	281,728
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. DEVELOPMENT COST OF HOUSING PROPERTY

	2010 £	2009 £
Shared Equity Properties		
In the course of construction	-	1,330,913
Completed Properties Unsold	96,425	-
	<u>96,425</u>	<u>1,330,913</u>
Less: Grants Received from Scottish Ministers	(50,675)	(991,168)
	<u>45,750</u>	<u>339,745</u>

24. CURRENT ASSET INVESTMENTS

	2010 £	2009 £
Short Term Deposits	<u>1,000,000</u>	<u>1,000,000</u>

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS

General

Lochfield Park Housing Association Limited participates in the SFHA Pension Scheme.

The SFHA Pension Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The Scheme offers three benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate
- Career average revalued earnings with a 1/60th accrual rate
- Career average revalued earnings with a 1/70th accrual rate

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Lochfield Park Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 31 March 2008 and the final salary with a 1/60th accrual rate benefit structure for new entrants from 1 April 2008.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Lochfield Park Housing Association Limited paid contributions at the rate of 15.4% of pensionable salaries. Member contributions were 7.7%.

As at the balance sheet date there were 7 active members of the Scheme employed by Lochfield Park Housing Association Limited. The annual pensionable payroll in respect of these members was £244,653. Lochfield Park Housing Association Limited continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. SFHA is a multi-employer scheme where the scheme assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2006 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £268m. The valuation revealed a shortfall of assets compared with the value of liabilities of £54m (equivalent to a past service funding level of 83.4%).

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS (Continued)

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

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

Financial Assumptions

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

	% p.a.
- Investment return pre-retirement	7.2
- Investment return post-retirement	4.9
- Rate of Salary increases	4.6
- Rate of pension increases:	
pension accrued pre 6 April 2005	2.6
pension accrued from 6 April 2005	2.25
(for leavers before 1 October 1993 pension increases are 5.0%)	
- Rate of price inflation	2.6

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

	<i>Males</i>	<i>Females</i>
	<i>Assumed life expectancy in years at age 65</i>	<i>Assumed life expectancy in years at age 65</i>
Non-pensioners	21.6	24.4
Pensioners	20.7	23.6

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Valuation Results

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

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable)</i>
Final salary - 60ths	17.8
Career average 60ths	14.6
Career average 70ths	12.6

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

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

<i>Benefit Structure</i>	<i>Joint contribution rate (% of pensionable salaries)</i>
Final salary 60ths	23.1% comprising employer contributions of 15.4% and member contributions of 7.7%
Career average 60ths	19.9% comprising employer contributions of 13.3% and member contributions of 6.6%
Career average 70ths	17.9% comprising employer contributions of 11.9% and member contributions of 6.0%

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS (Continued)

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

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

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

The current triennial valuation, as at 30 September 2009, is being undertaken by a professionally qualified actuary. The provisional results of this valuation were issued by the SFHA Pension Scheme in May 2010. These figures show that the deficit on the scheme has increased from £53.6million to £160million. The funding level of liabilities, based on these figures, would be 64.8% (2006 - 83.4%).

As a result of this valuation the total contribution rate must increase on average by 7% of pensionable earnings for all existing benefit options structures from April 2011.

As a result of Pension Scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.