



Alexander Sloan
Accountants and Business Advisers

Lochfield Park Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2017

Registered Housing Association No.HAC268

FCA Reference No. 2444R(S)

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 2017

MANAGEMENT COMMITTEE

Hannah McDonald

Ann Whitley

Joan Buchanan

Cathy White

Margaret Cox

Steven Gallacher

Jane Boyce

Marie Quinn

Kate Serries

Jade Ross

Theresa McKerracher

June Robertson

John Crawford

Michelle Lavery

Margaret Grant

Chairperson

Vice-Chairperson

Secretary

Treasurer

Resigned - September 2016

Resigned - April 2017

EXECUTIVE OFFICERS

Kenneth Halliday

Director

REGISTERED OFFICE

37 Drumlanrig Avenue

Easterhouse

Glasgow

G34 0JF

AUDITORS

Alexander Sloan

Chartered Accountants

38 Cadogan Street

Glasgow

G2 7HF

INTERNAL AUDITORS

Quinn Internal Audit

55 Ladyplace

Livingstone

EH54 6TB

BANKERS

Clydesdale Bank plc

47 Main Street

Baillieston

Glasgow

G69 6AD

SOLICITORS

TC Young

7 West George Street

Glasgow

G2 1BA

FINANCE AGENTS

FMD Financial Services Limited

14 Ladyloan Place

Glasgow

G15 8LB

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2017.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2444R(S). The Association is governed 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.

Review of Business and Future Developments

The last year has seen the Association consolidate and strengthen its financial position through good governance, sound financial management and increasing stock numbers. The Management Committee and staff team have also ensured that targets and objectives agreed at the Strategy Day held in May 2016 have been achieved.

Highlights this year include

- Completion of 6 Paint Programs.
- Completion of Bathroom Upgrades – Phase 2a
- Gutter cleaning to all properties.
- Well attended Annual General Meeting held in September 2016 and 14 committee
- Increased stock numbers through acquisition and improvement of properties in
- Short, medium and long term projections updated
- Welfare Rights / Financial Advice Service continued to grow.
- Performance Targets achieved in all key service areas.
- Updated Stock Condition Survey
- Carried out 8 Medical Adaptations to properties.

The Association sought to further improve the long term prospects of the organisation through updating Financial and Planning Systems along with an EEESH assessment which showed all of the association's properties meet the standard.

Despite the negativity surrounding austerity measures and the current financial climate Lochfield Park continues to seek funding to continue the regeneration of the Lochend Area.

We continue to seek funding for the redevelopment of the Abbeycraig Road (Phase 10) site which lies adjacent to the East Suburb section of the 7 Lochs Development Project.

This is an exciting opportunity for the Association to be involved in and offers great potential for significant community development in this part of Easterhouse. Although future development opportunities remain uncertain everyone connected with the Association is committed to ensuring that we are in a position to take advantage of any opportunities that may arise over the next few years.

Lochfield Park has continued to increase stock numbers through the acquisition and refurbishment of empty homes in the Brucefield Park Area. At the 31st March Lochfield Park had acquired 36 empty properties.

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

Review of Business and Future Developments (Contd.)

The Association provides a Welfare Rights / Financial Advice Service to tenants and local residents which continues to be in high demand and invaluable to local residents particularly in the current climate of austerity and welfare reform. Lochfield Park is the only Registered Social Landlord in Greater Easterhouse to provide this type of service from its own resources.

The Management Committee remains committed to investing in its staff team to ensure we have the right people with the necessary skills to provide the level of service our tenants expect. We are also aware of the need for continual training and support for our committee members to ensure they have the skills necessary to perform their duties effectively. In this regard the Association developed a Training Plan for Staff and Committee Members which culminated in 12 of our Management Committee Members completing an ILM accredited course in Leadership and Management and this emphasis on governance training continued throughout the last year.

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

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 Co-operative and Community Benefit Act 2014 requires 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 Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015. 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 members of 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 auditors are aware of that information.

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

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;
- Quarterly 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
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies.
- 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.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2017. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Donations

During the year the Association made charitable donations amounting to £550 (2016: £778).

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

Joan Buchanan

JOAN BUCHANAN

Secretary

08 August 2017

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS 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 5 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

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 5 has provided the disclosures required by the relevant Regulatory Standards with the publication "Our Regulatory Framework" and associated Regulatory Advice 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.

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 relevant Regulatory Standards in respect of internal financial controls within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
08 August 2017



Alexander Sloan
Accountants and Business Advisers



We have audited the financial statements of Lochfield Park Housing Association Limited for the year ended 31st March 2017 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and accounting standards of the United Kingdom

This report is made solely to the Association's members, as a body, in accordance with 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 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 explained more fully in the Statement of Management Committee's Responsibilities the Association's Management Committee, are responsible for the preparation of the Financial Statements that give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC) Ethical Standards for Auditors.

Scope of the audit on the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Management Committee's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2017 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements.
- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.

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

Matters on which we are required to report by exception (contd.)

- the Statement of Comprehensive Income to which our report relates, and the Statement of Financial Position are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
08 August 2017



Alexander Sloan
Accountants and Business Advisers

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH 2017

	Notes	£	2017 £	£	2016 £
REVENUE	2.		2,610,663		2,644,019
Operating Costs	2.		(1,731,452)		(1,713,114)
OPERATING SURPLUS	9.		879,211		930,905
Gain / (Loss) On Sale Of Housing Stock	7.	7,012		(52,051)	
Interest Receivable and Other Income		7,035		13,337	
Interest Payable and Similar Charges	8.	(361,585)		(372,115)	
Other Finance Charges	11.	(18,614)		17,320	
			(366,152)		(393,509)
Surplus on ordinary activities before taxation			513,059		537,396

The notes on pages 13 to 27 form part of these financial statements.

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2017

	Notes	2017	2016
		£	£
NON-CURRENT ASSETS			
Housing Properties - Depreciated Cost	12.(a)	29,630,811	30,127,334
Other Non Current Assets	12.(c)	677,634	692,670
		<u>30,308,445</u>	<u>30,820,004</u>
CURRENT ASSETS			
Receivables	14.	158,055	80,764
Investments	24.	2,000,000	-
Cash at bank and in hand		1,440,383	3,097,837
		<u>3,598,438</u>	<u>3,178,601</u>
CREDITORS: Amounts falling due within one year	15.	(600,383)	(480,796)
NET CURRENT ASSETS		<u>2,998,055</u>	<u>2,697,805</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>33,306,500</u>	<u>33,517,809</u>
CREDITORS: Amounts falling due after more than one year	16.	(7,435,049)	(7,687,552)
DEFERRED INCOME			
Social Housing Grants	18.	(19,189,216)	(19,765,529)
Other Grants	18.	(715,245)	(610,798)
		<u>(19,904,461)</u>	<u>(20,376,327)</u>
NET ASSETS		<u><u>5,966,990</u></u>	<u><u>5,453,930</u></u>
EQUITY			
Share Capital	19.	189	188
Revenue Reserves		5,966,801	5,453,742
		<u><u>5,966,990</u></u>	<u><u>5,453,930</u></u>

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 08 August 2017.

Chairperson



Treasurer

C. White

Secretary

Sean Behan

The notes on pages 13 to 27 form part of these financial statements.

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED

31st MARCH 2017

	Notes	2017	2016
		£	£
Net Cash Inflow from Operating Activities	17.	919,808	980,912
Investing Activities			
Acquisition and Construction of Properties	(451,466)	(462,257)	
Purchase of Other Fixed Assets	(16,948)	-	
Social Housing Grant Received	283,952	78,568	
Social Housing Grant Repaid	-	(43,035)	
Other Grants Received	-	205,329	
Changes on short term deposits with banks	(2,000,000)	-	
Proceeds on Disposal of Properties	166,351	73,535	
Net Cash Outflow from Investing Activities		(2,018,111)	(147,860)
Financing Activities			
Interest Received on Cash and Cash Equivalents	7,035	13,337	
Interest Paid on Loans	(361,585)	(372,115)	
Loan Principal Repayments	(204,608)	(210,739)	
Share Capital Issued	7	5	
Net Cash Outflow from Financing		(559,151)	(569,512)
(Decrease) / Increase in Cash		(1,657,454)	263,540
Opening Cash & Cash Equivalents		3,097,837	2,834,297
Closing Cash & Cash Equivalents		1,440,383	3,097,837
Cash and Cash equivalents as at 31 March 2017.			
Cash		1,440,383	3,097,837
		1,440,383	3,097,837

The notes on pages 13 to 27 form part of these financial statements.

LOCHFELD PARK HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

AS AT 31st MARCH 2017

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1st April 2015	190	4,916,346	4,916,536
Issue of Shares	5		5
Cancellation of Shares	(7)		(7)
Surplus for Year		537,396	537,396
Balance as at 31 March 2016	188	5,453,742	5,453,930
Balance as at 1st April 2016	188	5,453,742	5,453,930
Issue of Shares	7		7
Cancellation of Shares	(6)		(6)
Surplus for Year		513,059	513,059
Balance as at 31 March 2017	189	5,966,801	5,966,990

The reserves opening balance at 1st April 2015 has been restated to reflect the change in accounting requirements under the Housing SORP 2014 and FRS102.

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

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 2014, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2015. A summary of the more important accounting policies is set out below.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of the asset to which it relates.

Retirement Benefits

The Association participated in the Scottish Housing Association Defined Benefits Pension Scheme. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. The Association has moved from the Defined Benefit scheme to the Scottish Housing Association Defined Contribution Scheme. This is a defined benefit scheme and payments to this scheme are made in accordance with periodic calculations by consulting Actuaries.

The Association still has a liability for past service costs contributions to the Scottish Housing Association Defined Benefit Pension Scheme. The Association provides for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for a high quality corporate bond.

Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 12. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component	Useful Economic Life
Kitchen Units	15 years
Bathroom Suites	25 years
Windows	30 years
Rewiring	30 years
Martec Doors	30 years
Structure	50 years

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Non-Current Assets

Non-Current 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	-33%
Computer & Office Equipment	-33%
Van	-33%

The carrying value of non-current assets are reviewed for impairment at the end of each reporting period.

Social Housing Grant And Other Grants In Advance/Arrears

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 in income on a systematic basis over the expected useful life of the property and assets to which it relates.

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income 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.

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 non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

Disposals of housing property under the Right to Buy scheme are treated as a non-current asset disposals and any gain and loss on disposal accounted for in the Statement of Comprehensive Income.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Management Committee to exercise judgement in applying Lochfield Park Housing Association Limited Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, is disclosed below:

a) Rent Arrears - Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history, arrangements in place and court action.

b) Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

c) Useful life of properties, plant and equipment

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

d) Costs of shared ownership

The Association allocates costs to shared ownership properties on an percentage basis split across the number of properties the Association owns.

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position 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.

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 Statement of Comprehensive Income in accordance with the Statement of Recommended Practice.

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

Housing Property Managed By Agents

Where a third party manages the Association's housing property the accounting treatment reflects the substance of the transactions. The property is only excluded if the rights and obligations associated with the scheme has been transferred to the third party.

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

In the judgement of the Management Committee the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

b) Identification of cash generating units

The Association considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

c) Financial instrument break clauses

The Association has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In the judgement of the Management Committee these break clauses do not cause the financial instrument to be classified as a complex financial instrument, and therefore they meet the definition of a basic financial instrument.

d) Pension Liability

In March 2017 the Association received details from the Pension Trust of the final valuation of the pension scheme at September 2015 and the Pension Trust's estimate of the Association's future past service deficit contributions. The Association has used this to provide the basis of the pension past service deficit liability in the financial statements. The Management Committee feel this is the best available estimate of the past service liability.

Financial Instruments - Basic

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

The Association's debt instruments are measured at amortised cost using the effective interest rate method.

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES

		2017			2016		
	Notes	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3.	2,585,687	1,708,647	877,040	2,630,153	1,701,165	928,988
Other Activities	4.	24,976	22,805	2,171	13,866	11,949	1,917
Total		2,610,663	1,731,452	879,211	2,644,019	1,713,114	930,905

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Shared ownership £	2017 Total £	2016 Total £
Revenue from Lettings				
Rent Receivable Net of Service Charges	1,898,417	42,954	1,941,371	1,906,330
Gross income from rent and service charges	1,898,417	42,954	1,941,371	1,906,330
Less: Rent losses from voids	4,180	-	4,180	4,430
Net Rents Receivable	1,894,237	42,954	1,937,191	1,901,900
Grants released from deferred income	635,080	13,416	648,496	728,253
Total turnover from affordable letting activities	2,529,317	56,370	2,585,687	2,630,153
Expenditure on affordable letting activities				
Management and maintenance administration costs	597,788	13,526	611,314	647,129
Planned and cyclical maintenance, including major repairs	182,593	-	182,593	135,984
Reactive maintenance costs	119,536	-	119,536	105,132
Bad Debts - rents and service charges	11,076	-	11,076	25,637
Depreciation of affordable let properties	770,713	13,415	784,128	787,283
Operating costs of affordable letting activities	1,681,706	26,941	1,708,647	1,701,165
Operating surplus on affordable letting activities	847,611	29,429	877,040	928,988
2016	899,007	29,981		

LOCHFELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus /(Deficit) 2017	Operating Surplus /(Deficit) 2016
	£	£	£	£	£	£	£
Wider Role Activities	24,976	-	24,976	-	22,705	2,271	1,195
Factoring	-	-	-	-	100	(100)	722
Total From Other Activities	24,976	-	24,976	-	22,805	2,171	1,917
2016	13,144	722	13,866	-	11,949	1,917	

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.

	2017	2016
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	72,143	71,443
Pension contributions made on behalf on Officers with emoluments greater than £60,000	2,896	8,601
Emoluments payable to Chief Executive (excluding pension contributions)	72,143	71,443
Total Emoluments paid to key management personnel	75,039	80,044

The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

	Number	Number
£70,001 to £80,000	1	1

6. EMPLOYEE INFORMATION

	2017	2016
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	9	9
The average total number of Employees employed during the year was	9	9
Staff Costs were:	£	£
Wages and Salaries	322,519	325,813
Social Security Costs	31,187	26,494
Other Pension Costs	32,035	41,329
	385,741	393,636

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN / (LOSS) ON SALE OF HOUSING STOCK

	2017	2016
	£	£
Sales Proceeds	166,351	73,535
Cost of Sales	159,339	125,586
Gain / (Loss) On Sale Of Housing Stock	<u>7,012</u>	<u>(52,051)</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2017	2016
	£	£
On Bank Loans & Overdrafts	<u>361,585</u>	<u>372,115</u>

9. SURPLUS FOR YEAR

	2017	2016
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	816,112	823,473
Auditors' Remuneration - Audit Services	5,150	6,132
Auditors' Remuneration - Other Services	-	2,146
Operating Lease Rentals - Other	-	870
Gain on sale of fixed assets	<u>(7,012)</u>	<u>52,051</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.

11. OTHER FINANCE INCOME / CHARGES

	2017	2016
	£	£
Unwinding of Discounted Liabilities	<u>18,614</u>	<u>(17,320)</u>

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT 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 2016	39,440,375	250,751	1,046,874	40,738,000
Additions	118,617	332,849	-	451,466
Disposals	(109,028)	-	(138,035)	(247,063)
Schemes Completed	239,289	(239,289)	-	-
As at 31st March 2017	39,689,253	344,311	908,839	40,942,403
DEPRECIATION				
As at 1st April 2016	10,360,149	-	250,517	10,610,666
Charge for Year	770,713	-	13,415	784,128
Disposals	(56,262)	-	(26,940)	(83,202)
As at 31st March 2017	11,074,600	-	236,992	11,311,592
NET BOOK VALUE				
As at 31st March 2017	28,614,653	344,311	671,847	29,630,811
As at 31st March 2016	29,080,226	250,751	796,357	30,127,334

Additions to housing properties include capitalised development administration costs of £nil (2016 - £nil) and capitalised major repair costs to existing properties of £468,444 (2016 - £126,809).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £2,016,168. The amount capitalised is £468,444, with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £468,444 and improvement of £nil.

The Association's Lenders have standard securities over Housing Property with a carrying value of £15,493,563 (2016 - £15,493,563).

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON CURRENT ASSETS (Continued)

c) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Total £
COST			
As at 1st April 2016	797,078	143,998	941,076
Additions	-	16,948	16,948
As at 31st March 2017	797,078	160,946	958,024
AGGREGATE DEPRECIATION			
As at 1st April 2016	127,533	120,873	248,406
Charge for year	15,942	16,042	31,984
As at 31st March 2017	143,475	136,915	280,390
NET BOOK VALUE			
As at 31st March 2017	653,603	24,031	677,634
As at 31st March 2016	669,545	23,125	692,670

13. COMMITMENTS UNDER OPERATING LEASES

At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-

Other

Later than one year and not later than five years

	2017	2016
	£	£
	2,175	3,045

Lease commitments have been restated under FRS102 to include the timing of the full payment due under the contract.

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. RECEIVABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Arrears of Rent & Service Charges	112,000	126,062
Less: Provision for Doubtful Debts	(52,000)	(65,000)
	60,000	61,062
Social Housing Grant Receivable	1,817	1,817
Other Receivables	96,238	17,885
	<u>158,055</u>	<u>80,764</u>

15. PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Housing Loans	208,849	200,794
Trade Payables	54,740	25,575
Rent in Advance	43,422	43,913
Social Housing Grant in Advance	2,502	-
Other Payables	192,705	30,441
Liability for Past Service Contributions	57,878	48,090
Accruals and Deferred Income	40,287	131,983
	<u>600,383</u>	<u>480,796</u>

16. PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2017 £	2016 £
Liability for Past Service Contributions	236,122	275,962
Housing Loans	7,198,927	7,411,590
	<u>7,435,049</u>	<u>7,687,552</u>
Housing Loans		
Amounts due within one year	208,849	200,794
Amounts due in one year or more but less than two years	219,334	209,681
Amounts due in two years or more but less than five years	871,808	835,664
Amounts due in more than five years	6,107,785	6,366,245
	<u>7,407,776</u>	<u>7,612,384</u>
Less: Amount shown in Current Liabilities	208,849	200,794
	<u>7,198,927</u>	<u>7,411,590</u>
Liability for Past Service Contributions		
Amounts due within one year	57,878	48,090
Amounts due in one year or more but less than two years	59,614	55,725
Amounts due in two years or more but less than five years	176,508	168,368
Amounts due in more than five years	-	51,869
	<u>294,000</u>	<u>324,052</u>
Less: Amount shown in Current Liabilities	57,878	48,090
	<u>236,122</u>	<u>275,962</u>

The Association has a number of long-term housing loans the terms and conditions of which are as follows:

Lender	Security	Effective Interest Rate	Maturity	Variable / Fixed
Royal Bank of Scotland	Standard Security over 260 properties	5.56%	2037	Fixed
Royal Bank of Scotland	Standard Security over 260 properties	5.66%	2037	Fixed
Royal Bank of Scotland	Standard Security over 260 properties	4.26%	2034	Fixed
Royal Bank of Scotland	Standard Security over 260 properties	LIBOR plus 0.23%	2039	Variable

All of the Association's bank borrowings are repayable in a monthly basis with the principal being amortised over the term of the loans

The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 1.04% (2016 - 2.24%)

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. STATEMENT OF CASH FLOWS

	2017 £	2016 £
<i>Reconciliation of operating surplus to balance as at 31 march 2017</i>		
Operating Surplus	879,211	930,905
Depreciation	868,878	823,474
Amortisation of Capital Grants	(713,550)	(728,253)
Change in debtors	(77,291)	41,739
Change in creditors	(18,820)	(104,266)
Unwinding of Discount on Pension Liability	(18,614)	17,320
Share Capital Written Off	(6)	(7)
Balance as at 31 March 2017	919,808	980,912

18. DEFERRED INCOME

	Housing Properties Held for Letting £	Shared Ownership Properties £	Total £
Social Housing Grants			
Balance as at 1st April 2016	29,228,464	756,605	29,985,069
Additions in the year	157,120	-	157,120
Eliminated on disposal components and property	(93,352)	(85,833)	(179,185)
Balance as at 31st March 2017	29,292,232	670,772	29,963,004
Amortisation			
Balance as at 1st April 2016	10,001,725	217,815	10,219,540
Amortisation in year	615,197	13,415	628,612
Eliminated on disposal	(52,999)	(21,365)	(74,364)
Balance as at 31st March 2017	10,563,923	209,865	10,773,788
Net book value			
Balance as at 31st March 2017	18,728,309	460,907	19,189,216
Balance as at 31st March 2016	19,226,739	538,790	19,765,529
Other Grants			
Balance as at 1st April 2016	639,153	-	639,153
Additions in the year	124,330	-	124,330
Balance as at 31st March 2017	763,483	-	763,483
Amortisation			
Balance as at 1st April 2016	28,355	-	28,355
Amortisation in year	19,883	-	19,883
Balance as at 31st March 2017	48,238	-	48,238
Net book value			
Balance as at 31st March 2017	715,245	-	715,245
Balance as at 31st March 2016	610,798	-	610,798
Total grants net book value as at 31 March 2017	19,443,554	460,907	19,904,461

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2017 £	2016 £
Amounts due within one year	648,495	728,253
Amounts due after more than one year	19,255,966	19,648,074
	19,904,461	20,376,327

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid

	£
At 1st April 2016	188
Issued in year	7
Cancelled in year	(6)
At 31st March 2017	<u>189</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.

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-

General Needs - Built by Association
General Needs - Purchased by Association
Shared Ownership

2017 No.	2016 No.
357	354
134	134
20	22
<u>511</u>	<u>510</u>

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

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 102

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

Governing Body Members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Governing Body Member has a connection is made at arm's length is under normal commercial terms.

Transactions with governing body members (and their close family) were as follows:

	£
Rent and factoring received from Tenants on the Committee and their close family members	52,529

At the year end total rent arrears and factoring owed by the tenant members of the Committee (and their close family) were £nil

Members of the Committee who are tenants	14
--	----

22. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 37 Drumlanrig Avenue, Easterhouse, Glasgow.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Easterhouse, Glasgow.

23. GOVERNING BODY MEMBER EMOLUMENTS

Management Committee members received nil in the year by way of reimbursement of expenses. (2016 - nil). No remuneration is paid to Management Committee members in respect of their duties in the Association.

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. INVESTMENTS

Short term deposits

2017
£
2,000,000

2016
£
-

LOCHFIELD PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS

General

Lochfield Park Housing Association Limited participated in the Scottish Housing Association Pension Scheme (the scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme. The Association has since moved to a defined contribution scheme but has a liability for the past service deficit in the defined benefit scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the scheme is a multi-employer arrangement where the 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 Scheme, the accounting charge for the period under FRS102 represents the employer contribution payable.

The last final valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m equivalent to a past service funding level of 76%.

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal. Then the liability of the withdrawing employer is re-apportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

All employers in the scheme have entered into an agreement to make additional contributions to fund the scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the statement of financial position date the present value of this obligation was £294000 (2016 - £324052). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of a high quality corporate bond with a similar term. This discount rate used was 1.04%.

The Association made payments totalling £48,666 (2016: £47,248) to the pension scheme during the year.