



# Group Report and Financial Statements

For the year ended 31 March 2014

Registered Office:  
7 Pitreavie Court  
Pitreavie Business Park  
Dunfermline  
KY11 8UU

Registered No.2476R(S)  
Scottish Charity No.SC025647  
Scottish Housing Regulator Registered No. HAL295

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## Members, Executive and Advisers

<b>Board Members</b>	
Philip Shave	Chair (deceased 26 July 2014)
Lorna Paterson	
Patricia Dickson	
Anila Ahmad	
Colin McNeill	
David Watson	
Iain McGhee	(previously co-opted, appointed as full member 16 September 2013)
Stephen Clark	(previously co-opted, appointed as full member 16 September 2013)
Roy Walker	(previously co-opted, appointed as full member 16 September 2013)
Michael Paterson	(resigned 31 March 2014)
George Fisher	(resigned 27 January 2014)
Alex Condie	(resigned 29 April 2013)
Maureen Garvie	(co-opted 16 September 2013)
Grant McGowan	(co-opted 16 September 2013)
Douglas Briggs	(co-opted 16 September 2013, resigned 2 December 2013)
<b>Executive Officers</b>	
Nicola Donaldson	Chief Executive (appointed 27 May 2014)
Edward Duguid	Interim Chief Executive (resigned 27 May 2014)
Bryan Hay	Chief Executive (retired 15 April 2013)
Andrew Clark	Corporate Services Director
Susan Bramley	Interim Corporate Services Director (appointed 3 March 2014)
Thomas Hainey	Technical Services Director
Craig Stirrat	Housing Services Director (resigned 29 May 2014)
John Stanforth	Interim Housing Services Director (appointed 3 June 2014)
<b>Secretary</b>	
Andrew Clark	(resigned 3 April 2014)
Susan Bramley	(appointed 3 April 2014)
<b>Auditor</b>	Findlay & Company, 11 Dudhope Terrace, Dundee, DD3 6TS
<b>Bankers</b>	Bank of Scotland, 38 St Andrews Square, Edinburgh, EH2 2YR
<b>Solicitors</b>	Harper Macleod, The Ca'd'ora, 45 Gordon Street, Glasgow G1 3PE
	Morton Fraser, 30-31 Queen Street Edinburgh, EH2 1JX

## Attendance at Board and Committee Meetings

	Board Meeting		Housing Services		Corporate Services		Asset Management		Audit		Emergency Standing		Staffing		PACT Enterprises	
	Possible	Actual	Possible	Actual	Possible	Actual	Possible	Actual	Possible	Actual	Possible	Actual	Possible	Actual	Possible	Actual
Philip Shave	9	9	4	4	-	-	4	4	5	5	11	11	2	2	6	5
Anila Ahmad	9	6	4	3	-	-	1	1	-	-	1	1	2	2	-	-
Douglas Briggs	2	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stephen Clark	9	7	-	-	-	-	2	2	-	-	1	1	-	-	-	-
Alex Condie	1	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Patricia Dickson	9	7	4	3	-	-	4	2	-	-	1	1	2	2	-	-
George Fisher	7	6	2	2	2	2	3	3	3	3	4	1	2	2	-	-
Maureen Garvie	5	5	-	-	2	2	2	2	-	-	2	2	-	-	-	-
Iain McGhee	9	6	-	-	-	-	-	-	-	-	-	-	-	-	6	5
Grant McGowan	5	2	2	2	-	-	2	1	-	-	-	-	-	-	-	-
Colin McNeill	9	9	4	4	-	-	1	1	5	5	11	8	-	-	-	-
Lorna Paterson	9	8	2	2	4	4	4	4	5	2	11	11	2	2	1	1
Michael Paterson	8	2	1	1	1	1	-	-	-	-	1	1	-	-	-	-
Janet Temple	3	3	2	2	2	2	2	2	3	3	-	-	2	2	-	-
Roy Walker	9	7	-	-	-	-	-	-	5	4	1	1	-	-	-	-
David Watson	9	9	2	2	4	4	1	1	5	5	4	4	-	-	-	-
Derek Adam*	-	-	-	-	-	-	-	-	2	2	-	-	-	-	6	6

## Report of the Board of Management

The Board of Management presents its report and the audited financial statements for the year ended 31 March 2014.

### Structure, Governance and Management

Fife Housing Association is a charitable registered social landlord which was first registered in June 1996 with Scottish Homes and ownership and management of the properties commenced 29 January 1997. The Association was formed for the benefit of the community. Fife Housing Association is registered with the Financial Conduct Authority as an Industrial and Provident Society, the Office of the Scottish Charities Regulator (OSCR) as a charity and the Scottish Housing Regulator as a Registered Social Landlord.

The Association has a wholly owned non-charitable trading subsidiary (PACT Enterprises Limited).

### Organisational Management

The Board of Management must have a minimum of seven and a maximum (including co-optees) of 15 members.

The Board can co-opt to the Board anyone who is suitable to become a Board Member.

The Board of Management is a strategic body responsible for strategy and performance. To monitor operational matters, there are seven committees and one subsidiary board:

- Emergency Standing Committee
- Staffing Committee
- Health and Safety Committee
- Audit Committee
- Housing Services Committee
- Asset Management Committee
- Corporate Services Committee
- PACT Enterprises Limited Board.

Members of the committees are listed on Page 2.

### Appointment of Trustees

The Board of Management and Executive of the Association are listed on page 1.

Each member of the Board of Management (other than those co-opted) holds one fully paid share of £1.00 in the Association. No financial or other benefit is obtained by being a member of the Board of Management. The Executive officers of the Association 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 Board.

Anyone over the age of 16 can apply for membership.

## Trustee Induction and Training

The Association provides relevant training as required for Board Members, ranging from induction training for new members to specific skills/topics, including attendance at conferences and seminars.

A training needs analysis will be developed for each individual Board member and these will be updated on a regular basis, including a personal training history and meetings held to discuss future personal development and also specific training requirements. A programme of training will be delivered annually to meet any identified needs as well as to accommodate any legislative changes or current issues which need to be brought to the Board's attention.

A Board Members' Away Day will be arranged annually. This will give the Board an opportunity to review its structure and performance, the skills and experience of its members and, amongst other things any weaknesses, together with the Association's future overall strategy.

## Risk Management

The Group has a formal risk management process which assesses business risks and implements risk management strategies, which involves identifying the types of risk the organisation faces, prioritising them in terms of potential impact and likelihood of occurrence and identifying ways of mitigating risk each year. The Board has adopted a risk-based approach to internal controls which is consistent with the Turnbull principles.

The Association has a business continuity and disaster recovery plan in place.

## Objectives and Activities

The vision of Fife Housing Group is "to be an organisation that makes a positive contribution to the creation and viability of vibrant and successful communities within Fife".

Our mission statement is "to be a provider of excellent housing and related services to the People of Fife, with a continued focus on those in greatest need".

The Association was formed for the benefit of the community and its objectives are to carry on for the benefit of the community:

- The business of providing housing, accommodation, and assistance to help house people and associated families, and providing associated facilities and amenities for people on low incomes, and providing for the relief of the elderly, disabled, handicapped (whether physically or with a learning disability), or chronically sick people and as a means of achieving these objects;
- To provide, build and improve and manage housing and associated facilities specially designed or adapted for such people who are on low incomes, elderly, sick or who have a physical or learning disability;
- To provide or arrange home maintenance, repair and improvement services for such people who are on low incomes, elderly, sick or who have a physical or learning disability;
- To carry out any activity allowed under Section 24 of the Housing (Scotland) Act 2010 which is charitable;
- To provide land and buildings to meet the needs of such people who are on low incomes, elderly, sick or who have a physical or learning disability;
- To provide facilities and services for the benefit of such people either exclusively for them or together with other persons; and
- The Association is a non-surplus-distributing organisation.

## Aims and Intended Impact

The Group's aims are to make the business stronger; to help people and communities flourish.

## Our Underpinning Values

- Customer Service - we are passionate about providing exceptional customer service to everyone who contacts us and / or receives a service from us;
- Sustainability - we recognise the link between vibrant communities and sustainable tenancies and the need for us to play our part in delivering economic and environmental benefits for the future;
- Openness and Accountability - we operate in an open and transparent way making our decisions on the basis of accurate and timely information in an objective and accountable manner;
- Equalities - we seek to promote diversity and equal opportunities and eliminate unfair discrimination in all areas of our operation;
- Continuous Improvement - we strive to be rigorous and aim to be systematic in our approach to managing our performance and continue to plan and manage our work to achieve improvements in our service delivery;
- Community empowerment - we welcome individual tenant and resident groups participating in the issues that affect the communities in which our houses are located;
- Partnerships - we believe in the importance of working in partnership to deliver good quality homes and services to our tenants and other customers.

## Our Strategic Objectives

- To become a provider of choice;
- Deliver business strength and growth;
- Achieve operational excellence in our internal processes;
- Foster a positive working environment.

## Our Future Plans

- To provide sustainable, energy-efficient, quality housing, accessible to people in housing need that is affordable especially to those on low incomes;
- To ensure all existing housing meets the Scottish Housing Quality Standard by 2015;
- To provide quality, professional, accessible and responsive services to tenants and future tenants;
- To provide a cost effective, efficient and responsive repairs service to our tenants;
- To develop affordable rented housing and home ownership options for those in housing need;
- To contribute to community care initiatives and promote independence and choice for people through working in partnership with other agencies to meet wider action objectives;
- To improve the general environment and associated amenities in areas of Fife where the Association is active;
- To re-profile the Association's stock by reducing the percentage of pre-1920 houses and increasing the percentage of new build houses and achieving an absolute increase in stock numbers;

- To review operational and governance structures to ensure that we are efficient and effective whilst delivering good value for money;
- To develop as part of our equal opportunities commitment the Association's activities and standards out of respect for the people housed or in need of housing;
- To continue to fulfil our duties and responsibilities efficiently and professionally and in such a manner that the Scottish Housing Regulator would report positively about the Association;
- To promote good employment practices, fulfil employees' potential and retain Investor in People (IiP) status;
- To identify business opportunities that will add value to the organisation and its stakeholders;
- PACT Enterprises, our wholly owned subsidiary, will enable income generation, diversification, property investment and development.

## Strategies to achieve the year's objectives

The Group will be able to extend the range of services provided through PACT Enterprises through property investment, development and property management services.

The Association will, as an active participant in the Fife Housing Partnership, deliver quality housing solutions and provide input into the local Housing Strategy to achieve healthy, balanced and sustainable communities.

Fife Housing Association continues to work in partnership with Fife Council and the other indigenous housing associations to implement the Fife Housing Register and the related Joint Allocations Policy.

The Association will continue to develop in the Abbeyview regeneration area with grant support from the Government.

A Residents' Scrutiny Panel has been formed which will assist the Fife Housing Group to increase participation and become more customer focused. The Association has a tenant and resident involvement policy in place supported by systems and structures to ensure consultation and the effective handling and transfer of information with specified targets in an action plan.

The Association has an agreed Standard Delivery Plan to meet the Scottish Housing Quality Standard and Major Component Replacement Plan. To assist the Association in its delivery it is rolling out Stock Condition Surveys and has created a database within its systems and is procuring additional ICT to facilitate good planning.

The Association jointly funds a Wider Action Post and works with a range of voluntary sector and statutory sector partners to deliver specialist services.

The Association has secured grant funding for "Canny Budgeting" - this will help tenants through the difficulties they have with the economic conditions, welfare reform, etc.

The Association and its subsidiary company PACT Enterprises have explored and seized mid - market and market rented new build housing.

## Achievements and Performance

The Group had a number of successes in 2013-14

- ✓ Achieved a high level of Board member commitment and competency whilst also carrying through a governance renewal and self-assessment process;



- ✓ Improved our regulatory relationship through delivery of process improvements and an emphasis on continuous improvement;
- ✓ Carried out a programme of major component renewals within our properties, including: new doors and windows in 210 properties, new roofs on 11 blocks of flatted stock and the replacement of windows in the communal stairwells of 47 blocks of flatted stock;
- ✓ Carried out a significant development at Abbeyview in Dunfermline with Persimmon Homes which would see a visit from Margaret Burgess, Minister for Housing and Welfare and 36 properties being handed over by the summer of 2014;
- ✓ PRISM Property Solutions provided reactive and void repair services to two independent organisations: Ore Valley Housing Association (OVHA) and Scottish Veterans' Garden City Association on the basis of a formal Service Sharing Agreement providing these organisations with a full range of technical services;
- ✓ Having at the end of last year acquired six properties in Crombie and three in Old Rosyth PACT successfully fully let these at market rent;
- ✓ PACT has developed plans to acquire further properties to be let at market rent – at the date of signing three have been acquired in Rosyth and we continue to seek further suitable acquisitions for this portfolio;
- ✓ We implemented a new housing ICT system, UH12, to bring efficiencies to how we use technology to support our housing management processes; and
- ✓ Recruited a new Chief Executive, Nicki Donaldson, who took up this key post at the end of May 2014.

## Future Plans

Grant funding has been secured for the development of a further 36 houses at Abbeyview - Phase five. This will again be delivered by Persimmon Homes and is due to commence later this year.

The Association plans to invest £381k over the next year in planned maintenance and property improvements in order to meet the Scottish Housing Quality Standard with another £4.3m being spent over the next two years further improving stock. A stock condition survey was carried out this year and the results have been input into our Life Cycle Costing Model to ensure that our properties are maintained to the Association's specified standard. Towards the end of this year we tendered for the provision of a new ICT system for asset management which should further improve our focus on stock condition.

PACT Enterprises will continue to take advantage of the following business opportunities where available:

- Housing for mid-market rent, market rent and sale;
- Three year lets of accommodation to the Local Authority to fulfil its homelessness obligations.

Details of the capital commitments are disclosed in Note 22 to the accounts.

The Association believes it is operating in the most challenging environment since its creation and will continue to assess and monitor the 'risks' facing the Association and by identifying the risks improving our ability to manage our way through them.

## Financial Review – Fife Housing Group

The Board is satisfied with the Group's performance during the year. The Group has generated a surplus of £514,379 (2013 - surplus of £1,003,192).

Turnover increased by £114,953 and operating costs by £190,311. The operating surplus decreased from £3,033,175 in 2013 to £2,957,817 in 2014.

The total deficit recognised in the Statement of Total Recognised Surpluses and Deficits is £110,346 in 2013 there was a surplus of £734,973. Details of the movements are set out in page 14.

The surplus for the year has been taken to revenue reserves. The Group's net assets are now £7,198,588 (2013 - £7,308,926).

## Going Concern

The Association was the subject of an Inquiry Report in September 2012 by the Scottish Housing Regulator (SHR). This set off a sequence of events that resulted in high Board turnover, the Bank issuing "Reservation of Rights" letters, the appointment of an Interim Chief Executive and the requirement for a Financial Viability Report to be produced. The Board is pleased to report that engagement with the SHR was considerably improved and in March 2014 the regulator recognised the significant improvements which had been achieved and upgraded the regulatory position.

During 2013 discussions took place with Lloyds Banking Group and revised terms were agreed which were formalised in a new Funding agreement for a £46m facility being executed on 26 August 2013 with the Bank of Scotland.

After reviewing the detailed Income and Expenditure and Business Plan projections and the revised terms and facility available from the bank and making such further enquiries as they consider appropriate, the Board of Management is satisfied that the Association has adequate resources to continue to operate for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

## Asset Value

A valuation of the Association's housing properties was carried out by Jones Lang LaSalle at 31 March 2014. The value of the properties, on an existing use basis (Social Housing) (EUV-SH) was £62.7m (2013 £56.5) and the carrying value of our stock after component accounting was applied was £41.3m (2013 £40.0m).

## Impairment Review

The impairment review carried out at 31 March 2014 showed that the value in use of the properties exceeded the carrying value of the properties in the balance sheet therefore no impairment adjustment was required.

## Rental Income

The Association applied a rent increase of 3.6% on 1 April 2014. Our gross rental income increased from £9,330,604 to £9,817,848. There has been an increase in void rent loss from £77,294 to £135,944.

£154,296 of bad debts were written off by the Association this year however after a review of the rent arrears the bad debt provision remains at £390,000.

## Right to Buy House Sales

The Association has charitable status and only those tenants with the preserved right to buy (i.e. those tenants who transferred from Scottish Homes) can exercise this right. In the twelve months to 31 March 2014 four tenants exercised their right to buy and the Association received £71,665 net of selling costs.

## Void Sales

The Association sold one of our older void properties to PACT Enterprises Ltd to help us meet the Scottish Housing Quality Standard and to invest in our properties and received £32,219 net of selling costs.

## Pension Fund

The Association operates a defined benefit pension scheme which is open to all its permanent employees. In common with most employers adopting Financial Reporting Standard 17 - Retirement Benefits, the scheme has produced a funding deficit. This deficit has increased from £2,651,000 at 31 March 2013 to £3,327,000 at 31 March 2014. Full details have been provided in Note 24.

## Policy on Payment of Creditors

The Association agrees payment terms in advance of any commitment being entered into with suppliers or sub-contractors and makes payment in accordance with its obligations.

## Charitable Donations

During the year the Association made charitable donations totalling £1,115 (2013 £1,050). The Association did not make any donations to a political party.

## Post Balance Sheet Events

There have been no important events since the financial year end that have had an impact on the financial position of the Association.

## Reserves Policy

The Association has no designated reserves.

## Treasury Management

The Association operates in accordance with its Treasury Management Policy to ensure effective use of the organisation's cash flows and borrowings, and the effective control of the risks associated with these activities. The Association's objective is to ensure it has appropriate funding facilities to enable it at all times to have the level of funds necessary for the achievement of its business / service objectives. It will hold its surplus funds in cash or short-term deposits such as a high interest bearing account or a term deposit.

## Derivatives

The Association is not permitted to enter into speculative transactions with financial instruments. The Association follows the guidance set out by the Scottish Housing Regulator. Any financial instrument entered into by the Association is covered by an underlying loan.

As part of its Treasury Management Policy the Association uses financial derivatives to achieve interest rate certainty.

At 31 March 2014 the Association had four interest-rate-SWAPs as follows:

- A 25 year fixed interest rate SWAP from August 2007 for £10m until August 2010 increasing to £20m from August 2010 at 6.936%;
- A 25 year fixed interest rate SWAP from August 2007 for £5m at 4.49% with a 12 month non call period and thereafter the counter-party has the right to terminate the SWAP at three-monthly intervals;
- The Association entered into a 25 year Inflation-Linked SWAP from 29 January 2010, at RPI + 1.19%. If RPI is in excess of 5% interest is limited to 5% + 1.19% with an RPI floor set at 0% and a cap at 5%;
- A 20 year fixed interest rate SWAP from 31 January 2013 for £5m at 4.96% with a 24 month non-call period and thereafter the counter-party has the right to terminate the SWAP at three-monthly intervals.

## Colleagues

The Association promotes equality and diversity for all and aims to eliminate unlawful discrimination in all areas of its work and carries out recruitment in line with the Equality Act.

The Association recognises that it is the quality and commitment of its employees that allows it to meet its objectives and meet its commitments to tenants and other stakeholders in an efficient and effective manner.

The Association has successfully retained its Investor in People status. The award demonstrates the Association's commitment to training and development for colleagues.

## Employee Involvement

The Association encourages colleague involvement in all initiatives and holds colleague-meetings quarterly, as well as holding regular team talkbacks to inform employees of matters affecting them and the Association.

The Association holds an annual colleagues' conference where topical initiatives are discussed. Regular one to one meetings have been introduced for all colleagues as this is seen as the most effective way of improving and maintaining performance.

The Association is aware of its responsibilities on Health & Safety matters and has a comprehensive management system and policy in place. Employees are provided with instruction, training and supervision to secure health and safety.

## Health and Safety

The Association is aware of its responsibilities on Health & Safety matters and has a comprehensive management system and policy in place. Employees are provided with instruction, training and supervision to secure health and safety.

## Statement of Board of Management's Responsibilities

Housing Association legislation requires the Board 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 the period ended on that date. In preparing those financial statements the Board of Management is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business.

In so far as the Board of Management is aware:

- There is no relevant audit information (information needed by the Association's auditors in connection with preparing their report) of which the Association's auditors are unaware; and
- The Board members have taken all reasonable steps that they ought to have taken to make themselves aware of the relevant audit information and to establish that the Association's auditors are aware of that information.

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Association and to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2012 and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2010.

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

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

It is the Board of Management's responsibility to establish and maintain systems of internal financial control. The system of internal control is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. The Board has adopted a risk based approach to internal controls and is consistent with Turnbull principles. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements include ensuring that:

- Management responsibility has been clearly defined for the identification, evaluation and control of significant risks;

### Statement of Board of Management's Responsibilities (cont.)

- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and prohibit the unauthorised use of the Association's assets;
- Experienced and suitably qualified and trained colleagues take responsibility for important business functions and have been provided with comprehensive guidance on the standards to be applied throughout the Association. Development reviews have been established on at least an annual basis and are designed to assist colleagues to achieve their potential whilst assisting the organisation to achieve its objectives;
- Forecasts and budgets are prepared which allow the Board of Management to monitor the financial objectives and key business risks and progress towards financial plans set for the year and the medium term. Quarterly management accounts comparing actual results against budget are prepared promptly and presented to the Board of Management to provide relevant reliable and up-to-date financial information. Significant variances from budget are investigated as appropriate. The Board also regularly reviews key performance indicators to assess progress towards the achievement of objectives, targets and outcomes; and
- All significant new initiatives, major commitments and investment projects and their financial implications are assessed and are subject to formal authorisation procedures through the Board of Management.

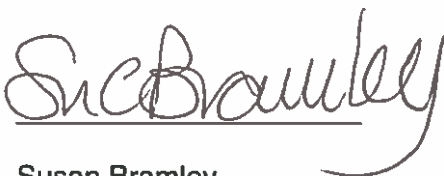
The Audit Committee reviews reports from the external auditors, the internal auditors and from management, to provide reasonable assurance that control procedures are in place and are being followed. The Audit Committee also receives progress reports on areas where the external auditors have commented and ensure that action is taken where considered appropriate.

Acting on behalf of the Board of Management, the Audit Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2014 and until 25 August 2014. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

### Auditors

A resolution to appoint the auditors, Findlay & Company will be proposed at the Annual General Meeting.

By order of the Board



Susan Bramley  
Secretary

25 August 2014



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

We have audited the financial statements of Fife Housing Association Limited for the year ended 31 March 2014 which comprise Group and Association Income and Expenditure Account, the Group and Association Balance Sheet, the Group and Association Cash flow Statement, the Group and Association Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of the Board and the Auditor

As explained more fully in the Statement of Board of Management's Responsibilities set out on pages 12-13, the board is responsible for the preparation of financial statements which 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 Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of 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 group and association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Board of Management 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 Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and association's affairs as at 31 March 2014 and of the group's and association's income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010, and the Determination of Accounting Requirements 2012.





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

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

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

*Joan Williamson*

Joan Williamson, CA (Senior Statutory Auditor)

For and on behalf of  
Findlay & Company  
Chartered Accountants & Statutory Auditors  
11 Dudhope Terrace  
Dundee  
DD3 6TS

25 August 2014



## Report by the Auditor on corporate governance matters

In addition to our audit of the financial statements, we have reviewed the Board of Management's statement on internal controls set out on pages 12 to 13. The object of our review is to draw attention to any non-compliance with the information required by the section of Internal Financial Control within SFHA's publication "Raising Standards in Housing".

We carried out our review in accordance with guidance issued by the Auditing Practices Board. The guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Association's systems of internal financial control or its corporate governance procedures.

With respect to the Board of Management's statement on internal control on pages 112 to 13, in our opinion the Board of Management has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" referred to above and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain Board of Management's members and officers of the Association, and examination of relevant documents, in our opinion the Board of Management's statement on pages 12 to 13 appropriately reflects the Association's compliance with the information required by the section of Internal Financial Control within SFHA's publication "Raising Standards in Housing".

Joan Williamson, CA (Senior Statutory Auditor)  
For and on behalf of  
Findlay & Company  
Chartered Accountants & Statutory Auditors  
11 Dudhope Terrace  
Dundee  
DD3 6TS

25 August 2014

## Financial Statements:

### Group Income and Expenditure Account for the year ended 31 March 2014

		2014	2013
	Note	£	£
Turnover	2a	10,211,522	10,096,569
Less: Operating costs		7,253,705	7,063,394
<b>Operating surplus</b>	7	<b>2,957,817</b>	<b>3,033,175</b>
Gain on realisation of assets	12	72,078	128,575
Interest receivable and other income	9	18,873	5,323
Interest payable and similar charges	8	(2,468,753)	(2,129,296)
Net return on pension assets	24	(63,000)	(45,000)
<b>Surplus on ordinary activities before taxation</b>		<b>517,015</b>	<b>992,777</b>
Tax on surplus on ordinary activities	10a	(2,636)	10,415
<b>Surplus for the year</b>		<b>514,379</b>	<b>1,003,192</b>

The Group's turnover and expenses for the period relate wholly to continuing activities.

The notes on pages 25 to 50 form part of these financial statements.

### Group Statement of Total Recognised Surpluses and Deficits for the year ended 31 March 2014

		2014	2013
	Note	£	£
Surplus for the year		514,379	1,003,192
Unrealised (deficit)/surplus on revaluation of housing properties	26	(106,725)	393,781
Deferred tax		-	-
Unrealised surplus/(deficit) on investments		-	-
Actual return less expected return on pension scheme assets	24	128,000	509,000
Effect of changes in the actuarial assumptions	24	(646,000)	(1,171,000)
Total recognised (deficit)/surplus for the year		(110,346)	734,973
Prior year adjustment		-	-
<b>Total (deficit) / surplus recognised for the year</b>		<b>(110,346)</b>	<b>734,973</b>

## Association Income and Expenditure Account for the year ended 31 March 2014

		2014	2013
	Note	£	£
Turnover	2b	10,048,233	10,228,891
Less: Operating costs		7,167,754	6,845,770
<b>Operating surplus</b>	7	<b>2,880,479</b>	<b>3,383,121</b>
Gain on realisation of assets	12	72,078	128,575
Interest receivable and other income	9	115,256	92,156
Interest payable and similar charges	8	(2,468,753)	(2,129,296)
Net return on pension assets	24	(63,000)	(45,000)
<b>Surplus on ordinary activities before taxation</b>		<b>536,060</b>	<b>1,429,556</b>
Tax on surplus on ordinary activities	10b	-	-
<b>Surplus for the period</b>		<b>536,060</b>	<b>1,429,556</b>

The Association's turnover and expenses for the period relate wholly to continuing activities.  
 The notes on pages 25 to 50 form part of these financial statements.

## Association Statement of Total Recognised Surpluses and Deficits for the year ended 31 March 2014

		2014	2013
	Note	£	£
Surplus for the year		536,060	1,429,556
Unrealised surplus/(deficit) on revaluation of housing properties		-	-
Deferred tax		-	-
Unrealised surplus/(deficit) on investments		-	-
Actual return less expected return on pension scheme assets	24	128,000	509,000
Effect of changes in the actuarial assumptions	24	(646,000)	(1,171,000)
<b>Total recognised surplus for the year</b>		<b>18,060</b>	<b>767,556</b>
Prior year adjustment		-	-
<b>Total surplus recognised for the year</b>		<b>18,060</b>	<b>767,556</b>

**Group Balance Sheet as at 31 March 2014**

	Note	2014 £	2013 £
<b>Tangible Fixed Assets</b>			
Housing properties - gross cost	11	82,248,114	77,779,754
Less: depreciation		(14,209,110)	(12,595,812)
		<b>68,039,004</b>	<b>65,183,942</b>
Less:			
SHG		(24,569,959)	(23,349,724)
Other public grants		(2,195,561)	(1,739,561)
	11	<b>41,273,484</b>	<b>40,094,657</b>
Other fixed assets	14a	1,620,752	1,670,109
Investments – Shared Equity	13a	-	-
Investment properties	13c	2,463,630	2,508,842
		<b>45,357,866</b>	<b>44,273,608</b>
<b>Current Assets</b>			
Work in progress	15	-	-
Housing stock held for sale	15	1,004,675	1,015,647
Debtors	16a	1,067,144	2,426,527
Cash at bank and in hand	17	5,025,125	3,975,559
Debtors : falling due after more than one year	16b	12,290	14,596
		7,109,234	7,432,329
<b>Creditors: amounts falling due within one year</b>	18	(2,163,087)	(41,745,304)
<b>Net current assets / (liabilities) excluding pension liability</b>		<b>4,946,147</b>	<b>(34,312,975)</b>
Pension liability	24	(3,327,000)	(2,651,000)
<b>Net current assets / (liabilities) including pension liability</b>		<b>1,619,147</b>	<b>(36,963,975)</b>
<b>Total assets less current liabilities</b>		<b>46,977,013</b>	<b>7,309,633</b>
<b>Debtors: falling due after more than one year</b>			
<b>Creditors: falling due after more than one year</b>	19	(39,777,388)	-
Provisions for liabilities and charges	20	(1,037)	(707)
<b>Net assets</b>		<b>7,198,588</b>	<b>7,308,926</b>
<b>Capital and Reserves</b>			
Share capital	21	99	91
Revenue reserve	26	6,216,757	6,220,378
Revaluation reserve	26	981,732	1,088,457
		<b>7,198,588</b>	<b>7,308,926</b>

The financial statements on pages 17 to 50 were approved by the Board of Management on 25 August 2014 and were signed on its behalf by:

David Watson Corporate Services Convener  
 Roy Walker Audit Committee Convener  
 Susan Bramley Secretary

*David Watson*  
*Roy Walker*  
*Susan Bramley*

The notes on pages 25 to 50 form part of these financial statements.

**Association Balance Sheet as at 31 March 2014**

	Note	2014 £	2013 £
<b>Tangible Fixed Assets</b>			
Housing properties - gross cost	11	82,248,114	77,779,754
Less: depreciation		(14,209,110)	(12,595,812)
		68,039,004	65,183,942
Less:			
SHG		(24,569,959)	(23,349,724)
Other public grants		(2,195,561)	(1,739,561)
	11	41,273,484	40,094,657
Other fixed assets	14b	1,615,567	1,666,576
Investments – Shared Equity	13a	-	-
Investments - Subsidiary	13b	1	1
		<b>42,889,052</b>	<b>41,761,234</b>
<b>Current Assets</b>			
Work in progress	15	-	-
Housing stock held for sale	15	-	10,972
Debtors	16a	1,431,476	2,674,540
Cash at bank and in hand	17	4,950,394	3,949,214
Debtors : falling due after more than one year	16b	3,185,200	3,148,400
		9,567,070	9,783,126
<b>Creditors: amounts falling due within one year</b>	18	(2,131,320)	(41,691,014)
<b>Net current assets / (liability) excluding pension liability</b>		7,435,750	(31,907,888)
Pension liability	24	(3,327,000)	(2,651,000)
<b>Net current assets / (liability) including pension liability</b>		4,108,750	(34,558,888)
<b>Total assets less current liabilities</b>		<b>46,997,802</b>	<b>7,202,346</b>
<b>Debtors: falling due after more than one year</b>		-	-
<b>Creditors: falling due after more than one year</b>	19	(39,777,388)	-
<b>Net assets</b>		<b>7,220,414</b>	<b>7,202,346</b>
<b>Capital and Reserves</b>			
Share capital	21	99	91
Revenue reserve	26	7,220,315	7,202,255
		<b>7,220,414</b>	<b>7,202,346</b>

The financial statements on pages 17 to 50 were approved by the Board of Management on 25 August 2014 and were signed on its behalf by:

**David Watson** Corporate Services Convener  
**Roy Walker** Audit Committee Convener  
**Susan Bramley** Secretary

*David Watson*  
*Roy Walker*  
*Susan Bramley*

The notes on pages 25 to 50 form part of these financial statements.

## Group Cashflow Statement for the year ended 31 March 2014

	Note	2014 £	2013 £
Reconciliation of operating surplus to net cashflow from operating activities		2,957,817	3,033,175
Depreciation charges		1,794,868	1,651,002
Decrease / (increase) in debtors		1,506,800	(1,123,979)
(Decrease) / increase in creditors		(685,219)	162,496
Increase / (decrease) in provisions		-	-
Increase / (decrease) in pension		95,000	(43,000)
<b>Net cash inflow from operating activities</b>		<b>5,669,266</b>	<b>3,679,694</b>
<b>Cashflow Statement</b>			
Net cash inflow from operating activities		5,669,266	3,679,694
Returns on investments and servicing of finance	A	(2,449,880)	(2,123,973)
Taxation		-	-
Capital expenditure	A	(2,132,692)	(2,927,233)
Management of liquid resources			
Financing	A	(37,127)	3,537,588
<b>Increase in cash</b>		<b>1,049,567</b>	<b>2,166,076</b>
<b>Reconciliation of net cashflow to movement in net debt</b>	<b>B</b>		
<b>Increase in cash in the period</b>		<b>1,049,567</b>	<b>2,166,076</b>
Cash used to increase liquid resources		335	(3,800,000)
Change in net debt		1,049,902	(1,633,924)
Net debt at 31 March 2013		(35,802,164)	(34,168,240)
<b>Net debt at 31 March 2014</b>		<b>(34,752,262)</b>	<b>(35,802,164)</b>

## Group Cashflow Statement

### A. Gross Cashflow

	Note	2014 £	2013 £
<b>Returns on investments and servicing of finance</b>			
Interest received		18,873	5,323
Interest paid		(2,468,753)	(2,129,296)
<b>Total</b>		<b>(2,449,880)</b>	<b>(2,123,973)</b>
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets	11,14a	(3,976,044)	(5,007,342)
Grants received	11	1,676,235	1,780,564
Receipts from sales of tangible fixed assets		167,117	299,545
<b>Total</b>		<b>(2,132,692)</b>	<b>(2,927,233)</b>
<b>Management of liquid resources</b>			
Financing		(37,135)	3,800,000
Issue of ordinary share capital/change in reserves		8	(12)
<b>Total</b>		<b>(37,127)</b>	<b>3,799,988</b>

### B. Analysis of changes in net debt

	At 31 March 2013 £	Cashflow £	Other changes £	At 31 March 2014 £
Cash in hand /at bank	3,975,559	1,049,567	-	5,025,126
Debt due within one year	(39,777,723)	39,777,723	-	
Debt due after one year	-	(39,777,388)	-	(39,777,388)
Current asset investments	-	-	-	-
<b>Total</b>	<b>(35,802,164)</b>	<b>1,049,902</b>	<b>-</b>	<b>(34,752,262)</b>



## Association Cashflow Statement for the year ended 31 March 2014

		<b>2014</b>	<b>2013</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
Reconciliation of operating surplus to net cashflow from operating activities		2,880,479	3,383,121
Depreciation charges		1,793,739	1,650,585
Decrease / (increase) in debtors		1,353,679	(1,609,635)
(Decrease) / increase in creditors		(662,695)	189,315
Increase / (decrease) in pensions		95,000	(43,000)
<b>Net cash inflow from operating activities</b>		<b>5,460,202</b>	<b>3,570,386</b>
<b>Cashflow Statement</b>			
Net cash inflow from operating activities		5,460,202	3,570,386
Returns on investments and servicing of finance	A	(2,353,497)	(2,037,140)
Taxation		-	-
Capital expenditure	A	(2,068,398)	(2,836,708)
Management of liquid resources		-	-
Financing	A	(37,127)	3,537,588
<b>Increase in cash</b>		<b>1,001,180</b>	<b>2,234,126</b>
<b>Reconciliation of net cashflow to movement in net debt</b>			
Increase in cash in the period		1,001,180	2,234,126
Cash used to increase liquid resources		335	(3,800,000)
Change in net debt		1,001,515	(1,565,874)
Net debt at 1 April 2013		(35,828,509)	(34,262,635)
<b>Net debt at 31 March 2014</b>		<b>(34,826,994)</b>	<b>(35,828,509)</b>

## Association Cashflow Statement

### A. Gross Cashflow

	Note	2014 £	2013 £
<b>Returns on investments and servicing of finance</b>			
Interest received		115,256	92,156
Interest paid		(2,468,753)	(2,129,296)
<b>Total</b>		<b>(2,353,497)</b>	<b>(2,037,140)</b>
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets	11,14b	(3,911,750)	(4,990,710)
Grants received	11	1,676,235	1,780,564
Receipts from sales of tangible fixed assets	11,12	167,117	373,438
<b>Total</b>		<b>(2,068,398)</b>	<b>(2,836,708)</b>
<b>Management of liquid resources</b>			
Financing		(335)	3,800,000
Loan to Subsidiary		(36,800)	(262,400)
Issue / (redemption) of ordinary share capital / change in reserves		8	(12)
<b>Total</b>		<b>(37,127)</b>	<b>3,537,588</b>

### B. Analysis of changes in net debt

	As at 31 March 2013 £	Cashflow £	Other changes £	As at 31 March 2014 £
Cash in hand /at bank	3,949,214	1,001,180	-	4,950,394
Debt due within one year	(39,777,723)	39,777,723	-	-
Debt due after one year	-	(39,777,388)	-	(39,777,388)
Current asset investments	-	-	-	-
<b>Total</b>	<b>(35,828,509)</b>	<b>1,001,515</b>	<b>-</b>	<b>(34,826,994)</b>

## Notes to the Financial Statements

### 1. Accounting Policies

#### Principal Accounting Policies

The financial statements have been prepared in accordance with applicable Accounting Standards, Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2010 and comply with the Determination of Accounting Requirements 2012. The Principal Accounting Policies of the Association are set out below.

For consolidation, the non-charitable subsidiary has been prepared in accordance with the Financial Reporting Standards for Smaller entities (effective April 2008).

#### Basis of Consolidation

The group accounts consolidate the accounts of Fife Housing Association Limited and its subsidiary company PACT Enterprises Limited. Profits or losses on intra-group transactions and all inter-company debts are eliminated in full.

#### Basis of Accounting

The Financial statements are prepared on the historical cost basis of accounting.

#### Turnover

Turnover represents rental income from leasing residential property, fees receivable and revenue grants from Scottish Ministers, Local Authorities and other agencies and proceeds from sale of shared equity properties which are part of the Low Cost Home Ownership Initiative (LIFT)

#### Loans

Loans are advanced by private lenders, under the terms of individual mortgage deeds in respect of each property.

#### VAT

The Association is VAT registered and has a group structure however the majority of the Association's income is rental income and is exempt for VAT purposes. Expenditure is shown inclusive of VAT.

#### Deferred Tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of

the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### Fixed Assets - Housing Properties

Tangible fixed assets are stated at cost less accumulated depreciation and capital grants. Housing properties classified as under development are stated at cost and not depreciated. Housing properties are transferred to completed properties when they are ready for letting.

### Component Accounting

The Statement of Recommended Accounting Practice (SORP) 2010 recognises that housing properties consist of a number of main components with substantially different lives and that each component should be identified and separately depreciated. The SORP states that component accounting must be adopted for accounting periods after 1 April 2011.

A total of nine major components have been identified as follows:

Component	Useful Economic Life
Land	Not applicable
Main Structure	50 years
Roof	40 years
Render	35 years
Doors	30 years
Kitchen	15 years
Bathroom	30 years
Heating	18 years
Windows	30 years
Rewiring	40 years

Land will not be depreciated in accordance with Financial Reporting Standard 15.

The Association commences depreciation from the first period of the financial year following completion of the development or the component replacement contract.

The Stock Transfer Properties were acquired from Scottish Homes in 1997. It has been assumed that the short life value of components were "nil" or fully written down at the date of transfer due to the stock condition and reflected in the transfer price. The only components that were transferred with value were the land and main structure.

All new build stock comprises of the main components identified above. The total capital cost of each new build scheme has been identified using the original purchase costs. The component

capital cost for each property has then been allocated on a percentage apportionment basis of total work costs using an average of costs across all development schemes.

## Grants

Where grants of a capital nature have been received towards the cost of developments, the cost of these developments has been reduced by the amount of the grant receivable. It has been assumed that the SHG on developments relates to the acquisition of the land and structure and not the short life components. This amount is shown separately on the balance sheet. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate. Grants are repayable under certain circumstances, primarily following the sale of a property but will normally be restricted to the net proceeds of sale.

## Stage 3 Medical Adaptations

Traditionally all 'Stage 3' medical adaptations and the SHG received have been capitalised. It is now the Association's policy to write off the cost and SHG to the income and expenditure account as adaptations tend to relate to a part component replacement rather than a full upgrade.

## Fixed Assets – Shared Ownership

Shared Ownership properties are split proportionately between current and fixed assets determined by the percentage of the property to be sold under a first tranche sale and subsequent tranches in proportion to the share of equity sold. Proceeds from the first tranche sales are accounted for in turnover and costs in operating costs in the period in which the sale occurs. Subsequent sales are accounted for in the income and expenditure account in 'gain on realisation of fixed assets'.

## Shared Equity LIFT

Shared Equity, Low Cost Home Ownership Initiative for First Time Buyers (LIFT) properties are treated as current assets during construction. When the equity share is purchased the income from sale is included in turnover. The amount funded by grant is shown as a fixed asset investment and the grant received as a deduction from such.

## Investment Properties

Investment properties are reflected using a market value basis. In accordance with Statement of Standard Accounting Practice SSAP 19, no depreciation has been charged in respect of investment properties. This policy represents a departure from the requirements of the Companies Act 2006 to provide systematic annual depreciation for fixed assets. However, as these properties are held for investment and not consumption, the Board of Management consider the adoption of this policy appropriate to provide a true and fair view.

## Impairment

An impairment review is carried out annually at the balance sheet date with any impairment recognised by a charge to the Income and Expenditure Account in accordance with Financial Reporting Standard (FRS) 15 - Tangible Fixed Assets, when no depreciation charge is made on the grounds that it is immaterial and Financial Reporting Standard (FRS) 11, Impairment of Fixed Assets, if there is some indication that impairment has occurred. An impairment review was carried out and no impairment was noted.

## Depreciation - Office Properties

Depreciation is charged at 2% on a straight line basis over the remaining expected useful life of the property.

## Depreciation - Other Fixed Assets

The depreciation bases for the other classes of assets are as follows:

Computer software and equipment	20%	Straight line
Furniture, fittings and office equipment	10%	Straight line
White goods supplied to investment properties	20%	Straight line
Vehicles	20%	Straight line

## Repairs and Maintenance

Costs for reactive and planned maintenance are charged to the Income and Expenditure Account as they are incurred.

Property improvements are capitalised if they replace a component that has been treated separately for depreciation purposes or if they result in an enhancement of the economic benefits of the property which can occur if the improvement results in:

- an increase in rental income or
- a material reduction in future maintenance costs or
- a significant extension of the life of the property.

Works to existing properties which fail to meet the above criteria are charged to the income and expenditure account.

## Pensions

The Association operates a defined benefit pension scheme, the cost of which is written off on an accruals basis. The assets of the scheme are held separately from those of the Association in an independently administered fund. The disclosure in the accounts meets the requirements of Financial Reporting Standard (FRS) 17, Retirement Benefits. It is a requirement that quoted securities are valued at bid price.

Following a Government announcement in 2010 the methodology for calculating future pension increases are to be based on Consumer Price Index (CPI) rather than the Retail Price Index (RPI) which was previously applied.

## Operating Leases

Rental applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor are charged to the income and expenditure account on a straight-line basis over the term of the lease.

## Research and Development Expenditure

Research and development expenditure is written off in the income and expenditure account in the year in which it is incurred, with the exception of expenditure incurred on individual development projects. Where the recoverability of this development expenditure can be foreseen with reasonable assurance it is capitalised and amortised in line with turnover from the relevant projects.

## Going Concern

The financial statements have been prepared on a going concern basis. The Board has assessed the Group and Association's ability to continue as a going concern and after taking into account the financial position of the Association and the impact of any perceived weakness on viability and based on consideration of the results of the annual modelling exercise of the 30-year financial projections and sensitivity analysis, along with the availability of funding at affordable rates of interest, the Board of Management is satisfied that the Association has adequate resources to continue to operate for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

### 2a. Particulars of turnover, operating costs and operating surplus or deficit - Group

	2013-14			2012-13
	Turnover	Operating Costs	Operating Surplus	Operating Surplus
	£	£	£	£
Social lettings	9,761,863	6,895,533	2,866,330	3,042,557
Other activities	449,659	358,172	91,487	(9,382)
<b>Total</b>	<b>10,211,522</b>	<b>7,253,705</b>	<b>2,957,817</b>	<b>3,033,175</b>
Total 2012-13	10,096,569	7,063,394	3,033,175	

### 2b. Particulars of turnover, operating costs and operating surplus or deficit - Association

	2013-14			2012-13
	Turnover	Operating Costs	Operating Surplus	Operating Surplus
	£	£	£	£
Social lettings	9,761,863	6,895,533	2,866,330	3,042,557
Other activities	286,370	272,221	14,149	340,564
<b>Total</b>	<b>10,048,233</b>	<b>7,167,754</b>	<b>2,880,479</b>	<b>3,383,121</b>
Total 2012-13	10,228,891	6,845,770	3,383,121	

### 3. Particulars of income and expenditure from lettings – Group and Association

	General needs	Shared ownership housing	Total 2014	Total 2013
	£	£	£	£
Rent receivable net of service charges	9,713,977	9,776	9,723,753	9,230,464
Service charges receivable	88,123	5,972	94,095	100,140
<b>Gross income from rents and service charges</b>	<b>9,802,100</b>	<b>15,748</b>	<b>9,817,848</b>	<b>9,330,604</b>
Less rent losses from voids	(135,944)	-	(135,944)	(77,294)
<b>Net income from rents and service charges</b>	<b>9,666,156</b>	<b>15,748</b>	<b>9,681,904</b>	<b>9,253,310</b>
Grants from the Scottish Ministers	79,959	-	79,959	89,326
Other revenue grants	-	-	-	-
<b>Total turnover from social letting activities</b>	<b>9,746,115</b>	<b>15,748</b>	<b>9,761,863</b>	<b>9,342,636</b>
Management and maintenance administration costs	3,130,282	351	3,130,633	2,718,427
Past service costs pensions	-	-	-	-
Service costs	83,480	910	84,390	93,049
Planned and cyclical maintenance including major repair costs	413,837	-	413,837	594,454
Reactive maintenance costs	1,455,366	1,341	1,456,707	1,289,584
Bad debts – rent and service charges	154,296	-	154,296	78,698
Depreciation of housing properties	1,654,724	946	1,655,670	1,525,867
Impairment of housing properties	-	-	-	-
<b>Operating costs for social letting activities</b>	<b>6,891,985</b>	<b>3,548</b>	<b>6,895,533</b>	<b>6,300,079</b>
<b>Operating surplus from social lettings</b>	<b>2,854,130</b>	<b>12,200</b>	<b>2,866,330</b>	<b>3,042,557</b>
Operating surplus from social lettings for previous year	3,037,438	5,119	3,042,557	2,420,149
<b>No of units managed by the Association</b>	<b>2,436</b>	<b>5</b>	<b>2,441</b>	<b>2,452</b>



4a. Particulars of turnover, operating costs & operating surplus or deficit from other activities – Group

	2014							2013
	Grants from Scottish Ministers £	Other revenue grants £	Supporting People income £	Other income £	Total turnover £	Operating costs – bad debts £	Other operating costs £	Operating surplus or (deficit) £
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	62,700	-	-	-	62,700	-	71,345	(10,952)
Care and repair of property	-	-	-	-	-	-	-	-
Factoring	-	-	-	17,521	17,521	-	15,761	1,760
Development and construction of property activities	-	-	-	-	-	-	17,034	(17,034)
Support activities	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	144,762	144,762	-	163,479	(18,717)
Other agency/management services - PACT	-	-	-	200,089	200,089	-	90,684	109,405
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-
Developments and improvements for sale to non-registered social landlords	-	-	-	-	-	-	-	-
Sale of LIFT properties	-	-	-	-	-	-	-	(10,095)
Other activities	-	-	-	9,587	9,587	-	-	13,487
Other activities- commercial rents	-	-	-	15,000	15,000	-	21	14,979
Sale of vacant properties	-	-	-	-	-	-	(152)	152
<b>Total from other activities</b>	<b>62,700</b>	<b>-</b>	<b>-</b>	<b>386,959</b>	<b>449,659</b>	<b>-</b>	<b>358,172</b>	<b>91,487</b>
Total from other activities - previous year	60,517	-	-	693,416	753,933	-	763,315	(9,382)

**4b. Particulars of turnover, operating costs & operating surplus or deficit from other activities – Association**

	2014							2013
	Grants from Scottish Ministers £	Other revenue grants £	Supporting People income £	Other income £	Total turnover £	Operating costs – bad debts £	Other operating costs £	Operating surplus / (deficit) £
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	62,700	-	-	-	62,700	-	71,345	(10,952)
Care and repair of property	-	-	-	-	-	-	-	-
Factoring	-	-	-	17,521	17,521	-	15,761	1,760
Development and construction of property activities	-	-	-	-	-	-	17,034	(17,034)
Support activities	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	144,762	144,762	-	163,479	(6,766)
Other agency/management services - PACT	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-
Developments and improvements for sale to non-registered social landlords	-	-	-	-	-	-	-	-
Sale of LIFT properties	-	-	-	-	-	-	-	(19,579)
Other activities	-	-	-	9,587	9,587	-	-	13,487
Other activities- commercial rents	-	-	-	15,000	15,000	-	21	15,900
Sale of vacant properties	-	-	-	36,800	36,800	-	4,581	372,556
<b>Total from other activities</b>	<b>62,700</b>	<b>-</b>	<b>-</b>	<b>223,670</b>	<b>286,370</b>	<b>-</b>	<b>272,221</b>	<b>340,564</b>
Total from other activities - previous year	60,000	-	-	826,255	886,255	-	545,691	340,564

## 5. Officers' Emoluments (Group and Association)

The aggregate amount of emoluments payable to, or receivable by the officers and former officers of the registered social landlord whose total emoluments are £60,000 or more, excluding employer's pension contributions are:

	2014	2013															
	£	£															
Total emoluments (excluding pension contributions)	60,921	134,409															
The emoluments of the officers (excluding pension contributions) were within the following ranges:																	
<table border="0"> <thead> <tr> <th style="text-align: center;">£</th> <th style="text-align: center;">to</th> <th style="text-align: center;">£</th> <th style="text-align: center;">2014</th> <th style="text-align: center;">2013</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">60,001</td> <td></td> <td style="text-align: right;">70,000</td> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> </tr> <tr> <td style="text-align: right;">70,001</td> <td></td> <td style="text-align: right;">80,000</td> <td style="text-align: center;">-</td> <td style="text-align: center;">1</td> </tr> </tbody> </table>	£	to	£	2014	2013	60,001		70,000	1	1	70,001		80,000	-	1		
£	to	£	2014	2013													
60,001		70,000	1	1													
70,001		80,000	-	1													
The emoluments (excluding pension contributions) of the Chief Executive amounted to :	26,816	72,687															
The pension contributions made by the Association to officers whose total emoluments (excluding pension contributions) are £60,000 or more were:	13,724	30,382															

The Chief Executive retired on 15 April 2013. The final termination payment is included in the above. The Interim Chief Executive was not paid as an employee as the services were provided through an agency.

No members of the Board of Management received any remuneration from the Association.

	2014	2013
	£	£
Total expenses reimbursed to directors in so far as not chargeable to UK income tax:	997	1,297
Total expenses paid to Board Members	3,289	4,286

Loans to directors		Rate of interest	Amount outstanding		Maximum outstanding during year
			31 March 2014	31 March 2013	
			£	£	£
Brian Hay	Car Purchase Loan	3.5%	-	16,387	16,387
Andrew Clark	Car Purchase Loan	3.5%	18,745	-	18,745
Thomas Hainey	Car Purchase Loan	3.5%	3,823	6,262	6,262
Craig Stirrat	Car Purchase Loan	3.5%	4,845	-	4,845
<b>Total outstanding</b>			27,413	22,649	46,239

The loans made were for the purchase of a car. The loans were made by the Association on the same terms as were available to other employees who were essential car users.

## 6. Employee Information

	Group		Association	
	2014	2013	2014	2013
The average weekly number of persons employed during the period (Full Time Equivalent) was	65.6	64.6	65.6	64.6
<b>Office Colleagues</b>				
Colleague costs during the period	£	£	£	£
Wages and salaries	1,294,431	1,277,976	1,278,500	1,240,728
Social security costs	103,189	104,415	103,189	104,415
Pension costs (Note 24)	256,580	270,838	256,580	270,838
Adjustment to current service costs	95,000	(27,840)	95,000	(27,840)
Adjustment to past services costs	-	-	-	-
Temporary employee costs	9,526	9,918	9,526	9,918
<b>Sub-total</b>	<b>1,758,726</b>	<b>1,635,307</b>	<b>1,742,795</b>	<b>1,598,059</b>
<b>Maintenance Services Department</b>				
Wages and salaries	678,655	671,334	678,655	671,334
Social security costs	53,701	52,367	53,701	52,367
Pension costs (Note 24)	144,373	147,488	144,373	147,488
Adjustment to past/current services costs	-	(15,160)	-	(15,160)
Temporary employee costs	9,844	16,655	9,844	16,655
<b>Sub total</b>	<b>886,573</b>	<b>872,684</b>	<b>886,573</b>	<b>872,684</b>
<b>Total</b>	<b>2,645,299</b>	<b>2,507,991</b>	<b>2,629,368</b>	<b>2,470,743</b>

## 7. Operating Surplus

	Group		Association	
	2014	2013	2014	2013
Operating surplus is stated after charging /crediting :	£	£	£	£
Depreciation of housing properties	1,655,670	1,525,867	1,655,670	1,525,867
Depreciation of other assets	156,295	125,135	155,323	124,718
Impairment of housing properties	157	-	-	-
Repairs: cyclical, major, day to day	2,554,095	1,988,454	1,863,384	1,929,461
Auditor's remuneration in their capacity as auditors	15,360	19,460	11,760	16,680
Auditor's remuneration in respect of other services	1,200	2,220	1,220	2,220
Receipt of grant	(142,659)	(149,843)	(142,659)	(149,326)
Operating lease rentals	248,977	299,007	248,977	299,007

## 8. Interest payable and similar charges

	Group		Association	
	2014	2013	2014	2013
	£	£	£	£
Long term bank loan	2,468,746	2,129,296	2,468,746	2,129,296
Other interest payable	7	-	7	-
<b>Total</b>	<b>2,468,753</b>	<b>2,129,296</b>	<b>2,468,753</b>	<b>2,129,296</b>

## 9. Interest receivable and other income

	Group		Association	
	2014	2013	2014	2013
	£	£	£	£
Interest receivable	18,873	5,323	115,256	92,156

## 10a. Taxation- Group

### Tax on surplus on ordinary activities

	2014	2013
Analysis of charge in period	£	£
<b>Current Tax</b>		
UK Corporation tax	-	-
Total current tax charge	-	-
<b>Deferred Tax</b>		
Timing differences, origination and reversal	(2,636)	10,415
<b>Tax on profit on ordinary activities</b>	<b>(2,636)</b>	<b>10,415</b>

PACT Enterprises Ltd is a commercial subsidiary and is liable to Corporation Tax and will donate its profits to the Charity through the Gift Aid scheme once all the liabilities due to the parent are settled.

## 10b. Taxation- Association

Fife Housing Association Ltd. was accorded charitable status for taxation purposes by the Inland Revenue. In the period to 31 March 2014 it is considered that the Association's activities were within the scope of the charitable status and accordingly no provision for taxation is necessary.

## 11. Tangible Fixed Assets – Group and Association

	Housing Properties Held for Letting	Housing Stock Under Development	Shared Ownership	Total
Cost or revaluation	£	£	£	£
At 1 April 2013	76,977,340	529,269	273,145	77,779,754
Additions	1,767,439	2,804,390	-	4,571,829
Transfers	-	-	-	-
Disposals	(119,551)	-	-	(119,551)
Transferred from current assets	16,082	-	-	16,082
<b>As at 31 March 2014</b>	<b>78,641,310</b>	<b>3,333,659</b>	<b>273,145</b>	<b>82,248,114</b>
<b>Depreciation</b>				
As at 1 April 2013	(12,586,910)	-	(8,902)	(12,595,812)
Charge for year	(1,637,350)	-	(946)	(1,638,296)
Disposals	30,109	-	-	30,109
Transferred to current assets	(5,111)	-	-	(5,111)
Impairment provision	-	-	-	-
<b>At 31 March 2014</b>	<b>(14,199,262)</b>	<b>-</b>	<b>(9,848)</b>	<b>(14,209,110)</b>
<b>Social Housing Grants</b>				
As at 1 April 2013	(22,946,730)	(177,135)	(225,859)	(23,349,724)
Additions	-	(1,222,320)	-	(1,222,320)
Transfers	-	-	-	-
Disposals	2,085	-	-	2,085
<b>At 31 March 2014</b>	<b>(22,944,645)</b>	<b>(1,399,455)</b>	<b>(225,859)</b>	<b>(24,569,959)</b>
<b>Other Public Grants</b>				
As at 1 April 2013	(1,499,561)	(240,000)	-	(1,739,561)
Additions	-	(456,000)	-	(456,000)
Transfers	-	-	-	-
<b>At 31 March 2014</b>	<b>(1,499,561)</b>	<b>(696,000)</b>	<b>-</b>	<b>(2,195,561)</b>
<b>Total Grants as at 31 March 2014</b>	<b>(24,444,206)</b>	<b>(2,095,455)</b>	<b>(225,859)</b>	<b>(26,765,520)</b>
<b>Net Book Value at 31 March 2014</b>	<b>39,997,842</b>	<b>1,238,204</b>	<b>37,438</b>	<b>41,273,484</b>
Net Book Value at 31 March 2013	39,944,139	112,134	38,384	40,094,657

The Association capitalised £1.8m of major component replacement expenditure in 2013-14 (2012-13 £1.9 million).

## 12. Surplus on disposal of Assets (Group and Association)

	RTB Sales	Shared ownership	Land	Other assets	Total 2013-14	Total 2012-13
	£	£	£	£	£	£
Income	136,750	-	350	3,329	140,429	295,395
Expenses	(2,171)	-	-	-	(2,171)	(4,860)
Cost of sale	(61,864)	-	-	(3,266)	(65,130)	(160,210)
Abortive costs	(1,050)	-	-	-	(1,050)	(1,750)
Discount repaid by owner	-	-	-	-	-	-
<b>Surplus on disposal of assets</b>	<b>71,665</b>	<b>-</b>	<b>350</b>	<b>63</b>	<b>72,078</b>	<b>128,575</b>

## 13a. Fixed Asset Investments – Shared Equity (LIFT) (Group and Association)

	Total
Cost	£
As at 1 April 2013	1,494,090
Transfer from current assets - work in progress	-
<b>As at 31 March 2014</b>	<b>1,494,090</b>
<b>Grant</b>	
As at 1 April 2013	(1,494,090)
Transfer from current assets - work in progress	-
Transferred from fixed assets	-
<b>As at 31 March 2014</b>	<b>(1,494,090)</b>
<b>Net Book Value as at 31 March 2014</b>	<b>-</b>
Net Book Value as at 31 March 2013	-

## 13b. Fixed Asset Investments – Subsidiary (Association only)

	2014	2013
Cost	£	£
PACT Enterprises Limited	1	1

### 13c. Fixed Assets – Investment Properties (Group only)

	<b>Investment Properties</b>	<b>Shared Equity</b>	<b>Total</b>
	£	£	£
As at 1 April 2013	<b>2,498,677</b>	<b>10,165</b>	<b>2,508,842</b>
Additions	93,737	-	93,737
Revaluation	(138,414)	(535)	(138,949)
Transferred from current assets	-	-	-
Disposals	-	-	-
<b>As at 31 March 2014</b>	<b>2,454,000</b>	<b>9,630</b>	<b>2,463,630</b>
As at 31 March 2013	2,498,677	10,165	2,508,842

A valuation was carried out by Paul J Duncan, MRICS of Hardies Property and Construction Consultants, an external valuer as at 31 March 2014. 70% of the properties were inspected and a desktop valuation was carried out on the remaining 30%. The basis of the valuation is Open -Market Value with the assumption of vacant possession. This valuation is prepared under the assumption that at the time of valuation the properties were tenanted under short assured tenancies.



**14a. Tangible Fixed Assets – Group**

	Office land & Buildings Leasehold	Tenant Improvements	Office land & buildings	Commercial Properties	Computer software	Furniture & fittings	Vehicles	Total
Cost	£	£	£	£	£	£	£	£
As at 1 April 2013	40,030	46,840	1,144,788	85,488	566,799	173,595	351,200	2,408,740
Additions	-	5,361	5,956	-	88,656	7,571	-	107,544
Transfer from developments	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(14,169)	(302)	-	(14,471)
<b>As at 31 March 2014</b>	<b>40,030</b>	<b>52,201</b>	<b>1,150,744</b>	<b>85,488</b>	<b>641,286</b>	<b>180,864</b>	<b>351,200</b>	<b>2,501,813</b>
<b>Depreciation</b>								
As at 1 April 2013	(3,601)	(1,475)	(213,189)	(4,289)	(378,099)	(114,978)	(23,000)	(738,631)
Charge for year	(801)	(963)	(23,643)	(1,560)	(49,805)	(9,283)	(70,240)	(156,295)
Disposals	-	-	-	-	13,774	91	-	13,865
<b>As at 31 March 2014</b>	<b>(4,402)</b>	<b>(2,438)</b>	<b>(236,832)</b>	<b>(5,849)</b>	<b>(414,130)</b>	<b>(124,170)</b>	<b>(93,240)</b>	<b>(881,061)</b>
<b>Net Book Value as at 31 March 2014</b>	<b>35,628</b>	<b>49,763</b>	<b>913,912</b>	<b>79,639</b>	<b>227,156</b>	<b>56,694</b>	<b>257,960</b>	<b>1,620,752</b>
Net Book Value as at 31 March 2013	36,429	45,365	931,599	81,199	188,700	58,617	328,200	1,670,109

**14b. Tangible Fixed Assets – Association**

	Office land & Buildings Leasehold	Tenant Improve-ments	Office land & buildings	Commercial Properties	Computer software	Furniture & fittings	Vehicles	Total
	£	£	£	£	£	£	£	£
<b>Cost</b>								
As at 1 April 2013	40,030	46,840	1,144,788	85,488	566,799	169,645	351,200	2,404,790
Additions	-	5,362	5,956	-	88,656	4,946	-	104,920
Transfer from developments	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(14,169)	(302)	-	(14,471)
<b>As at 31 March 2014</b>	<b>40,030</b>	<b>52,202</b>	<b>1,150,744</b>	<b>85,488</b>	<b>641,286</b>	<b>174,289</b>	<b>351,200</b>	<b>2,495,239</b>
<b>Depreciation</b>								
As at 1 April 2013	(3,601)	(1,475)	(213,189)	(4,289)	(378,099)	(114,561)	(23,000)	(738,214)
Charge for year	(801)	(963)	(23,643)	(1,560)	(49,805)	(8,311)	(70,240)	(155,323)
Disposals	-	-	-	-	13,774	91	-	13,865
<b>As at 31 March 2014</b>	<b>(4,402)</b>	<b>(2,438)</b>	<b>(236,832)</b>	<b>(5,849)</b>	<b>(414,130)</b>	<b>(122,781)</b>	<b>(93,240)</b>	<b>879,672)</b>
<b>Net Book Value as at 31 March 2014</b>	<b>35,628</b>	<b>49,764</b>	<b>913,912</b>	<b>79,639</b>	<b>227,156</b>	<b>51,508</b>	<b>257,960</b>	<b>1,615,567</b>
<b>Net Book Value as at 31 March 2013</b>	<b>36,429</b>	<b>45,365</b>	<b>931,599</b>	<b>81,199</b>	<b>188,700</b>	<b>55,084</b>	<b>328,200</b>	<b>1,666,576</b>

## 15. Work in Progress / Stock

Group	As at 1 April 2013	Additions	Transfer to fixed assets	Transfer to Rent to Buy / for sale	Disposals	As at 31 March 2014
	£	£	£	£	£	£
<b>Work in progress</b>						
Work in progress - Cost	-	-	-	-	-	-
Work in progress - SHG	-	-	-	-	-	-
<b>Work in progress total</b>	-	-	-	-	-	-
<b>Held for Sale</b>						
Rent to Buy - transfer from WIP	576,390	-	-	-	-	576,390
Housing property held for sale - transfer from WIP	428,285	-	-	-	-	428,285
Housing property held for sale	10,972	-	(10,972)	-	-	-
<b>Held for sale total</b>	<b>1,015,647</b>	-	<b>(10,972)</b>	-	-	<b>1,004,675</b>

Association	As at 1 April 2013	Additions	Transfer to fixed assets	Transfer to Rent to Buy / for sale	Disposals	As at 31 March 2014
	£	£	£	£	£	£
<b>Work in progress</b>						
Work in progress - Cost	-	-	-	-	-	-
Work in progress - HAG	-	-	-	-	-	-
<b>Work in progress total</b>	-	-	-	-	-	-
<b>Held for sale</b>						
Housing property held for sale	10,972	-	(10,972)	-	-	-
<b>Held for sale total</b>	<b>10,972</b>	-	<b>(10,972)</b>	-	-	-

## 16a. Debtors

16a.	Group		Association	
	2014	2013	2014	2013
<b>Amounts falling due within one year:</b>	£	£	£	£
Debtors rental income	728,172	563,650	723,316	559,519
Bad debt provision	(390,000)	(390,000)	(390,000)	(390,000)
Prepayments and accrued income	240,855	207,734	240,855	207,734
Intercompany debtors	-	-	370,693	252,241
Other debtors	488,117	2,045,143	486,612	2,045,046
Grants receivable	-	-	-	-
<b>Total</b>	<b>1,067,144</b>	<b>2,426,527</b>	<b>1,431,476</b>	<b>2,674,540</b>

Included in the debtors balance for year ended 31 March 2013 was £1.57m of cash collateral that was being held by the bank as security.

16b.	Group		Association	
	2014	2013	2014	2013
<b>Amounts falling due after more than one year:</b>	£	£	£	£
Deferred tax asset	12,290	14,596	-	-
Intercompany loan to Subsidiary	-	-	3,185,200	3,148,400
<b>Total</b>	<b>12,290</b>	<b>14,596</b>	<b>3,185,200</b>	<b>3,148,400</b>

## 17. Cash on Deposit

	Group		Association	
	2014	2013	2014	2013
<b>Included within cash at bank and in hand is the following:</b>	£	£	£	£
Short term deposits	5,025,125	3,975,559	4,950,394	3,949,214

A 1 month fixed term deposit of £2,003,699 is included in the balance at 31 March 2014 (2013 £1m).

In the above are balances totalling £18,587 - (2013 - £15,888) which are held in trust for shared ownership owners.

## 18. Creditors: Amounts falling due within one year

	Group		Association	
	2014	2013	2014	2013
	£	£	£	£
Loan interest payable	302,127	309,934	302,127	309,934
Accruals and deferred income	1,027,175	729,626	1,018,847	725,375
Rent in advance	388,836	338,806	388,836	338,806
Trade creditors	95,520	320,116	94,428	305,662
Taxation and social security	65,590	65,406	65,584	65,329
Intercompany creditors	-	-	-	-
Other creditors	283,839	203,693	261,498	168,185
Loans due within 1 year	-	39,777,723	-	39,777,723
<b>Total</b>	<b>2,163,087</b>	<b>41,745,304</b>	<b>2,131,320</b>	<b>41,691,014</b>

In accordance with Financial Reporting Standard 25 at 31 March 2013 the Association had classified all outstanding loan balances as due within one year, as there had been a loan covenant breach. As the Bank had issued Reservation of Rights letters, the Association did not have the unconditional right at that point to defer settlement of the loan for at least 12 months. Therefore the loans were classified as current liabilities although the bank had not made any approach to recover this debt. The Association agreed new funding terms with the Bank of Scotland which were completed on 26 August 2013 and the above disclosure now reflects that.

## 19. Creditors: Amounts falling due after more than one year

Loans are secured by specific charges on the Association properties and are repayable at fixed and varying rates of interest.

	Group		Association	
	2014	2013	2014	2013
	£	£	£	£
Housing Loans				
Fixed rate	20,000,000	-	20,000,000	-
Callable SWAP	5,000,000	-	5,000,000	-
RPI SWAP	5,000,000	-	5,000,000	-
Variable rate	5,000,000	-	5,000,000	-
Variable facility B	4,777,388	-	4,777,388	-
<b>Total</b>	<b>39,777,388</b>	<b>-</b>	<b>39,777,388</b>	<b>-</b>

## Analysis of duration of loans

	Group		Association	
	2014	2013	2014	2013
	£	£	£	£
Loans due within one year		39,777,723		39,777,723
Loans due within one and two years		-		-
Loans due within two and five years		-		-
Loans due after five years	39,777,388	-	39,777,388	-
<b>Total</b>	<b>39,777,388</b>	<b>39,777,723</b>	<b>39,777,388</b>	<b>39,777,723</b>

## 20. Provisions for liabilities and charges (Group only)

	2014	2013
	£	£
Accelerated capital allowances	1,037	707
Tax losses carried forward	(12,290)	(14,596)
<b>Provision for deferred taxation</b>	<b>(11,253)</b>	<b>(13,889)</b>
Provision at 1 April 2013	(13,889)	(3,474)
Deferred tax charge in income & expenditure account	2,636	(10,415)
<b>Provision at 31 March 2014</b>	<b>(11,253)</b>	<b>(13,889)</b>

Deferred tax is split as £1,037 liability and £12,290 asset.

## 21. Called up share capital (Group and Association)

	2014	2013
	£	£
Allotted, issued and fully paid at 1 April 2013	91	103
Issued in period	12	4
Redeemed in period	(4)	(16)
<b>At 31 March 2014</b>	<b>99</b>	<b>91</b>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on winding up. When a shareholder ceases to be a member the £1 paid becomes the property of the Association.

Members are eligible to stand for election to the Board of Management and can vote for candidates at the Annual General Meeting.

## 22. Capital Commitments – Group and Association

At 31 March 2014 commitments outstanding were as follows:

	Group		Association	
	2014	2013	2014	2013
<b>Authorised and contracted for</b>	£	£	£	£
Planned maintenance	409,403	-	409,403	-
Developments	852,117	-	852,117	-
<b>Total authorised and contracted for</b>	<b>1,261,520</b>	<b>-</b>	<b>1,261,520</b>	<b>-</b>

## Capital Commitments – Group and Association (Cont'd...)

At 31 March 2014 commitments outstanding were as follows:

	Group		Association	
	2014	2013	2014	2013
	£	£	£	£
<b>Authorised but not contracted</b>				
Purchase property and planned maintenance	409,403	71,800	409,403	-
Developments	1,323,154	3,695,875	852,117	3,695,875
<b>Total authorised but not contracted for</b>	<b>1,732,557</b>	<b>3,767,675</b>	<b>1,261,520</b>	<b>3,695,875</b>

The Association has sufficient finance available to fund the development and planned maintenance contracted for.

## 23. Lease Obligations – Group and Association

The annual commitments under non-cancellable operating leases are as follows:

	2014		2013	
	Land & buildings	Other operating leases	Land & buildings	Other operating leases
	£	£	£	
Operating leases which expire:				
Within one year	3,491	135,237	2,995	124,463
In the second to fifth year exclusive	-	24,632	-	-
Over five years	128,843	-	128,011	-
<b>Total lease obligations</b>	<b>132,334</b>	<b>159,869</b>	<b>131,006</b>	<b>124,463</b>

## 24. Pensions – Group and Association

The Association is an admitted body to the Fife Council Superannuation Fund which is a defined benefit pension scheme providing benefits based on final pensionable salary. Contributions to the fund are determined by the scheme's actuary based on the last formal valuation at 31 March 2014 and are charged to the Income and Expenditure Account as they are incurred as required under (FRS) 17. The pension costs for the period were £495,952 (2013 - £375,326).

The fund is actuarially valued on a triennial basis with the most recent being at 31 March 2011. Local Government Pension Scheme (LGPS) benefits are linked to price inflation and salary inflation and the real discount rate applied to changes in assumptions on liabilities.

There has been a deterioration in the balance sheet position this year due to financial assumptions at 31 March 2014 being less favourable than 2013. The real discount rate in 2013-14 has decreased from 1.7% p.a. (4.5% discount rate less 2.8% CPI) to 1.5% p.a. as at 31 March 2014

(4.3% discount rate less 2.8% CPI). A lower real discount rate leads to a higher value being placed on the liabilities therefore the change in real discount rate will have a substantial negative impact on the balance sheet.

The actuary recommended employer's contribution rates of 23.3% of employee's pensionable payments for the year to 31 March 2015.

## Assumptions

The principal assumptions used by the independent qualified actuary in updating the most recent valuation to 31 March 2014 for Financial Reporting Standard (FRS) 17 purposes were:

## Valuations

	2014	2013	2012	2011	2010	2009	2008
<b>Main assumptions</b>	%	%	%	%	%	%	%
Discount rate	4.3	4.5	4.8	5.5	5.5	6.9	6.9
Consumer Price / Retail Price Inflation	2.8	2.8	2.5	2.8	3.8	3.1	3.6
Rate of increase - pensions in payment	2.8	2.8	2.5	2.8	3.8	3.1	3.6
Salary increases*	5.1	5.1	4.8	5.1	5.3	4.6	5.1

\* Salary increases are assumed to be 2.3% per annum for 2014-15 and 2.75% per annum for 2015-16, reverting to the long-term assumption thereafter.

The expected rate of return and the assets in the scheme at 31 March 2014 were:

	2014		2013	
	Long term rate of return	% split of assets	Long term rate of return	% split of assets
Equities	6.7%	71%	5.8%	71%
Bonds	4.0%	16%	3.8%	16%
Property	4.8%	9%	3.9%	8%
Cash	3.7%	4%	3.0%	5%

The above asset values at 31 March 2014 are at bid value as required under FRS17.

## Mortality

The actuary has assumed that life expectancy will continue to increase in future years which has an adverse effect on the funding position of the pension scheme. The average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	23.0 years	25.8 years
Future pensioners	24.9 years	27.7 years



## Balance Sheet

	<b>31 March 2014</b>	<b>31 March 2013</b>
	<b>£000</b>	<b>£000</b>
Fair Value of Employer Assets	9,095	8,180
Present Value of Funded Liabilities	(12,412)	(10,831)
<b>Net liability</b>	<b>(3,327)</b>	<b>(2,651)</b>

## Analysis of the amount charged to operating surplus

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Current service cost	437	375
Past service cost	96	-
Impact of settlements and curtailments	-	-
<b>Total operating charge</b>	<b>533</b>	<b>375</b>

## Analysis of the amount credited to other finance income

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Expected return on pension scheme assets	(434)	(391)
Interest on pension scheme liabilities	497	436
<b>Net return</b>	<b>63</b>	<b>45</b>

## Reconciliation of Defined Benefit Obligation

	<b>31 March 2014</b>	<b>31 March 2013</b>
	<b>£000</b>	<b>£000</b>
<b>Opening defined benefit obligation</b>	<b>10,831</b>	<b>8,927</b>
Current service cost	437	375
Interest cost	497	436
Contributions by members	112	117
Actuarial losses	646	1,171
Past service costs	96	-
Impact of settlements and curtailments	-	-
Estimated benefits paid	(207)	(195)
<b>Closing defined benefit obligation</b>	<b>12,412</b>	<b>10,831</b>

## Reconciliation of Fair Value of Employer Assets

	31 March 2014	31 March 2013
	£000	£000
<b>Opening fair value of employer assets</b>	<b>8,180</b>	<b>6,940</b>
Expected return on assets	434	391
Contributions by members	112	117
Contributions by employer	438	418
Actuarial gains	128	509
Benefits paid	(207)	(195)
<b>Closing fair value of employer assets</b>	<b>9,085</b>	<b>8,180</b>

## Amount Recognised in Statement of Total Recognised Gains and Losses

	2014	2013	2012	2011	2010
	£000	£000	£000	£000	£000
Actual return less expected return on pension scheme assets	128	509	(67)	(16)	1,205
Change in assumptions underlying the present value of scheme liabilities	(646)	(1,171)	(221)	921	(3,358)
Actuarial (losses) / gains	(518)	(662)	(288)	905	(2,153)
Increase / decrease in irrecoverable surplus from membership fall and other factors	-	-	-	-	-
<b>Actuarial gains / (losses) recognised in STRGL</b>	<b>(518)</b>	<b>(662)</b>	<b>(288)</b>	<b>905</b>	<b>(2,153)</b>
<b>Cumulative actuarial gains / (losses)</b>	<b>(3,399)</b>	<b>(2,881)</b>	<b>(2,219)</b>	<b>(1,931)</b>	<b>(2,836)</b>

## History of gains and losses

	2014	2013	2012	2011	2010
	£000	£000	£000	£000	£000
Fair value of employer assets	9,085	8,180	6,940	6,291	5,574
Present value of defined benefit obligations	(12,412)	(10,831)	(8,927)	(8,045)	(8,971)
<b>Deficit</b>	<b>(3,327)</b>	<b>(2,651)</b>	<b>(1,987)</b>	<b>(1,754)</b>	<b>(3,397)</b>
Experience gains / (losses) on assets	128	509	(67)	(16)	1,205
Experience gains on liabilities	3	10	612	-	-

## 25. Legislative provisions

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered with the Financial Services Authority. It is registered with the Scottish Housing Regulator. The Association is recognised as a charity by the Office of the Scottish Charity Regulator.

## 26. Reconciliation of movement in reserves

	Revenue Reserve	Revenue Reserve	Revaluation Reserve	Revaluation Reserve
Group	2014	2013	2014	2013
	£	£	£	£
Opening balance at 1 April	6,220,378	5,879,186	1,088,457	694,676
Surplus for the year	(3,621)	341,192	(106,725)	393,781
Transfer to reserves	-	-	-	-
Utilised during year	-	-	-	-
<b>Closing balance at 31 March</b>	<b>6,216,757</b>	<b>6,220,378</b>	<b>981,732</b>	<b>1,088,457</b>

	Revenue Reserve	Revenue Reserve	Revaluation Reserve	Revaluation Reserve
Association	2014	2013	2014	2013
	£	£	£	£
Opening balance at 1 April	7,202,255	6,434,699	-	-
Surplus for the year	18,060	767,556	-	-
Transfer to reserves	-	-	-	-
Utilised during year	-	-	-	-
<b>Closing balance at 31 March</b>	<b>7,220,315</b>	<b>7,202,255</b>	<b>-</b>	<b>-</b>

## 27. Subsidiaries Information – Group and Association

Details of the investments in which the Association holds more than 10% of the nominal value of any class of share capital are as follows:

Name of Company	Country of Registration or Incorporation	Date of Incorporation	Proportion of Voting Rights	Nature of Business
<b>Subsidiary undertakings</b>				
PACT Enterprises Limited	Scotland	March 2010	100%	Property investment and property management and maintenance.

## 28. Related Parties – Group and Association

The tenants who sit on the Board of Management have entered into tenancies on the Association's normal terms and conditions and they gain no advantage from their involvement on the Board. Transactions with the Association are undertaken on standard terms applicable to all tenants. No member of the Board can influence the decision making process to their own advantage.

The following board members have involvement with other organisations:

- Lorna Paterson is a member of the board of Employers in Voluntary Housing (EVH) and the Tenant Participation Advisory Service Scotland (TPAS);
- During the year Philip Shave was a member of the management committee of Fife Federation of Tenants and Residents Association (FFOTRA). Philip Shave resigned this position on 31 March 2014.

PACT Enterprises Limited is a wholly owned and controlled subsidiary of Fife Housing Association. The following members of the Board of Management of Fife Housing Association are also Directors of PACT Enterprises:

- Philip Shave (deceased 26 July 2014);
- Iain McGhee;
- Lorna Paterson (resigned 17 June 2013);
- Bryan Hay (retired from Fife HA and PACT Enterprises 15 April 2013);
- Alex Condie (resigned 29 April 2013 from Fife Housing Association and 26 April 2013 from PACT Enterprises Limited).

Fife Housing Association has agreed to make available to PACT a loan facility of £3,900,000, to date PACT has drawn down £3,185,200. Interest is charged at LIBOR plus 2.5% margin.

PACT Enterprises Limited purchased the final vacant property in Crombie from the Association for the consideration of £36,800 which formed part of the originally negotiated bulk purchase of seven properties which included a 20% deduction.

A Service Level Agreement between Fife HA and PACT Enterprises Limited took effect in January 2014.

Fife Housing Association has levied fees for the following amounts to PACT Enterprises during the period 1 April 2013 to 31 March 2014:

	2014	2013
Staff and overhead costs for services provided to PACT Enterprises Limited	17,192	37,635
Repairs carried out by Fife HA on behalf of PACT Enterprises Limited	98,869	35,285
Interest payable on debt outstanding	96,383	86,833
Properties purchased from Fife HA	36,800	454,400

The balance outstanding from PACT Enterprises at 31 March 2014 was £370,694 (2013 - £252,242). A payment of £100,000 towards the balance was made during the year.