

at home with...



**Fife Housing Association Limited
Group Report and Consolidated
Financial Statements
For the year ended 31 March 2019**

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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Registration particulars:

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014 Registered Number: 2476R(s)
Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered Number: HAL295
Scottish Charity	Charities and Trustee Investment Act (Scotland) 2005 Scottish Charity Number: SC025647

Members, Executive and Advisers

Board Members	
Maureen Garvie	Chairperson
Helen Boath	Vice Chairperson
Derek Adam	Audit and Risk Convenor
Katherine Dewar	Chair of PACT Enterprises Limited
Colin McNeill	
Stephen Clark	
Fiona Barr	
Sandra Stock	
Laurie Boles	Appointed September 2018
Martin Fleming	
Executive Officers	
Nicola Jane Donaldson	Chief Executive
Derek William Banks	Director Finance and Governance (appointed August 2018)
Fiona Nicholl	Director of Finance and Governance (resigned August 2018)
Kevin Lynch	Director of Asset and Commercial Business (resigned 13 April 2018)
Susan Bramley	Director of Housing
Caroline O'Donnell	Director of Operations (appointed March 2019)
Secretary	
Derek William Banks	(appointed August 2018)
Nicola Donaldson	(resigned June 2017) (reappointed August 2018) (resigned August 2018)
Fiona Nicholl	(appointed June 2017) (resigned August 2018)
Auditor	
	Wylie & Bisset LLP, 168 Bath Street, Glasgow, G2 4TP
Internal Auditor	
	Scott-Moncrieff, 25 Bothwell Street, Glasgow, G2 6NL
Bankers	
	Bank of Scotland, 38 St Andrew Square, Edinburgh, EH2 2YR
Solicitors	
	Harper Macleod, The Ca'd'oro, 45 Gordon Street, Glasgow G1 3PE

Attendance at Board and Committee meetings

	Strategic Board		Audit and Risk		Emergency		Colleague and Governance		PACT Enterprises	
	Possible	Actual	Possible	Actual	Possible	Actual	Possible	Actual	Possible	Actual
Maureen Garvie	8	6	-	-	-	-	2	1	-	-
Colin McNeill	8	8	4	4	-	-	2	2	-	-
Stephen Clark	8	4	-	-	-	-	-	-	-	-
Derek Adam	8	5	4	4	-	-	2	2	-	-
Fiona Barr	8	4	-	-	-	-	-	-	-	-
Helen Boath	8	8	4	3	-	-	-	-	-	-
Sandra Stock	8	8	4	2	-	-	2	2	-	-
Martin Fleming	8	7	4	3	-	-	-	-	-	-
Laurie Boles ²	7	7	-	-	-	-	-	-	-	-
Katherine Dewar	8	7	-	-	-	-	-	-	5	4
Kenneth Young ¹	-	-	-	-	-	-	-	-	5	5
Nicola Donaldson ¹	-	-	-	-	-	-	-	-	5	5
Susan Bramley ¹	-	-	-	-	-	-	-	-	5	4

¹ Board Member of PACT Enterprises Limited only ² Laurie Boles appointed September 2018

In addition the Health and Safety Committee, comprising executive directors, managers and advisers met four times during the year

Report of the Board of Management

The Board of Management presents its report and the audited financial statements for the year ended 31 March 2019.

Structure, governance and management

Fife Housing Group (FHG) is a trading name of Fife Housing Association Ltd and PACT Enterprises Ltd.

Fife Housing Association (FHA) (The 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 on 29 January 1997. The Association was formed for the benefit of the community. FHA is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society, the Office of the Scottish Charities Regulator (OSCR) as a charity and the Scottish Housing Regulator as a Registered Social Landlord and the new Rules were adopted on 12 January 2015.

The Association has a wholly-owned non-charitable trading subsidiary PACT Enterprises Ltd. The company provides market rented accommodation for non-social tenants.

Governance arrangements

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 the strategy and performance of the organisation.

There are currently four committees and one subsidiary board:

- Audit and Risk Committee
- Emergency Committee
- Colleague and Governance Committee
- Health and Safety Committee
- PACT Enterprises Limited Board

Members of the Boards and Committees that met during 2018/19 are listed on Page 2.

Appointment of Trustees

The Board of Management and Executive Officers 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 and topics, including attendance at conferences and seminars.

A training needs analysis is developed for each individual Board member and these are 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 is 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 is held annually. This gives the Board an opportunity to review its structure and performance, how well the sub-committees are operating, 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.

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

The approach to effective risk management within FHG is one that aims to protect and support achievement of our aims to provide sustainable and safe homes, and high quality services for present and future generations in Fife.

The Group understands that the very nature of the services that we provide carries inherent risk and we recognise the responsibility that we bear to make future decisions within a risk-based approach. Effective risk management will ensure that we minimise negative impact and make informed decisions on future opportunities.

Risk Management provides a strategic and comprehensive approach to the management of risk across the organisation; acting as a critical driver for continuous improvement of our internal controls and assessment of the impact of achieving our business plan objectives.

The Group's risk management framework splits risks into either 'Strategic' or 'Operational'. The framework will:

- Continue to be integrated into our business planning methodology;
- Magnify the positive, beneficial consequences of risk while acting to reduce the negative, detrimental consequences;
- Apply to strategic, operational, projects and new business initiatives;
- Allow FHG to better identify organisational risks and opportunities and develop mitigation strategies; and
- Include a strong assurance focus that supports the Board of Management and Audit and Risk Committee in fulfilling their roles.

The Group's key strategic risks have been reviewed during the year and revised as shown below:

Governance:	Fail to ensure effective governance arrangements are in place
Collaboration and Growth:	Fail to identify or to maximise opportunities for collaboration and growth
Engagement:	Fail to build on / maintain confidence, satisfaction and trust of tenants

Government Changes:	Unable to adapt to government / regulatory changes
Finance:	Unable to manage our financial position.

Under each of these strategic risks is a set of operational risks which are currently monitored on a monthly basis by the Director responsible for the risk area.

Vision

The vision of Fife Housing Group is "Your Home...Our Priority".

Our Values

- Accountable - take personal responsibility;
- Firm but fair - treat everyone fairly;
- Open and honest - be transparent in all that we do; and
- Versatile - be flexible and creative in our approach.

Our Strategic Objectives

During the year the Board reviewed the strategic objectives and these were agreed as follows:

-
- Invest in the right assets and communities;
 - Listening to, understanding and responding to tenant aspirations;
 - Continuous improvement in all that we do;
 - Ensure financial viability; and
 - Supporting and Engaging Colleagues

Our future plans

Fife Housing Group (The Group) puts continuous improvement at the heart of what we do, we will continue to be rigorous and systematic in our approach to managing our performance and we will plan and manage our work to achieve improvements in our service delivery.

Property

The Group has continued to make step changes to the organisation with key stages completed or near completion, this process has provided the organisation with a strong foundation for growth. The completion of the stock condition survey of 100% of properties means that we are certain about the replacement programme which will be underpinned by the availability of funds from the refinancing exercise completed in July 2019.

We believe that a home should be safe, comfortable and sustainable and are, therefore, working towards the achievement of the Energy Efficiency Standard for Social Housing (EESH) by 2020. In addition, we are upgrading fire and smoke detection systems in all of our properties following the introduction of new legislation in the wake of the tragic fire at Grenfell Tower and have already completed 40% against a February 2021 deadline.

Tenants

We recognise the importance of providing high quality affordable homes and sustainable communities, balanced with the costs of developing and maintaining homes to the standards tenants expect and the affordability of rents. The competing principles do mean that sometimes rents have to be in excess of what tenants would like to pay, however, the Group must balance the needs of all the tenants over individuals. We will continue with our work on driving down costs in order to assist with meeting rent affordability, as an example we recently recruited more colleagues to deliver the bathroom and kitchen replacement programme which will reduce cost significantly.

The Group values the input that tenants make to help improve our services and to understand what our communities want. The way we engage with tenants and other customers has improved, for instance our Community Café events, but we want to do more so we will be investing in our website and systems to provide more ways for tenants to engage and also by making processes simpler, more efficient and effective.

We will support the continued development of Resident VOICES, our scrutiny group, to increase the numbers of tenants we talk to and ways to engage with interested tenants.

Development

We are proud of our most recent property development at Crombie creating 19 homes and this has emphasised the need for the Group to further develop affordable, sustainable and high quality homes for our tenants. The Group aims to develop a further circa 90 homes over the next two years and will consider other opportunities to work in partnership with the Fife Housing Association Alliance and developers to consider whether an accelerated programme is possible.

Governance

The Group recently recruited three new Board members, these appointments will expand the skills, knowledge and experience of the Board and further strengthen the ability to develop the Group into one of the leading Housing Associations in Scotland.

Key Performance Indicators

The Group routinely reviews its progress against key performance targets set internally or by regulating and legislative bodies. The selection of indicators below demonstrate our continued progress in developing the business to meet the current and future needs of our tenants and other customers:

	FHG 2017/18	FHG 2018/19	Change
Homes meeting the Scottish Housing Quality Standard	84.8%	91.8%	+7.0%
Homes at or above the required Home Energy Rating levels specified in the SHQS	96.7%	99.4%	+2.7%
Average length of time taken to complete emergency repairs	1.6 hours	1.8 hours	+0.2 hours
Average length of time taken to complete non-emergency repairs	9.6 days	9.1 days	-0.5 days
Repairs carried out in the last year completed 'right first time'	88.8%	88.1%	-0.7%
Repairs appointments kept	94.2%	94.1%	-0.1%
Properties that require a gas safety record which had a gas safety check and record completed by the anniversary date	99.9%	100%	+0.1%
Tenants satisfied with the standard of their home when moving in (tenants who moved in in the last year)	83.0%	89.6%	+6.6%
Tenants who had repairs or maintenance carried out in the last 12 months, who are satisfied with the service	83.3%	91.5%	+8.2%

Partnership Working

The Group continues to work in partnership with a number of organisations, as follows:

- Fife Council and the other local housing associations to operate the Fife Housing Register and the related Joint Allocations Policy.
- Fife Housing Association Alliance - as part of this grouping we work together to deliver community initiatives and development opportunities throughout Fife.
- G8 alliance, who meet quarterly to benchmark, share good practice and discuss topical housing related matters.
- HouseMark, which provides a benchmarking service, cost and performance comparisons which assist with improvement and value for money.

Financial review – Fife Housing Group

The Board is satisfied with the Group's performance during the year. The Group has generated a deficit for the year after taxation of (£161,375) (2018 – deficit of £27,584). Total comprehensive income for the year was £246,878 (2018 – £3,182,223)

Turnover increased by £713,321 and operating costs by £676,008. The operating surplus increased from £2,543,557 in 2018 to £2,580,870 in 2019.

The total surplus recognised in the Statement of Comprehensive Income decreased from £3,182,223 in 2018 to £246,879 this year. Details of the movements are set out in page 19.

The surplus for the year has been transferred to revenue reserves. The Group's net asset position is now £2,140,716 (2018 - £1,927,325) after pension liability of £3,561,000 (2018 £3,417,000).

Going concern

After reviewing the detailed Statement of Comprehensive Income 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

The value of the Association's housing properties is now reported gross of all Housing Grants (in compliance with FRS102), which are recorded as Long Term Creditors. The 'deemed cost' used in the FRS102 revaluation was the valuation performed by Jones Lang LaSalle in October 2016 on an existing use basis (Social Housing) (EUV-SH). The net value of the Association's housing properties is £79.0m (2018 - £79.0m).

Impairment review

The impairment review carried out at 31 March 2018 showed that the value in use of the housing 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 3.9% on 1 April 2018 for Association properties. Increases for PACT Properties were based on individual assessments of market rates. Our gross rental income increased from £11,448,408 to £11,992,005. The loss of income from void properties has decreased from £175,778 in 2018 to £154,571 in 2019.

£143,732 of bad debts were written off by the Group this year (2018 - £208,375), and after a review of the rent arrears the bad debt provision against rent arrears has decreased to £470,804 (2018 - £631,764). We are actively monitoring and pursuing our current and former tenants' arrears with a view to reducing the bad debt provision further in the coming year.

Right to Buy 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) were able to exercise this right, until July 2016. No sales occurred in the twelve months to 31 March 2019 and no further sales can now occur.

Pension Fund

The Association operates a defined benefit pension scheme which was open to all its permanent colleagues. In common with most employers applying FRS102 Section 28, the scheme has produced a funding deficit. This deficit increased from £3,417,000 at 31 March 2018 to £3,561,000 at 31 March 2019.

Full details have been provided in Note 25.

From the 1 April 2019 the scheme will be closed to new employees, however they will be able to contribute to a defined contribution scheme through National Employment Savings Trust (NEST).

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 of £104, and did not make any donation to a political party (2018 - £nil).

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.

Post Balance Sheet

The Group executed new loan arrangements on the 31 July 2019 for £65m, the funds will be used to repay previous loans and cancel hedging arrangement removing the inherent risk of these types of financial instruments. The reduction in the interest payable will further support the growth and development of the Group.

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 2019 the Association had four interest-rate-swaps as shown below:

Hedge Ref No	Amount	End Date	Underlying Rate	Rate type
1	£5.0 million	July 2032	4.49%	Cancellable
2	£20.0 million	October 2032	6.936%	Fixed
3	£5.0 million	April 2033	4.96%	Cancellable
4	£5.0 million	July 2035	1.19%+inflation (min 0%, max 5%)	Inflation-linked

These require to be revalued under FRS102 resulting in a liability of £17.0m. (2018 - £17.2m). (Note 18).

Colleagues

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

During the financial year the Group improved from Silver to Gold IIP accreditation. The award demonstrates the Group's commitment to training and development for all colleagues. We also continued with our ambitious management development programme to ensure that our managers are equipped with the skills and tools required to deliver excellent leadership throughout the organisation.

Colleague involvement

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

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

Team meetings are held on a regular basis and at least following each Business Leadership Team meeting which ensures that all colleagues are kept up to date and informed about the strategic direction of the Business.

Health and safety

The Group is aware of its responsibilities on health and safety matters and has a comprehensive management system and policy in place. Colleagues are provided with instruction, training and supervision to secure effective health and safety.

Statement of Board of Management's Responsibilities

The Co-operative and Community Benefits Society Act 2014, and Registered Social Housing 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; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Association and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010, the Registered Housing Associations Determination of Accounting Requirements 2014 and the Statement of Recommended Practice 2014 for Registered Social Housing Providers. It has general responsibility for taking reasonable steps to safeguard the assets of the Association, and to prevent and detect fraud and other irregularities.

Disclosure of Information to Auditors

In so far as the Board of Management are aware:

- There is no relevant audit information (information needed by the company's auditor in connection with preparing their report) of which the company's auditor is unaware; and
- The directors have taken all the steps that they ought to have taken to make aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Board of Management's Statement on Internal Financial Controls

The Board of Management acknowledges that it has ultimate responsibility for ensuring that the Group and Association have 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 Group and Association or for publication;
- The maintenance of proper accounting records; and
- 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. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements include ensuring that:

- Formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority which allow the monitoring of controls and restrict the unauthorised use of the Group and Association's assets;

- Experienced and suitably qualified colleagues take responsibility for the important business functions and annual appraisal procedures have been established to maintain standards of performance;
- Forecasts and budgets are prepared which allow the Board of Management to monitor the key business risks, financial objectives and progress being made towards achieving the financial plans set for the year and for the medium term;
- Monthly management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures through the Board of Management;
- The Audit and Risk Committee and Board of Management receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed, and that a general review of the major risks facing the Association is undertaken; and
- Formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal and external audit reports.

The Audit and Risk 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 and Risk Committee also receives progress reports on areas where the external auditors have commented and ensure that action is taken where considered appropriate.

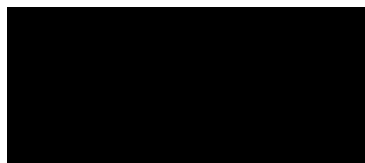
Acting on behalf of the Board of Management, the Audit and Risk Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2019 and until 15 August 2019. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

Auditors

Wylie & Bisset LLP were appointed as auditors during the year. A motion to re-appoint them as auditors will be proposed at the Annual General Meeting.

By order of the Board

Derek William Banks
Trustee/Secretary



Date : 11/9/19

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

Opinion

We have audited the financial statements of Fife Housing Association Limited (the 'Association') and its subsidiary (the 'Group') for the year ended 31 March 2019 which comprise the Group and Association Statement of Comprehensive Income, the Group and Association Statement of Financial Position, the Group and Association Statement of Cash Flows, the Group and Association Statement of Changes in Equity and Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Association's affairs as at 31 March 2019 and of the Group and Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Co-operative and Communities Benefit Societies Act 2014, the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board of Managements' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Management have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Board of Management are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Board of Managements' Report.

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

- The information given in the Report of the Board of Management is inconsistent with the Financial Statements;
- Proper books of accounts have not been kept by the Association in accordance with the requirements of the legislation;
- A satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirement of the legislation;
- The financial statements are not in agreement with the books of accounts; or
- We have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.

Responsibilities of the Board of Management

As explained more fully in the Boards' Responsibilities Statement set out on page 11, the Board of Management are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

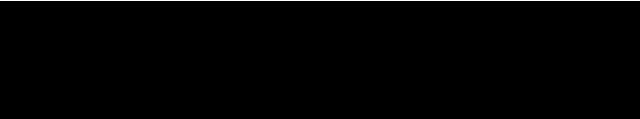
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of this report

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Communities 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.



Wylie & Bisset LLP, Statutory Auditor
Chartered Accountants
168 Bath Street
Glasgow G2 4TP

Date: 11/9/19

Report by the Auditor to the members of Fife Housing Association on Corporate Governance Matters

In addition to our audit of the financial statements, we have reviewed your statements on pages 11 & 12 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements on corporate governance matters within Bulletin 2009/4 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for any non-compliance.

Opinion

In our opinion your Statement on Internal Financial Controls on pages 11 & 12 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Board of Management and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Board of Management's Statement on Internal Financial Controls appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



Wylie & Bisset LLP
Statutory Auditor
Chartered Accountants
168 Bath Street
Glasgow G2 4TP

Date: 11/9/19

Financial Statements:

Group Statement of Comprehensive Income for the year ended 31 March 2019

		2019	2018
	Note	£	£
Turnover	2a	12,694,405	11,981,084
Less: Operating expenditure	2a	(10,113,535)	(9,437,527)
Operating surplus	7	2,580,870	2,543,557
(Loss)/Gain on disposal of fixed assets	12a	(174,989)	9,702
Interest receivable	9	48	2,605
Interest payable and financing costs	8	(2,742,033)	(2,660,883)
Revaluation of investment properties	13c	198,500	69,000
(Deficit) for the year before taxation		(137,604)	(36,019)
Taxation	10a	(23,771)	8,435
Surplus/(Deficit) for the year after taxation		(161,375)	(27,584)
Actuarial gain in respect of pension scheme	25	219,000	579,000
Fair value gain on financial liabilities	18	189,253	2,630,807
Total comprehensive income for the year		246,878	3,182,223

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

The notes on pages 29 to 61 form part of these financial statements.

Association Statement of Comprehensive Income for the year ended 31 March 2019

		2019	2018
	Note	£	£
Turnover	2b	12,405,279	11,748,302
Less: Operating expenditure	2b	(9,962,030)	(9,354,043)
Operating surplus	7	2,443,249	2,394,259
(Loss)/Gain on disposal of fixed assets	12b	(174,964)	32,417
Interest receivable	9	120,954	119,683
Interest payable and similar charges	8	(2,742,033)	(2,660,883)
(Deficit) for the year before taxation		(352,794)	(114,524)
Taxation	10b	(2,011)	(9,653)
(Deficit) for the year after taxation		(354,805)	(124,177)
Actuarial gain in respect of pension scheme	25	219,000	579,000
Fair value gain on financial liabilities	18	189,253	2,630,807
Total comprehensive income for the year		53,448	3,085,630

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

The notes on pages 29 to 61 form part of these financial statements.

Group Statement of Financial Position as at 31 March 2019

	Note	2019 £	2018 £
Fixed assets			
Housing properties	11	78,951,366	78,988,589
Loan Refinancing	27	65,719	-
Other fixed assets	14a	841,674	851,596
Investment properties	13c	4,796,500	4,598,000
Intangible fixed assets	13a	387,800	155,609
		85,043,059	84,593,794
Current assets			
Stock		25,808	
Trade and other debtors	16a	835,255	745,419
Cash and cash equivalents		2,513,597	3,484,679
		3,374,660	4,230,098
Current liabilities			
Creditors: amounts falling due within one year	17	(2,583,746)	(2,661,708)
Net current assets		790,914	1,568,390
Total assets less current liabilities		85,833,973	86,162,184
Creditors: falling due after more than one year	18	(80,065,349)	(80,769,417)
Provision for liabilities			
Pension liability	25	(3,561,000)	(3,417,000)
Other provisions	21	(66,908)	(48,442)
Total net assets		2,140,716	1,927,325
Capital and reserves			
Share capital	22	89	85
Revenue reserve		(8,218,283)	(8,661,874)
Revaluation reserve		10,358,910	10,589,114
Total capital and reserves		2,140,716	1,927,325

The financial statements on pages 19 to 28 were approved by the Board of Management and authorised for issue on 11 September 2019 and were signed on its behalf by:

Maureen Garvie **Chair**
Derek Adam **Audit Committee Convener**
Derek William Banks **Secretary/Trustee**

The notes on pages 29 to 61 form part of these financial statements.

Association Statement of Financial Position as at 31 March 2019

	Note	2019 £	2018 £
Fixed assets			
Housing properties	11	78,951,366	78,988,589
Loan Refinancing	27	65,719	-
Other fixed assets	14b	841,507	850,803
Investment properties	13d	120,000	120,000
Investment in subsidiary	13b	1	1
Intangible assets	13a	387,800	155,609
		80,366,393	80,115,002
Current assets			
Stock		25,809	-
Trade and other debtors	16a	837,129	736,315
Debtors : falling due after more than one year	16b	3,795,000	3,795,000
Cash and cash equivalents		2,388,680	3,364,373
		7,046,618	7,895,688
Current liabilities			
Creditors: amounts falling due within one year	17	(2,551,168)	(2,642,232)
Net current assets		4,495,450	5,253,456
Total assets less current liabilities		84,861,843	85,368,458
Creditors: falling due after more than one year	18	(80,065,349)	(80,769,416)
Provision for liabilities			
Pension liability	25	(3,561,000)	(3,417,000)
Total net assets / (liabilities)		1,235,494	1,182,042
Capital and reserves			
Share capital	22	89	85
Revenue reserve		(9,123,505)	(9,407,157)
Revaluation reserve		10,358,910	10,589,114
Total capital and reserves		1,235,494	1,182,042

The financial statements on pages 19 to 28 were approved by the Board of Management and authorised for issue on 11 September 2019 and were signed on its behalf by:

Maureen Garvie Chair
Derek Adam Audit Committee Convener
Derek William Banks Secretary/Trustee



The notes on pages 29 to 61 form part of these financial statements.

Group Statement of Changes in Reserves

	Share capital	Income and expenditure reserve	Revaluation reserve	Total
	£	£	£	£
Balance at 1 April 2017	89	(12,074,299)	10,819,316	(1,254,894)
Surplus for the year	-	(27,584)	-	(27,584)
Actuarial (loss)/gain in respect of pension scheme	-	579,000	-	579,000
Fair value (loss)/gain on financial liabilities	-	2,630,807	-	2,630,807
Issued share capital	-	-	-	-
Redeemed share Capital	(4)	-	-	(4)
Transfer in Year	-	230,202	(230,202)	-
Balance as at 31 March 2018	85	(8,661,874)	10,589,114	1,927,325
Surplus for the year		(194,866)		(194,866)
Actuarial (loss)/gain in respect of pension scheme		219,000		219,000
Fair value (loss)/gain on financial liabilities		189,253		189,253
Issued share capital	4			4
Redeemed share capital				-
Transfer in Year		230,204	(230,204)	-
Balance at 31 March 2019	89	(8,218,283)	10,358,910	2,140,716

Association Statement of Changes in Reserves

	Share capital	Income and expenditure reserve	Revaluation reserve	Total
	£	£	£	£
Balance at 1 April 2017	89	(12,722,989)	10,819,316	(1,903,584)
Surplus for the year	-	(124,177)	-	(124,177)
Actuarial (loss)/gain in respect of pension scheme	-	579,000	-	579,000
Fair value (loss)/gain on financial liabilities	-	2,630,807	-	2,630,807
Issued share capital	-	-	-	-
Redeemed share capital	(4)	-	-	(4)
Transfer in Year	-	230,202	(230,202)	-
Balance as at 31 March 2018	85	(9,407,157)	10,589,114	1,182,042
Surplus for the year	-	(354,805)	-	(354,805)
Actuarial (loss)/gain in respect of pension scheme	-	219,000	-	219,000
Fair value (loss)/gain on financial liabilities	-	189,253	-	189,253
Issued share capital	4	-	-	4
Redeemed share capital	-	-	-	-
Transfer in Year	-	230,204	(230,204)	-
Balance at 31 March 2019	89	(9,123,505)	10,358,910	1,235,494

Group Statement of Cash Flows for the year ended 31 March 2019

		2019	2018
	Notes	£	£
Operating activities			
Cash generated from operating activities	A	4,672,982	4,657,849
Income taxes paid		(1,507)	(8,960)
Net cash generated from operating activities		4,671,475	4,648,889
Cash flow used in investing activities			
Purchase of tangible and intangible fixed assets	11, 13, 14	(2,940,776)	(3,314,412)
Proceeds from sale of tangible fixed assets	12	38,100	183,325
Grants received		-	1,201,389
Interest received	9	48	2,605
Loan Refinancing		(65,719)	-
Net cash used in investing activities		(2,968,347)	(2,554,369)
Cash flow used in financing activities			
Interest paid		(2,674,209)	(2,554,369)
Net cash used in financing activities		(2,674,209)	(2,554,369)
Net increase/(decrease) in cash and cash equivalents		(971,081)	167,427
Cash and cash equivalents at beginning of year		3,484,678	3,317,251
Cash and cash equivalents at end of year		2,513,597	3,484,678

Group Statement of Cash Flows

A. Reconciliation of surplus to net cash generated from operations

		2019	2018
	Notes	£	£
Surplus for the year		(161,375)	(27,584)
Adjustments for non-cash items:			
Depreciation of fixed assets		2,478,636	2,286,349
Amortisation of intangible fixed assets		66,360	64,636
Fair value gains on investment properties		(198,500)	(59,000)
Movement in defined benefit pension		363,000	353,000
Impairment losses on fixed assets		-	-
(Loss)/Gain on disposal of tangible fixed assets	12a	190,685	(9,702)
Loss on disposal of other fixed assets	14a	(15,696)	-
Interest payable	8	2,742,033	2,660,883
Interest receivable	9	(48)	(2,605)
Taxation	10a	23,771	(8,435)
Deferred income amortisation	20	(524,139)	(513,034)
Operating cash flows before movements in working capital		4,964,727	4,744,508
Share capital (net receipts)		4	(4)
Decrease/(Increase) in trade and other debtors		(89,836)	131,437
(Increase) in stock		(25,809)	-
(Decrease)/Increase in trade and other creditors		(176,104)	(218,092)
Cash generated from operations		4,672,982	4,657,849

Association Statement of Cash Flows for the year ended 31 March 2019

		2019	2018
	Notes	£	£
Net cash generated from operating activities	B	4,513,969	4,537,352
Income Taxes Paid		(1,507)	(8,147)
Gift Aid		33,495	-
Net Cash Generated from Operating Activities		4,545,957	4,529,205
Cash flow used in investing activities			
Purchase of Tangible and Intangibles Fixed Assets	11,13,14	(2,940,776)	(3,314,412)
Proceeds from sale of tangible fixed assets	12b	38,100	78,325
Grants received		0	1,201,389
Interest received	9	120,954	119,683
Loan Refinancing		(65,719)	-
Loan Repayment		0	105,000
Net cash used in investing activities		(2,847,441)	(1,810,015)
Cash flow used in financing activities			
Interest paid		(2,674,209)	(2,554,369)
New secured loans		-	-
Net cash used in financing activities		(2,674,209)	(2,554,369)
Net increase/(decrease) in cash and cash equivalents		(975,693)	164,821
Cash and cash equivalents at beginning of year		3,364,373	3,199,552
Cash and cash equivalents at end of year		2,388,680	3,364,373

Association Statement of Cash Flows

B. Reconciliation of surplus to net cash generated from operations

	Notes	2019 £	2018 £
Surplus for the year		(354,805)	(124,177)
Adjustments for non-cash items:			
Depreciation of tangible fixed assets		2,478,034	2,285,072
Impairment of intangible fixed assets		66,360	64,636
Revaluation and impairment of fixed assets		-	10,000
Movement in defined benefit pension		363,000	353,000
(Gain)/Loss on disposal of tangible fixed assets	12	190,685	(32,417)
Loss on disposal of other fixed assets	14a	(15,721)	1,859
Interest receivable	9	(120,954)	(119,683)
Interest payable	8	2,742,033	2,660,883
Taxation	10	2,011	9,654
Deferred income amortisation	20	(524,139)	(513,034)
Operating cash flows before movements in working capital		4,826,504	4,595,793
Share capital (net receipts)		4	(4)
Increase/(Decrease) in trade and other debtors		(100,814)	141,295
(Decrease)/Increase in trade and other creditors		(185,916)	(199,732)
(Increase) in Stock		(25,809)	-
(Decrease) in provisions		-	-
Cash generated from operations		4,513,969	4,537,352

Notes to the Financial Statements

1. Accounting Policies

Legal status

Fife Housing Association Limited is registered in Scotland under the Co-operative and Community Benefit Societies Act 2014 No. 2476R(S) and is a registered Scottish charity No. SC025647. The Association is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010 No. HAL295.

The address of the Company's registered office and principal place of business is 7 Pitreavie Court, Pitreavie Business Park, Dunfermline, Fife, KY11 8UU.

The Association's principal activities are set out in the Report of the Board of Management. The nature of the Association's operations is also provided in the Report of the Board of Management.

Fife Housing Association Limited is a Public Benefit Entity, whose liability is 'Limited by Shares'.

Basis of accounting

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2014 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Determination of Accounting Requirements 2014, and under the historical cost convention, modified to include certain financial instruments at fair value.

The financial statements are prepared in Sterling (£). Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. The principal accounting policies that have been applied consistently to all periods presented in these financial statements are set out below.

Basis of consolidation

The accounts consolidate the results and net assets of the Association's wholly owned subsidiary company, PACT Enterprises Limited (a company limited by shares and registered in Scotland – company number SC375254), using acquisition accounting. Profits or losses on intra-group transactions and intra-group balances are both eliminated in full.

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 by taking into account the financial position of the Association and the impact of any perceived weakness on viability and considered 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.

Notes to the Financial Statements

1. Accounting Policies (continued...)

On that basis the Board of Management has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires management to make critical judgements and estimates concerning the future. Estimates and areas of judgements are continually re-evaluated and balanced with advice from qualified experts and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included below:

- Useful lives of Housing Property – see Depreciation and Impairment
- Components of Housing Properties – see Depreciation and Impairment
- The measurement of the recoverable amount of assets for impairment reviews – see Depreciation and Impairment
- Recoverable amount of rent arrears and other debtors – see Financial Instruments
- Amortisation of Government Grants – see Government Grants

Tangible fixed assets – housing properties

Housing properties are for the provision of social housing or to otherwise provide social benefit and are principally available for rent and shared ownership.

Completed housing and shared ownership properties are stated at cost less accumulated depreciation and impairment losses except for properties which were acquired under a Large Scale Voluntary Transfer which have been revalued as at 1 April 2014. Under the transitional rules of FRS102 this became deemed cost at that date. The revaluation reserve relating to this revaluation is being amortised over 50 years.

Cost for all other properties includes the cost of acquiring land and buildings, and expenditure incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets, are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income;
- A material reduction in future maintenance costs; or
- A significant extension to the life of the property.

Notes to the Financial Statements

1. Accounting Policies (continued...)

Shared ownership properties are split proportionally between fixed assets and current assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds are included in turnover. The remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment. Where the first tranche has been sold prior to the acquisition of the properties, these are included in fixed assets only.

Depreciation of housing properties

Freehold land or assets under construction are not depreciated.

The Association separately identifies the major components of its housing properties and charges depreciation so as to write-down the cost of each component to its estimated residual value, on a straight line basis over the following years:

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

The Stock Transfer Properties (LSVT) 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.

Turnover and revenue recognition

Turnover comprises rental and service charge income receivable in the period, other services provided at the invoice value (excluding VAT) and grants receivable in the period.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids.

Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the transaction.

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with administering authorities.

Notes to the Financial Statements

1. Accounting Policies (continued...)

Government grants

Government grants include grants receivable from the Scottish Government, local authorities and other government bodies. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Social Housing Grant (SHG) is received as a contribution towards the capital cost of a housing development and is recognised in line with the accrual method. The accrual model results in the grant being recognised in income over the expected useful life of the housing property structure and not land or short life components.

On disposal of an asset for which Government grant was received, if there is an obligation to repay the grant, then any unamortised grant remaining is derecognised as a liability and recognised as income. Where there is a requirement to repay the grant a liability is included in the Statement of Financial Position to recognise this obligation.

Other grants

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

It is the Association's policy to recognise Stage 3 Medical Adaptations Social Housing Grants (SHG) in the income and expenditure account as the performance conditions are met as adaptations tend to relate to a part component replacement rather than a full upgrade.

Investment properties

Investment properties (including properties held under an operating lease) consist of commercial properties and properties not held for social benefit. These properties are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in income and expenditure.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS 102. The Board of Management consider that, because investment properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view.

If this departure from the Companies Act 2006 had not been made in order to give a true and fair view, the surplus/deficit for the financial year would have been reduced by depreciation. However the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount relating to the depreciation of the property cannot be separately identified.

Notes to the Financial Statements

1. Accounting Policies (continued...)

Capitalisation Policy

The Association capitalises all assets over £500, these could be depreciated at various rates as outlined in these policies.

Other tangible fixed assets

Tangible fixed assets are initially measured at cost and are subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost or valuation of each asset to its estimated residual value over its expected useful life, as follows:

Office properties	2%
Computer and equipment	20%
Furniture, fittings and office equipment	10%
White goods supplied to investment properties	20%
Vehicles	20%

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Intangible fixed assets (other than goodwill)

Intangible fixed assets are initially measured at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible fixed assets are amortised to profit or loss on a straight-line basis over their useful lives as follows:

Computer software	20%
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Impairments of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has been fully or partially reversed. If such indications exist, the Registered Social Landlord estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the income and expenditure account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in income and expenditure. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Notes to the Financial Statements

1. Accounting Policies (continued...)

Borrowing costs

All borrowing costs for fixed assets are expensed as incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Taxation

Fife Housing Association Limited has charitable status and is registered with the Office of Scottish Charities Regulator and is therefore exempt from paying Corporation Tax on its charitable activities.

The tax expense represents the sum of the current tax expense and deferred tax expense relating to the non-charitable activities. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Value Added Tax

The Association is VAT registered, however, a large proportion of income, namely rents, is exempt for VAT purposes therefore giving rise to a Partial Exemption calculation. Expenditure is shown inclusive of non-recoverable VAT.

Notes to the Financial Statements

1. Accounting Policies (continued...)

Deposits and liquid resources

Cash comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into cash at, or close to, their carrying value. Notes to the Financial Statements

The interest is charged to income and expenditure so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

All leases are operating leases and the annual rentals are charged to income and expenditure on a straight line basis over the lease term.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

Employees are entitled to carry forward up to five days of any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received. The total at the end of each year is now included within creditors.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the FHG is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

The Association participates in the Fife Council Superannuation Fund, which is a defined benefit pension scheme providing benefits based on final pensionable salary, the cost of providing benefits is determined using the projected unit credit method. From the 1 April 2019 the scheme will be closed to new employees, however they will be able to contribute to a defined contribution scheme through National Employment Savings Trust (NEST).

Pension asset/Liability

The net defined benefit asset/liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

Gains or losses recognised in other comprehensive income are:

- Actuarial gains and losses; and
- The difference between the interest income on the plan assets and the actual return on the plan assets.

Notes to the Financial Statements

1. Accounting Policies (continued...)

Financial instruments

The Association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments. FRS 102 requires some financial instruments to be carried at fair value. Housing loans are classified as either basic or complex financial instruments. Loans that are classified as basic are measured at amortised cost.

The fair value of complex financial instruments are provided independently by the Bank of Scotland and are determined using valuation techniques that use primarily observable inputs such as short term rates futures, swap rates, implied volatilities and market credit spreads for similar credit worthiness instruments. Changes in fair value of financial instruments are taken to the Statement of Comprehensive Income.

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument, and are offset only when the Association currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income and expenditure.

Financial liabilities

Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Notes to the Financial Statements

1. Accounting Policies (continued...)

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Provisions

Provisions are recognised when the Registered Social Landlord has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

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

				2019	2018
		Turnover	Operating Costs	Operating Surplus	Operating Surplus
		£	£	£	£
Affordable lettings/activities	(Note 3)	12,236,092	9,875,540	2,360,552	2,375,161
Other activities	(Note 4a)	458,313	237,995	220,318	168,396
Total		12,694,405	10,113,535	2,580,870	
Total 2017/18		11,981,084	9,437,527		2,543,557

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

				2019	2018
		Turnover	Operating Costs	Operating Surplus	Operating Surplus/Deficit
		£	£	£	£
Affordable lettings/activities	(Note 3)	12,236,092	9,875,540	2,360,552	2,375,159
Other activities	(Note 4b)	169,187	86,490	82,697	19,100
Total		12,405,279	9,962,030	2,443,249	
Total 2017/18		11,748,302	9,354,043		2,394,259

Notes to the Financial Statements

3. Particulars of income and expenditure from affordable lettings/activities – Group and Association

	General needs	Shared ownership housing	2019	2018
	£	£	£	£
Rent receivable net of service charges	11,576,648	11,398	11,588,046	11,151,797
Service charges receivable	91,150	16,482	107,632	95,610
Gross income from rents and service charges	11,667,798	27,880	11,695,678	11,247,407
Less rent losses from voids	(146,630)	-	(146,630)	(165,542)
Net income from rents and service charges	11,521,168	27,880	11,549,048	11,081,865
Grants released from deferred income	524,138	-	524,138	513,034
Grants from the Scottish Ministers	162,906	-	162,906	88,387
Other revenue grants	-	-	-	-
Total turnover from social letting activities	12,208,212	27,880	12,236,092	11,683,286
Management and maintenance administration costs	3,231,879	11,867	3,243,746	3,783,611
Service costs	84,778	-	84,778	80,125
Planned and cyclical maintenance including major repair costs	1,076,308	-	1,076,308	857,314
Reactive maintenance costs	2,874,335	-	2,874,335	2,071,523
Bad debts – rent and service charges	143,720	-	143,720	204,911
Depreciation of affordable let properties	2,452,654	-	2,452,654	2,310,643
Operating costs for social letting activities	9,863,674	11,867	9,875,541	9,308,127
Operating surplus from social lettings	2,344,538	16,013	2,360,551	2,375,159
Operating surplus from social lettings for previous year	2,368,676	6,483	2,375,159	

Notes to the Financial Statements

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

	Grants from Scottish Ministers	Other revenue grants	Supporting People income	Other income	Total turnover	Operating costs – bad debts	Other operating costs	2019		2018	
								£	£	£	£
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	-	-	64,516	64,516	-	64,606	(90)	(12,145)		
Investment property activities	-	-	-	14,500	14,500	-	-	14,500	14,500		
Factoring	-	-	-	30,888	30,888	-	21,884	9,004	(7,214)		
Contracted out activities for registered social landlords	-	-	-	-	-	-	-	-	20,251		
Other agency/management services - PACT	-	-	-	289,126	289,126	-	151,505	137,621	139,297		
Office land and buildings impairment	-	-	-	-	-	-	-	-	-		
Other activities	-	-	-	59,283	59,283	-	-	59,283	13,707		
Total from other activities	-	-	-	458,313	458,313	-	237,995	220,318			
Total from other activities - previous year	-	-	-	297,798	297,798	-	129,400				168,398

Notes to the Financial Statements

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

	2019							2018	
	Grants from Scottish Ministers £	Other revenue grants £	Supporting People income £	Other income £	Total turnover £	Operating costs – bad debts £	Other operating costs £	Operating surplus / (deficit) £	Operating surplus / (deficit) £
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	-	-	64,516	64,516	-	64,606	(90)	(12,145)
Investment property activities	-	-	-	14,500	14,500	-	-	14,500	14,500
Factoring	-	-	-	30,888	30,888	-	21,884	9,004	(7,214)
Contracted out activities for registered social landlords	-	-	-	-	-	-	-	-	20,251
Office land and buildings impairment	-	-	-	-	-	-	-	-	(10,000)
Development impairment	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	59,283	59,283	-	-	59,283	13,707
Total from other activities	-	-	-	169,187	169,187	-	86,490	82,697	
Total from other activities - previous year	-	-	-	65,016	65,016	-	45,917	-	19,099

Notes to the Financial Statements

5. Employee information

The average monthly number of persons, including key management personnel, employed during the period (Full Time Equivalent) was:	Group		Association	
	2019	2018	2019	2018
	Office	43.0	47.6	43.0
Maintenance services	18.0	12	18.0	12
Total	61.0	59.6	61.0	59.6

	£	£	£	£
Office				
Wages and salaries	1,356,361	1,564,114	1,356,361	1,564,114
Redundancy costs	-	13,952	-	13,952
Social security costs	131,292	150,705	131,292	150,705
Pension costs (Note 26)	374,670	353,713	374,670	353,713
Adjustment to past / current service costs	226,000	202,591	226,000	202,591
Temporary employee costs	88,677	140,534	88,677	140,534
Sub-total	2,177,000	2,425,609	2,177,000	2,425,609
Maintenance Services Department				
Wages and salaries	539,577	366,870	539,577	366,870
Redundancy costs	-	-	-	-
Social security costs	50,467	35,078	50,467	35,078
Pension costs (Note 26)	127,407	91,503	127,407	91,503
Adjustment to past/current service costs	-	52,409	-	52,409
Temporary employee costs	164,336	38,149	164,336	38,149
Sub-total	881,787	584,009	881,787	584,009
Total				
Wages and salaries	1,895,938	1,930,984	1,895,938	1,930,984
Redundancy costs	-	13,952	-	13,952
Social security costs	181,759	185,783	181,759	185,783
Pension costs (Note 26)	502,077	445,216	502,077	445,216
Adjustment to past/current service costs	226,000	255,000	226,000	255,000
Temporary employee costs	253,013	178,683	253,013	178,683
Total employee costs	3,058,787	3,009,618	3,058,787	3,009,618

Notes to the Financial Statements

6. Key management personnel (Group and Association)

Key management personnel are defined as the members of the Board, the Chief Executive and senior management personnel.

The number of key management personnel who received emoluments (excluding employers' pension contributions) in excess of £60,000 during the reporting period fell within the following bands:

	2019	2018
	Number	Number
£60,000 - £70,000	1	3
£70,001 - £80,000	1	-
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
£100,000 - £110,000	-	-
	3	4
	£	£
Aggregate emoluments for the above key management personnel (excluding pension contributions)	228,698	288,954
The emoluments of the Chief Executive (excluding pension contributions)	92,134	89,162
Pension Contributions of the Chief Executive	21,749	19,843
Aggregate pension contributions in relation to the above key management personnel	53,465	63,598

Total expenses paid to Board members during the year was £925 (2018 - £746).

Notes to the Financial Statements

7. Operating surplus

	Group		Association	
	2019	2018	2019	2018
	£	£	£	£
Operating surplus is stated after charging:				
Depreciation of housing properties (note 11)	2,449,616	2,195,659	2,449,616	2,195,659
Depreciation of other assets (note 14)	29,020	90,690	28,418	89,413
Amortisation of intangible assets (note 13a)	66,360	64,636	66,360	64,636
Auditor's remuneration in their capacity as auditors	31,605	32,523	26,539	27,903
Auditor's remuneration in respect of other services	8,734	8,945	6,874	7,835
Operating lease rentals	75,922	209,148	75,922	209,148

8. Interest payable and similar charges

	Group		Association	
	2019	2018	2019	2018
	£	£	£	£
Interest arising on:				
Long term bank loan	2,647,033	2,562,883	2,647,033	2,562,883
Other interest payable	95,000	98,000	95,000	98,000
Total	2,742,033	2,660,883	2,742,033	2,660,883

9. Interest receivable and other income

	Group		Association	
	2019	2018	2019	2018
	£	£	£	£
Interest arising on:				
Group Interest	-	-	120,906	117,078
Other interest receivable	48	2,605	48	2,605
Total	48	2,605	120,954	119,683

Notes to the Financial Statements

10a. Taxation - Group

Tax on surplus on ordinary activities

	2019	2018
	£	£
Analysis of charge in period		
Current Tax		
UK Corporation tax	(5,302)	(9,653)
Total current tax charge	(5,302)	(9,653)
Deferred Tax		
Timing differences, origination and reversal (note 21)	(18,469)	18,088
Tax on profit on ordinary activities	(23,771)	8,435

	2019	2018
	£	£
Reconciliation of tax charge		
Surplus for the year before taxation	(137,604)	(36,019)
Tax on surplus at standard rate of corporation tax of 19%	(26,145)	(6,844)
Association deficit/(surplus) not subject to tax	69,042	23,266
Income not subject to tax	(37,715)	(13,110)
Chargeable gains	18,571	(20,216)
Other items not allowable for taxation	120	(1,806)
Adjustments in respect of previous periods	0	8,147
Adjustments for different rates of taxation on deferred tax	(102)	2,128
Tax charge for the year	23,771	(8,435)

Notes to the Financial Statements

10b. Taxation - Association

Tax on surplus on ordinary activities

	2019	2018
	£	£
Analysis of charge in period		
Current Tax		
UK Corporation tax	(2,011)	(9,653)
Total current tax charge	(2,011)	(9,653)
Deferred Tax		
Timing differences, origination and reversal (note 21)	-	-
Tax on profit on ordinary activities	(2,011)	(9,653)

	2019	2018
	£	£
Reconciliation of tax charge		
Surplus for the year before taxation	(352,794)	(114,524)
Tax on surplus at standard rate of corporation tax of 19%	(67,031)	(21,760)
Association deficit/(surplus) not subject to tax	69,042	23,266
Income not subject to tax	-	-
Chargeable gains	-	-
Other items not allowable for taxation	-	-
Adjustments in respect of previous periods	-	8,147
Adjustments for different rates of taxation on deferred tax	-	-
Tax charge for the year	2,011	9,653

Notes to the Financial Statements

11. Housing properties - Group and Association

	Housing Properties Held for Letting	Housing Stock Under Development	Shared Ownership	Total
	£	£	£	£
Cost or valuation				
At 1 April 2018	99,288,475	2,610,454	273,145	102,172,074
Additions	2,603,078	-	-	2,603,078
Disposals	(549,800)	-	-	(549,800)
Transfers to Housing Properties Held for Letting	2,591,895	(2,591,895)	-	-
As at 31 March 2019	103,933,648	18,559	273,145	104,225,352
Depreciation				
As at 1 April 2018	(23,105,147)	-	(78,338)	(23,183,485)
Depreciation charged in year	(2,444,539)	-	(5,077)	(2,449,616)
Disposals	359,115	-	-	359,115
As at 31 March 2019	(25,190,571)	-	(83,415)	(25,273,986)
Net Book Value as at 31 March 2019	78,743,077	18,559	189,730	78,951,366
Net Book Value as at 31 March 2018	76,183,328	2,610,454	194,807	78,988,589

Major repairs in the year amounted to £3,679,386 (2018: £2,148,203). Of the total, £2,603,078 (2018: £1,290,889) was capitalised and related to the replacement of components with enhancements of £nil (2018: £nil). The remaining £1,076,308 (2018: £857,314) was charged to the statement of comprehensive income.

The total cost of land included above is £17,249,831 (2018: £17,249,831).

12a. Gain on disposal of assets - Group

	Right to Buy Sales	Other fixed assets	Land	Housing properties	Total 2019	Total 2018
	£	£	£	£	£	£
Proceeds	-	38,100	-	-	38,100	183,325
Expenses	-	-	-	-	-	(4,285)
Cost of sale	-	(2,278)	-	-	(2,278)	(169,317)
Abortive costs	(65)	-	-	-	(65)	(21)
Disposals	-	(20,061)	-	(190,685)	(210,746)	-
Gain on disposal of assets	(65)	15,761	-	(190,685)	(174,989)	9,702

Notes to the Financial Statements

12b. Gain on disposal of assets - Association

	Right to Buy Sales	Other fixed assets	Land	Housing properties	Total 2019	Total 2018
	£	£	£	£	£	£
Proceeds	-	38,100	-	-	38,100	78,325
Expenses	-	-	-	-	-	(1,200)
Cost of sale	-	(2,277)	-	-	(2,277)	(44,687)
Abortive costs	(65)	-	-	-	(65)	(21)
Disposals	-	(20,037)	-	(190,685)	(210,722)	-
Gain on disposal of assets	(65)	15,786	-	(190,685)	(174,964)	32,417

13a. Intangible fixed assets - Group and Association

	Total £
Cost	
As at 1 April 2018	625,193
Additions	319,397
Disposals	(87,533)
Transfers to Fixed Assets	(21,199)
As at 31 March 2019	835,858
Amortisation	
As at 1 April 2018	469,584
Charge for year	66,360
Disposals	(72,249)
Transfers to Fixed Assets	(15,637)
As at 31 March 2019	448,058
Net Book Value as at 31 March 2019	387,800
Net Book Value as at 31 March 2018	155,609

Notes to the Financial Statements

13b. Fixed asset investments in Subsidiary - Association only

	2019	2018
	£	£
Cost		
PACT Enterprises Limited	1	1

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
Subsidiary undertakings				
PACT Enterprises Limited	Scotland	March 2010	100%	Property investment, management and maintenance.

13c. Fixed assets - investment properties - Group

	Investment properties	Shared equity	Commercial property	Total
	£	£	£	£
As at 1 April 2018	4,478,000	-	120,000	4,598,000
Additions	-	-	-	-
Revaluation	198,500	-	-	198,500
Transferred from current assets	-	-	-	-
Disposals	-	-	-	-
As at 31 March 2019	4,676,500	-	120,000	4,796,500
As at 31 March 2018	4,478,000	-	120,000	4,598,000

A desktop valuation was carried out by Allied Scotland, an external valuer, of the investment and commercial properties as at 9 April 2019. The basis of the valuation is Open-Market Value with the assumption of vacant possession.

Notes to the Financial Statements

13d. Fixed assets - investment properties – Association

	Commercial Property
	£
As at 1 April 2018	120,000
Additions	-
Revaluation	-
Transferred from current assets	-
Disposals	-
As at 31 March 2019	120,000
As at 31 March 2018	120,000

A desktop valuation was carried out by Shepherds, an external valuer, as at April 2019. The basis of the valuation is Open-Market Value with the assumption of vacant possession.

Notes to the Financial Statements

14a. Tangible fixed assets - other – Group

	Eco House	Office land and Buildings Leasehold	Computer Hardware	Furniture and fittings	Vehicles	Total
As at 1 April 2018	40,030	675,000	262,275	166,418	279,703	1,423,426
Additions	-	-	7,718	10,583	-	18,301
Disposals	-	-	(53,475)	(27,279)	(197,367)	(278,121)
Transfers from Intangibles	-	-	21,199	-	-	21,199
As at 31 March 2019	40,030	675,000	237,717	149,722	82,336	1,184,805
As at 1 April 2018	7,606	-	216,796	67,723	279,703	571,828
Charge for year	801	-	9,098	19,121	-	29,020
Disposals	-	-	(52,853)	(23,134)	(197,367)	(273,354)
Transfers from Intangibles	-	-	15,637	-	-	15,637
As at 31 March 2019	8,407	-	188,678	63,710	82,336	343,131
Net Book Value as at 31 March 2019	31,623	675,000	49,039	86,012	-	841,674
Net Book Value as at 31 March 2018	32,424	675,000	45,479	98,693	-	851,596

In April 2019, Shepherd's, an external valuer, valued the Group's offices at Pitreavie Court at £675,000 on a market value basis. If the property had not been revalued it would have been included at a net book value of £842,699 (2018: £819,704).

Notes to the Financial Statements

14b. Tangible fixed assets - other - Association

	Eco House	Office land and Buildings Leasehold	Computer Hardware	Furniture and fittings	Vehicles	Total
		£	£	£	£	£
As at 1 April 2018	40,030	675,000	262,275	158,486	279,703	1,415,494
Additions	-	-	7,718	10,583	-	18,301
Disposals	-	-	(53,475)	(25,486)	(197,367)	(276,328)
Transfers from Intangibles	-	-	21,199	-	-	21,199
As at 31 March 2019	40,030	675,000	237,717	143,583	82,336	1,178,666
As at 1 April 2018	7,606	-	216,796	60,585	279,703	564,690
Charge for year	801	-	9,098	18,519	-	28,418
Disposals	-	-	(52,854)	(21,365)	(197,367)	(271,586)
Transfers from Intangibles	-	-	15,637	-	-	15,637
As at 31 March 2019	8,407	-	188,677	57,739	82,336	337,159
Net Book Value as at 31 March 2019	31,623	675,000	49,040	85,844	-	841,507
Net Book Value as at 31 March 2018	32,424	675,000	45,479	97,900	-	850,803

In April 2019, Shepherds, an external valuer, valued the Association's offices at Pitreavie Court at £675,000 on a market value basis. If the property had not been revalued it would have been included at a net book value of £842,699 (2018: £819,704).

Notes to the Financial Statements

15. Housing Stock

	Group		Association	
	2019	2018	2019	2018
Opening stock	2523	2,526	2474	2,476
Units (Sold) / Acquired during year	19	(3)	19	(2)
Closing stock	2,542	2,523	2,493	2,474
Split:				
Wholly owned and managed	2,522	2,503	2,473	2,454
Shared ownership units	5	5	5	5
Units managed but not owed	15	15	15	15
Total Units	2,542	2,523	2,493	2,474

16a. Debtors

	Group		Association	
	2019	2018	2019	2018
	£	£	£	£
Amounts falling due within one year:				
Rent and service charge receivable	438,785	644,819	427,555	632,958
Less: Bad debt provision -rent	(227,324)	(348,256)	(223,415)	(342,180)
Net rental debtors	211,461	296,563	204,140	290,778
Prepayments and accrued income	310,372	246,533	309,198	246,533
Intercompany debtors	-	-	18,902	9,064
Other debtors	510,778	420,656	502,245	409,086
Less: Bad debt provision – non-rent	(243,480)	(283,508)	(243,480)	(283,508)
Corporation tax receivable	-	813	-	-
Stock	-	43,045	-	43,045
Grants receivable	46,124	21,317	46,124	21,317
Total	835,255	745,419	837,129	736,315

Notes to the Financial Statements

16b. Debtors	Group		Association	
	2019	2018	2019	2018
	£	£	£	£
Amounts falling due after more than one year:				
Intercompany loan to Subsidiary	-	-	3,795,000	3,795,000
Total	-	-	3,795,000	3,795,000

The Intercompany loan is an approved facility of £3.9million of which £3.9million has been drawn down and £105k repaid in previous years. The loan is fully repayable by March 2047. Interest is charged at LIBOR plus 2.5%.

17. Creditors: Amounts falling due within one year

	Group		Association	
	2019	2018	2019	2018
	£	£	£	£
Loan interest payable	289,163	316,339	289,163	316,339
Accruals and deferred income	230,884	181,290	219,728	174,250
Holiday pay	58,431	53,972	58,431	53,972
Rent in advance	514,219	475,949	510,089	475,949
Trade creditors	651,341	622,119	637,474	614,757
Taxation and social security	73,826	46,901	73,649	46,901
Corporation tax	5,301	1,507	2,011	1,507
Intercompany creditors	-	-	43	36
Other creditors	236,442	430,166	236,441	425,056
Deferred capital grants (note 21)	524,139	533,465	524,139	533,465
Total	2,583,746	2,661,708	2,551,168	2,642,232

Notes to the Financial Statements

18. 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	
	2019	2018	2019	2018
	£	£	£	£
Housing Loans				
Fixed rate	20,000,000	20,000,000	20,000,000	20,000,000
Callable swap	5,000,000	5,000,000	5,000,000	5,000,000
RPI swap	5,000,000	5,000,000	5,000,000	5,000,000
Callable swap	5,000,000	5,000,000	5,000,000	5,000,000
Variable facility B	4,777,388	4,777,388	4,777,388	4,777,388
Fair Value Adjustment for Financial Instruments	16,988,066	17,177,320	16,988,066	17,177,320
Deferred capital grant (note 21)	23,299,895	23,814,709	23,299,895	23,814,709
Total	80,065,349	80,769,417	80,065,349	80,769,417

19. Analysis of duration of loans

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	Group		Association	
	2019	2018	2019	2018
	£	£	£	£
Due within one year	-	-	-	-
Due within one and two years	-	-	-	-
Due within two and five years	-	-	-	-
Due after five years	39,777,388	39,777,388	39,777,388	39,777,388
Total	39,777,388	39,777,388	39,777,388	39,777,388

Notes to the Financial Statements

20. Deferred capital grant

	Group		Association	
	2019	2018	2019	2018
	£	£	£	£
As at 1 April	24,348,174	23,839,702	24,348,174	23,839,702
Grant received in the year	-	1,021,506	-	1,021,506
Capital grant written off on disposal	-	-	-	-
Capital grant released in the year	(524,139)	(513,034)	(524,139)	(513,034)
At 31 March	23,824,035	24,348,174	23,824,035	24,348,174
Amounts to be released within one year	524,139	533,465	524,139	533,465
Amounts to be released in more than one year	23,299,896	23,814,709	23,299,896	23,814,709
Total	23,824,035	24,348,174	23,824,035	24,348,174

21. Provisions - Group

	Deferred Tax
	£
As at 1 April 2018	48,442
Utilised in the year	-
Additional provision in the year	18,466
Transferred to creditors in the year	-
As at 31 March 2019	66,908

22. Called up share capital - Group and Association

	2019	2018
	£	£
Allotted, issued and fully paid at 1 April 2018	85	89
Issued in period	4	4
Redeemed in period	-	(8)
At 31 March 2018	89	85

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.

Notes to the Financial Statements

23. Capital Commitments - Group and Association

At 31 March 2019 commitments outstanding were as follows:

	Group		Association	
	2019	2018	2019	2018
Authorised and contracted for	£	£	£	£
Planned maintenance	198,470	-	198,470	-
Developments	-	500,320	-	500,320
ICT Project	312,448	-	312,448	-
Total authorised and contracted for	510,918	500,320	510,918	500,320

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

Capital commitments post balance sheet date were as follows:

	Group		Association	
	2019	2018	2019	2018
Authorised and contracted for	£	£	£	£
ICT Project	-	647,736	-	647,736

24. Lease obligations - Group and Association

The total commitment under non-cancellable operating leases is as follows:

	2019		2018	
	Land and buildings	Other operating leases	Land and buildings	Other operating leases
	£	£	£	£
Lease obligations:				
Within one year	35,940	35,916	192,042	17,106
Between one and five years	143,760	255,089	148,813	18,159
After five years	11,980	-	48,764	302
Total lease obligations	191,680	291,005	389,619	35,567

Notes to the Financial Statements

25. 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 FRS102, section 28. The pension costs for the period were £460,077 (2018 - £447,000).

The fund is actuarially valued on a triennial basis with the most recent being at 31 March 2017. Fife Council Superannuation Fund benefits are linked to price inflation and salary inflation and the real discount rate applied to changes in assumptions on liabilities.

There has been an improvement in the statement of financial position this year. The change in market conditions has led to a higher discount rate. The real discount rate in 2019 was 2.55% compared to 2.7% as at 31 March 2018. A higher real discount rate leads to a lower value being placed on the liabilities and asset returns have been lower than expected.

The actuary-recommended employer's contribution rates is 24.7% of employees' pensionable payments for the year to 31 March 2019.

Assumptions

The principal assumptions used by the independent qualified actuary in updating the most recent valuation to 31 March 2018 for FRS102, section 28 purposes were:

Valuations

	2019	2018	2017	2016	2015	2014	2013
	%	%	%	%	%	%	%
Discount rate	2.55	2.7	2.6	3.5	3.2	4.3	4.5
Consumer Price / Retail Price Inflation	2.35	1.0	1.0	2.2	2.4	2.8	2.8
Rate of increase - pensions in payment	2.35	2.4	2.4	2.2	2.4	2.8	2.8
Salary increases*	2.90	2.9	2.82	3.3	3.3	5.1	5.1

* Salary increases are assumed to be 1% until 31 March 2019 and reverting to the long-term assumption thereafter.

The expected rate of return and the assets in the scheme at 31 March 2019 were:

	2019		2018	
	Long term rate of return	% split of assets	Long term rate of return	% split of assets
Equities	7.3	74%	3.5	72%
Bonds	7.3	13%	3.5	14%
Property	7.3	8%	3.5	9%
Cash	7.3	5%	3.5	5%

The above asset values at 31 March 2019 are at bid value as required under FRS102, Section 28.

Notes to the Financial Statements

25. Pensions - Group and Association (continued...)

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	21.2 years	23.8 years
Future pensioners	22.6 years	25.8 years

Statement of Financial Position

	31 March 2019	31 March 2018
	£'000	£'000
Fair Value of Employer Assets	14,897	13,664
Present Value of Funded Liabilities	(18,416)	(17,081)
Net liability	(3,519)	(3,417)

Analysis of the amount charged to operating surplus

	2019	2018
	£'000	£'000
Current service cost	684	702
Past service cost	3	-
Total operating charge	687	702

Analysis of the amount debited to other finance costs

	2019	2018
	£'000	£'000
Expected return on pension scheme assets	(372)	(348)
Interest on pension scheme liabilities	467	446
Net return	95	98

Notes to the Financial Statements

25. Pensions - Group and Association (continued...)

Reconciliation of defined benefit obligation

	31 March 2019	31 March 2018
	£'000	£'000
Opening defined benefit obligation	17,081	16,951
Current service cost	684	702
Interest cost	467	446
Contributions by members	121	124
Actuarial (losses) / gains	421	(736)
Past service costs	45	-
Impact of settlements and curtailments	-	-
Estimated benefits paid	(361)	(406)
Closing defined benefit obligation	18,458	17,081

Reconciliation of fair value of employer assets

	31 March 2019	31 March 2018
	£'000	£'000
Opening fair value of employer assets	13,664	13,308
Expected return on assets	372	348
Contributions by members	121	124
Contributions by employer	461	447
Actuarial (losses) / gains	640	(157)
Benefits paid	(361)	(406)
Closing fair value of employer assets	14,897	13,664

Amount recognised in Statement of Comprehensive Income

	2019	2018	2017	2016	2015
	£'000	£'000	£'000	£'000	£'000
Actual return less expected return on pension scheme assets	640	(157)	1,956	(330)	442
Change in assumptions underlying the present value of scheme liabilities	(421)	736	(2,881)	1,413	(481)
Actuarial gains / (losses)	219	579	(925)	1,083	(39)
Increase/decrease in irrecoverable surplus from membership fall and other factors	-	-	-	-	-
Actuarial gains / (losses) recognised in OCI	219	579	(925)	1,083	(39)
Cumulative actuarial (losses)	(2,482)	(2,701)	(3,280)	(2,355)	(3,438)

Notes to the Financial Statements

25. Pensions - Group and Association (continued...)

History of gains and losses

	2019	2018	2017	2016	2015
	£	£	£	£	£
Fair value of employer assets	14,897	13,664	13,308	10,711	10,371
Present value of defined benefit obligations	(18,458)	(17,081)	(16,951)	(13,294)	(13,815)
Deficit	(3,561)	(3,417)	(3,643)	(2,583)	(3,444)
Experience gains/(losses) on assets	640	(157)	1,956	(330)	442
Experience losses/(gains) on liabilities	0	220	0	132	(253)

26. Related parties - Group and Association

The tenants who sit on the Board of Management have entered into a tenancy 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 tenant Board of Management members' rent account was in credit of £596 at the year-end 31 March 2019.

PACT Enterprises Limited is a wholly owned and controlled subsidiary of Fife Housing Association. The following member of the Board of Management of Fife Housing Association is also a Director of PACT Enterprises: Katherine Dewar.

Fife Housing Association has agreed to make available to PACT Enterprises Limited a loan facility of £3,900,000 and to date the Subsidiary has drawn down £3,900,000 and repaid £105,000. Interest is charged at LIBOR plus 2.5% margin.

A Service Level Agreement exists between Fife Housing Association and PACT Enterprises Limited dated May 2017.

Fife Housing Association has levied fees for the following amounts to PACT Enterprises during the period 1 April 2017 to 31 March 2018:

	2019	2018
	£	£
Colleague and overhead costs for services provided to PACT Enterprises Limited	52,667	31,936
Repairs carried out by Fife HA on behalf of PACT Enterprises Limited	4,150	21,656
Interest receivable on intercompany loan	120,906	117,078

The balance outstanding from PACT Enterprises at 31 March 2019 was £18,859 (2018 - £9,027). This figure is net of £43 due from Fife Housing Association to PACT. Payments totalling £167,885 (2018 - £167,952) towards the balance outstanding at 31 March 2018 were made during the year.

27. Loan Refinancing

The Group executed new loan arrangements on the 31 July 2019 for £65m, the funds will be used to repay previous loans and cancel hedging arrangement removing the inherent risk of these types of financial instruments. The reduction in the interest payable will further support the growth and development of the Group.

The cost of the refinancing will be amortised over the loan period (10 years) with charges being reported within the Statement of Comprehensive Income, with the balance reported as a fixed asset.

