

Fife Housing Association Limited

Report and Group Financial Statements



For the year ended 31st March 2011

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

Fife Housing Association Limited

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Members, Executive and Advisers

Lorna Paterson	(Chair)
Philip Shave	(Secretary Appointed 27 th June 2011)
Gary Guichan	(Vice-Chair/Secretary Resigned 14 th June 2011)
Alex Condie	(Resigned 1 st April 2011)
Andrew Baillie	
Alistair Berwick	
Jim Buchanan	(Co-opted 21st September 2010)
Ian Green	(Resigned 21 st February 2011)
Linda Greig	(Resigned 31 st January 2011)
Jack Jones	(Elected 20 th September 2010)
David Cross	(Resigned 31 st January 2011)
Douglas Normand	
George Fisher	
Philip Shave	
William Spence	
William Rennie	(Co-opted 26 th April 2011)
<u>Executive Officers</u>	
Bryan K. Hay	(Chief Executive)
Andrew Clark	(Corporate Services Director)
Thomas W Hainey	(Technical Services Director)
Helen P. Barclay	(Housing Services Director)
<u>Auditors</u>	Findlay & Company, 11 Dudhope Terrace, Dundee, DD3 6TS
<u>Bankers</u>	Bank of Scotland, 38 St Andrew Square, Edinburgh, EH2 2YR
<u>Solicitors</u>	Harper Macleod, The Ca'd'ora, 45 Gordon Street, Glasgow G1 3PE
<u>Solicitors</u>	Morton Fraser, 30-31 Queen Street Edinburgh, EH2 1JX

Membership of Committees

Customer Services	Corporate Services	Asset Management	Audit	Staffing	Emergency Standing
Philip Shave (Convener)	Andrew Baillie (Convener)	Douglas Normand (Convener)	Alistair Berwick (Convener)	To be confirmed (Convener)	Lorna Paterson (Convener)
George Fisher	Alistair Berwick	William Spence	Lorna Paterson	Philip Shave	Philip Shave
William Spence	Jim Buchanan	Philip Shave	William Spence	Jim Buchanan	George Fisher
Jack Jones	William Spence	Jim Buchanan	George Fisher		
Gary Guichan (resigned 14 th June 2011)					
Alex Condie (resigned 1 st April 2011)					

Report of the Board of Management

The Board of Management presents its report and the audited financial statements for the year ended 31st March 2011.

Structure, Governance and Management

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

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

Organisational Management

The Board of Management must have a minimum of 7 and a maximum (including co-optees) of 17 members, 6 of these may be individuals from the wider community who are not tenants of the Association.

The Association can decide at a general meeting to increase or decrease the maximum number of Board Members. The Board can also co-opt to the Board anyone who is suitable to become a Board Member.

The Board of Management is a strategic body responsible for strategy and performance. To monitor operational matters, there are 7 committees:

- Emergency Standing Committee
- Staffing Committee
- Health and Safety Committee
- Audit Committee
- Customer Services Committee
- Asset Management Committee
- Corporate Services Committee.

Members of the committees 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 18 (tenants of the Association aged 16) can apply for membership.

Trustee Induction and Training

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

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

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

Risk Management

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

Objectives and Activities

The vision of Fife Housing Group is that it will be a housing provider of choice offering a wide range of housing and related services for the whole community with a focus on low cost housing solutions for people in the greatest need.

Our mission statement is to understand the evolving needs and aspirations of our customers and communities ensuring that we effectively manage all of our resources and focus them practically and creatively upon meeting them to the greatest possible extent.

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

- The business of providing housing, accommodation, and assistance to help house people and associated families, and providing associated facilities and amenities for people on low incomes, and providing for the relief of the elderly, disabled, handicapped (whether physically or with a learning disability), or chronically sick people and as a means of achieving these objects;
- To provide, build and improve and manage housing and associated facilities specially designed or adapted for such people who are on low incomes, elderly, sick or who have a physical or learning disability;
- To provide or arrange home maintenance, repair and improvement services for such people who are on low incomes, elderly, sick or who have a physical or learning disability;
- To carry out any activity allowed under Section 58 of the Housing (Scotland) Act 2001 which is charitable;
- To provide land and buildings to meet the needs of such people who are on low incomes, elderly, sick or who have a physical or learning disability;
- To provide facilities and services for the benefit of such people either exclusively for them or together with other persons;
- The Association is a non-surplus distributing organisation.

Aims and Intended Impact

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

The Association aims:

- To be recognised as an exemplar Housing Association covering its roles as a landlord, developer, employer and governing body;
- As a registered charity to provide affordable quality housing and housing services that are accessible to those in the community;
- To assist Fife Partnership and the Scottish Government with delivering their respective plans and agendas;
- To maintain community involvement in the Association's activities.
- To assist Fife Council in delivering key outcomes identified in the Single Outcome Agreement, Fife Community Plan and Local Housing Strategy.

Objectives for the year

- To provide sustainable, energy-efficient, quality housing, accessible to people in housing need that is affordable especially to those on low incomes;
- To ensure all existing housing meets the Scottish Housing Quality Standard by 2015;
- To provide quality, professional, accessible and responsive services to tenants and future tenants;
- To provide a cost effective, efficient and responsive repairs service to our tenants;
- To develop affordable rented housing and home ownership options for those in housing need;
- To contribute to community care initiatives and promote independence and choice for people through working in partnership with other agencies to meet Wider Action objectives;
- To improve the general environment and associated amenities in areas of Fife where the Association is active;
- To re-profile the Associations stock by reducing the percentage of pre-1920 houses and increasing the percentage of new build houses and achieving an absolute increase in stock numbers;
- To develop as part of our equal opportunities commitment the Association's activities and standards out of respect for the people housed or in need of housing;
- To fulfil our duties and responsibilities efficiently and professionally and in such a manner that the Scottish Housing Regulator would report positively about the Association;
- To promote good employment practices, fulfil employees' potential and retain Investor in People (IiP) status.
- To identify business opportunities that will add value to the organisation and its stakeholders.
- PACT Enterprises, our wholly owned subsidiary, will enable income generation, diversification, property investment, development.

Strategies to achieve the year's objectives

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

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

The Association is part of the Fife Housing Association Alliance which is currently the preferred development partner to deliver the Housing Association Grant funded new build programme.

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

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

Fife Housing Association will continue to purchase properties under the Scottish Government's *Mortgage to Rent* scheme.

The Association has a tenant and resident involvement policy in place supported by systems and structures to ensure consultation and the effective handling and transfer of information with specified targets in an action plan.

The Association submitted a plan which was approved for the delivery of the Scottish Housing Quality Standard (SHQS).

Partnership working is recognised as a critical factor associated with successful delivery of the common Alliance objectives. The Fife Housing Association Alliance is the delivery partnership for affordable housing in Fife and the model builds upon other successful partnership initiatives developed and implemented by the participating organisations.

The Association has employed an Asset Manager to implement an asset management strategy to achieve a different stock profile and better use of stock.

Achievements and Performance

The Association had a number of successes in 2010-11.

- ✓ Continued to achieve a high level of Board member commitment and competency;
- ✓ Has delivered improved outcomes on key performance indicators;
- ✓ Successfully worked in partnership with the Fife Alliance of Housing Associations;
- ✓ Has been successful in seizing opportunities in the Wider Role area of activity through the Fife Housing Association Alliance. The Alliance Associations jointly fund a Wider Role post and has been successful in attracting grant funding and has a long list of projects to help people and communities flourish.
- ✓ The Association has developed 24 properties for rent in Lower Dysart and 4 for low cost Home Ownership which were successfully sold.
- ✓ The Association purchased 15 properties under the Mortgage to Rent Scheme.

Future Plans

The Association proposes to demolish the first phase of the defective housing in Crombie and commence building the first phase of the development through the Fife Housing Alliance.

The Association has secured grant funding for the development of 4 properties in Inchkeith Drive, Dunfermline.

The Association plans to invest £2.6m in the year ended 31st March 2012 and £2.5m each year for the following three years in planned maintenance and property improvements in order to meet the Scottish Housing Quality Standard. A 30-year Life Cycle Costing Model has been completed to ensure that our properties are maintained to the specified standard.

PACT Enterprises will take advantage of the following business opportunities:

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

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

Financial Review – Fife Housing Group

The Board is satisfied with the Group's performance during the year. The Group has generated a surplus of £956,470 (2010 - deficit of £121,877).

Turnover increased by 4.6% whilst operating costs fell by 15.9% however if the pension past services costs are disregarded it would result in a 5.3% increase. The operating surplus increased from £1,000,664 in 2010 to £2,606,475 in 2011.

The total surplus recognised in the Statement of Total Recognised Surpluses and Deficits is £1,861,470; in 2010 there was a deficit of £2,274,877. Details of the movements are set out in page 19.

The surplus for the year has been taken to revenue reserves. The Group's net assets are now £4,438,429 (2010 - £2,576,983).

Asset Value

The Board appointed external valuers, DTZ, to value the Association's housing properties as at 31st March 2011. The value of the properties, on an existing use basis (Social Housing) (EUV-SH) was £52.3m (2010 £46.6m) and the carrying value of our stock was £37.3m (2010 £36.1m).

Impairment Review

In accordance with FRS 15, the Association has carried out an impairment review of its housing properties as no depreciation has been charged on the basis that it would be immaterial due to the length of the remaining useful economic life and because of the estimated residual values of the properties. The impairment review at 31st March 2011 showed that the value in use of the properties exceeded the carrying value of the properties in the balance sheet therefore no impairment adjustment was required.

Rental Income

The Association applied a rent increase of 2.5% on 1st April 2010. Our gross rental income increased from £7,826,962 to £8,203,772. There has been an increase in void rent loss from £36,962 to £43,877. The bad debts written off by the Association has increased from £72,357 to £91,190. A review of the rent arrears has been carried out and the Bad Debt provision has remained at £230,000.

Right to Buy House Sales

The Association has charitable status and only those tenants with the preserved right to buy (i.e. those tenants who transferred from Scottish Homes) can exercise this right. In the twelve months to 31st March 2011, five tenants exercised their right to buy and the Association received £127,800 net of selling costs.

Void Sales

The Association sold four of our older void properties to help us meet the Scottish Housing Quality Standard and received £226,460 net of selling costs.

Pension Fund

The Association operates a defined benefit pension scheme which is open to all its permanent employees. In common with most employers adopting Financial Reporting Standard 17 – Retirement Benefits, the scheme has produced a funding deficit. This deficit has decreased from £3,397,000 at 31st March 2010 to £1,754,000 at 31st March 2011. Full details have been provided in Note 24.

Policy on Payment of Creditors

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

Charitable Donations

During the year the Association made charitable donations totalling £2,098 (2010 £1,122). The Association did not make any donations to a political party.

Post Balance Sheet Events

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

Going Concern

After reviewing detailed Income and Expenditure and Business Plan projections and taking account of available Bank facilities 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.

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

At 31st March 2011 there was £8.25m in undrawn facilities with Lloyds TSB Scotland to fund the Association's development programme and a further £2.6m to on lend to PACT Enterprises Ltd.

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 31st March 2011 the Association has 4 interest rate SWAPs as follows:-

- A 25 year fixed interest rate SWAP from August 2007 for £10m until August 2010 increasing to £20m from August 2010 at 6.936%;
- A 25 year fixed interest rate SWAP from August 2007 for £5m at 4.49% with a 12 month non call period and thereafter the counter-party has the right to terminate the SWAP at 3 monthly intervals;
- The Association entered into a 25 year Inflation-Linked SWAP from 29th January 2010, at RPI + 1.19%. If RPI is in excess of 5% interest is limited to 5% + 1.19% with an RPI floor set at 0% and a cap at 5%.
- A 20 year fixed interest rate SWAP from 31st January 2013 for £5m at 4.96% with a 24 month non call period and thereafter the counter-party has the right to terminate the SWAP at 3 monthly intervals;

Staff

The Association promotes equality and diversity for all and aims to eliminate unlawful discrimination in all areas of its work. Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities, as are applicants irrespective of sex, race, colour, marital status, sexual orientation, religion/belief or age.

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

The Association successfully retained its Investor in People status following re-assessment against the standard in August 2008. The award demonstrates the Association's commitment to training and development for staff.



Employee Involvement

The Association encourages staff involvement in all initiatives and holds staff meetings quarterly, as well as holding regular team talkbacks to inform staff of matters affecting them and the Association. The Association holds an annual staff conference where topical initiatives are discussed.

Health and Safety

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

Statement of Board of Management's Responsibilities

Housing Association legislation requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for the period ended on that date. In preparing those financial statements the Board of Management is required to:

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

In so far as the Board of Management is aware:

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

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Association and to enable it to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2001, the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and the Statement of Recommended Practice: Accounting by Registered Social Landlords 2010.

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

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

Statement of Board of Management's Responsibilities (cont)

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

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

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

Acting on behalf of the Board of Management, the Audit Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31st March 2011 and until 30th August 2011. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

Auditors

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

By order of the Board

A handwritten signature in black ink, appearing to read "P. Shave", written over a horizontal line.

Philip Shave
Secretary

30th August 2011



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

We have audited the financial statements of Fife Housing Association Limited for the year ended 31 March 2011 which comprise Group & Association Income and Expenditure Account, the Group & Association Balance Sheet, the Group & Association Cashflow Statement, the Group & Association Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the board and the auditor

As explained more fully in the Statement of Board's Responsibilities set out on pages 13-14, the board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

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

Opinion on Financial Statements

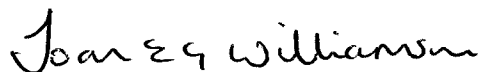
In our opinion the financial statements:

- give a true and fair view of the state of the group and association's affairs as at 31 March 2011 and of the group's and association's income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002, Schedule 7 to the Housing (Scotland) Act 2001, and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 require us to report to you if, in our opinion:

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



JOAN WILLIAMSON, CA (SENIOR STATUTORY AUDITOR)
For and on behalf of
FINDLAY & COMPANY
CHARTERED ACCOUNTANTS AND STATUTORY AUDITORS
11 DUDHOPE TERRACE
DUNDEE
DD3 6TS

Date: 30th August 2011

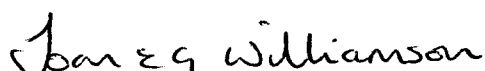
Report by the auditors on corporate governance matters

In addition to our audit of the financial statements, we have reviewed the Board of Management's statement on internal controls set out on pages 13 to 15. The object of our review is to draw attention to any non-compliance with the information required by the section of Internal Financial Control within SFHA's publication "Raising Standards in Housing".

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

With respect to the Board of Management's statement on internal control on pages 13 to 15, in our opinion the Board of Management has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" referred to above and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain Board of Management's members and officers of the Association, and examination of relevant documents, in our opinion the Board of Management's statement on pages 13 to 15 appropriately reflects the Association's compliance with the information required by the section of Internal Financial Control within SFHA's publication "Raising Standards in Housing".



JOAN WILLIAMSON, CA (SENIOR STATUTORY AUDITOR)

For and on behalf of

Findlay & Company

Chartered Accountants & Registered Auditors

11 Dudhope Terrace

Dundee

DD3 6TS

30th August 2011

Financial Statements:

Group Income and Expenditure account for the year ended 31st March 2011

	Notes	2011 £	2010 £
Turnover	2a	9,027,823	8,633,621
Less: Operating Costs		7,230,348	
Operating Costs – Exceptional		(809,000)	
Operating Costs	2a	6,421,348	7,632,957
Operating surplus	7	2,606,475	1,000,664
Gain/(Loss) on realisation of assets	12	71,773	167,477
Interest receivable and other income	9	4,691	5,702
Interest payable and similar charges	8	(1,672,137)	(1,195,720)
Net return on pension assets	24	(56,000)	(100,000)
Surplus/(Deficit) on ordinary activities before taxation		954,802	(121,877)
Tax on surplus on ordinary activities	10a	1,668	-
Surplus/(Deficit) for the period		956,470	(121,877)

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

The notes on pages 27 to 54 form part of these financial statements.

Group Statement of total recognised surpluses and deficits for the year ended 31 March 2011

	Notes	2011 £	2010 £
Surplus/(Deficit) for the year		956,470	(121,877)
Unrealised surplus/(deficit) on revaluation of housing properties		-	-
Deferred tax		-	-
Unrealised surplus/(deficit) on investments		-	-
Actual return less expected return on pension scheme assets	24	(16,000)	1,205,000
Effect of changes in the actuarial assumptions	24	921,000	(3,358,000)
Total recognised surpluses/(deficits) for the year		1,861,470	(2,274,877)
Prior year adjustment		-	-
Total Surpluses (Deficits) recognised since last annual report	27	1,861,470	(2,274,877)

Association Income and Expenditure account for the year ended 31st March 2011

		2011	2010
	Notes	£	£
Turnover	2b	9,009,108	8,633,621
Less: Operating Costs		7,210,086	
Operating Costs - Exceptional		(809,000)	
Operating Costs	2b	6,401,086	7,632,957
Operating surplus	7	2,608,022	1,000,664
Gain/(Loss) on realisation of assets	12	71,773	167,477
Interest receivable and other income	9	11,778	5,702
Interest payable and similar charges	8	(1,672,137)	(1,195,720)
Net return on pension assets	24	(56,000)	(100,000)
Surplus/(Deficit) on ordinary activities before taxation		963,436	(121,877)
Tax on surplus on ordinary activities	10b	-	-
Surplus/(Deficit) for the period		963,436	(121,877)

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

The notes on pages 27 to 54 form part of these financial statements.

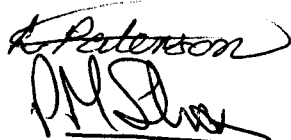
Association Statement of total recognised surpluses and deficits for the year ended 31 March 2011

	Not	2011	2010
		£	£
Surplus/(Deficit) for the year		963,436	(121,877)
Unrealised surplus/(deficit) on revaluation of housing properties		-	-
Deferred tax		-	-
Unrealised surplus/(deficit) on investments		-	-
Actual return less expected return on pension scheme assets	24	(16,000)	1,205,000
Effect of changes in the actuarial assumptions	24	921,000	(3,358,000)
Total recognised surpluses/(deficits) for the year		1,868,436	(2,274,877)
Prior year adjustment			-
Total Surpluses/(Deficits) recognised since last annual report	27	1,868,436	(2,274,877)

Group Balance Sheet as at 31st March 2011

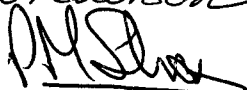
	Notes	2011 £	2010 £
Tangible Fixed Assets			
Housing properties - gross cost	11	63,753,600	59,636,373
Less: Depreciation		(3,752,538)	(3,762,292)
		<u>60,001,062</u>	<u>55,874,081</u>
Less:			
SHG		(21,473,361)	(19,746,094)
Other Public Grants		(1,277,561)	-
	11	<u>37,250,140</u>	<u>36,127,987</u>
Other Fixed Assets	14	1,098,859	1,135,904
Investments – Shared Equity	13a	-	-
Investments - Subsidiary		-	1
Investments Properties	13c	419,811	-
		<u>38,768,810</u>	<u>37,263,892</u>
Current Assets			
Work in Progress	15	-	279,605
Housing Stock Held for Sale	15	-	33,482
Debtors	16	828,975	1,113,508
Cash at Bank & in Hand	17	2,080,422	1,353,554
Debtors : falling due after more than one year	16	<u>1,668</u>	<u>-</u>
		<u>2,911,065</u>	<u>2,780,149</u>
Creditors: amounts falling due within one year	18	<u>1,509,723</u>	<u>1,992,335</u>
Net current assets excluding pension asset/(liability)		<u>1,401,342</u>	<u>787,814</u>
Pension Liability	24	(1,754,000)	(3,397,000)
Net current assets including pension asset/(liability)		<u>(352,658)</u>	<u>(2,609,186)</u>
Total assets less current liabilities		<u>38,416,152</u>	<u>34,654,706</u>
Debtors: falling due after more than one year			
Creditors: falling due after more than one year	19	<u>(33,977,723)</u>	<u>32,077,723</u>
Net assets		<u>4,438,429</u>	<u>2,576,983</u>
Capital and Reserves			
Share Capital	21	118	142
Revenue Reserve	27	4,438,311	2,576,841
		<u>4,438,429</u>	<u>2,576,983</u>

The financial statements on pages 19 to 54 were approved by the Board of Management on 30th August 2011 and were signed on its behalf by:



Lorna Paterson

Chair



Philip Shave

Secretary



Andrew Baillie

Corporate Services Convener

The notes on pages 27 to 54 form part of these financial statements.



Association Balance Sheet as at 31st March 2011

	Notes	2011 £	2010 £
Tangible Fixed Assets			
Housing properties - gross cost	11	63,753,600	59,636,373
Less: Depreciation		(3,752,538)	(3,762,292)
		<u>60,001,062</u>	<u>55,874,081</u>
Less:			
SHG		(21,473,361)	(19,746,094)
Other Public Grants		(1,277,561)	-
	11	<u>37,250,140</u>	<u>36,127,987</u>
Other Fixed Assets	14	1,098,859	1,135,904
Investments – Shared Equity	13a	-	-
Investments - Subsidiary	13b	1	1
		<u>38,349,000</u>	<u>37,263,892</u>
Current Assets			
Work in Progress	15	-	279,605
Housing Stock Held for Sale	15	-	33,482
Debtors	16	865,464	1,113,508
Cash at Bank & in Hand	17	2,051,185	1,353,554
Debtors : falling due after more than one year	16	<u>400,000</u>	<u>-</u>
		<u>3,316,649</u>	<u>2,780,149</u>
Creditors: amounts falling due within one year	18	<u>1,488,531</u>	<u>1,992,335</u>
Net current assets excluding pension asset/(liability)		<u>1,828,118</u>	<u>787,814</u>
Pension Liability	24	<u>(1,754,000)</u>	<u>(3,397,000)</u>
Net current assets including pension asset/(liability)		<u>74,118</u>	<u>(2,609,186)</u>
Total assets less current liabilities		<u>38,423,118</u>	<u>34,654,706</u>
Debtors: falling due after more than one year			
Creditors: falling due after more than one year	19	<u>33,977,723</u>	<u>32,077,723</u>
Net assets		<u>4,445,395</u>	<u>2,576,983</u>
Capital and Reserves			
Share Capital	21	118	142
Revenue Reserve	27	<u>4,445,277</u>	<u>2,576,841</u>
		<u>4,445,395</u>	<u>2,576,983</u>

The financial statements on pages 19 to 54 were approved by the Board of Management on 30th August 2011 and were signed on its behalf by:

	Lorna Paterson	Chair
	Philip Shave	Secretary
	Andrew Baillie	Corporate Services Convener

The notes on pages 27 to 54 form part of these financial statements.

Group Cashflow Statement for the year ended 31st March 2011

	Notes	2011 £	2010 £
Reconciliation of operating surplus to net cashflow from operating activities	A	2,606,475	1,000,664
Depreciation charges		94,696	101,890
(Increase)/decrease in debtors		595,952	(274,583)
(Increase)/decrease in creditors		(482,612)	16,675
Increase /(decrease) in provisions		1,668	-
(Increase) /decrease in pensions		(794,000)	(141,000)
Net cash inflow from operating activities		2,022,179	703,646
CASHFLOW STATEMENT			
Net cash inflow from operating activities		2,022,179	703,646
Returns on investments and servicing of finance (note a)		(1,667,446)	(1,190,018)
Taxation		-	-
Capital expenditure (note a)		(1,527,841)	(2,080,963)
Management of liquid resources		-	-
Financing (note a)		1,899,976	3,249,996
Increase/(Decrease) in cash		726,868	682,661
Reconciliation of net cashflow to movement in net debt (note b)	B		
Increase/(Decrease) in cash in the period		726,868	682,661
Cash used to increase liquid resources		(1,900,000)	(3,250,000)
Change in net debt		(1,173,132)	(2,567,339)
Net debt at 31.3.10		(30,724,169)	(28,156,830)
Net funds at 31.3.11		(31,897,301)	(30,724,169)

Group Cashflow Statement

A. Gross Cashflow

	2011 £	2010 £
Returns on investments and servicing of finance		
Interest received	4,691	5,702
Interest paid	(1,672,137)	(1,195,720)
	<u>(1,667,446)</u>	<u>(1,190,018)</u>
Capital expenditure		
Payments to acquire tangible fixed assets Note 11 & 14	(4,712,761)	(8,077,705)
Grants received Note 11	3,004,828	5,715,045
Receipts from sales of tangible fixed assets	180,092	281,697
	<u>1,527,841</u>	<u>(2,080,963)</u>
Management of liquid resources		
Financing	1,900,000	3,250,000
Issue of ordinary share capital/change in reserves	(24)	(4)
	<u>1,899,976</u>	<u>3,249,996</u>

B. Analysis of changes in net debt

	At 31st March 2010 £	Cashflows £	Other changes £	At 31st March 2011 £
Cash in hand /at bank	1,353,554	726,868	-	2,080,422
Debt due within 1 year	-	-	-	-
Debt due after 1 year	(32,077,723)	(1,900,000)	-	(33,977,723)
Current asset investments	-	-	-	-
Total	(30,724,169)	(1,173,132)	-	(31,897,301)

Association Cashflow Statement for the year ended 31st March 2011

		2011	2010
	Notes	£	£
Reconciliation of operating surplus to net cashflow from operating activities	A	2,608,022	1,000,664
Depreciation charges		94,696	101,890
(Increase)/decrease in debtors		161,131	(274,583)
Increase/(decrease) in creditors		(503,804)	16,675
Increase /decrease in pensions		(794,000)	(141,000)
Net cash inflow from operating activities		1,566,045	703,646
CASHFLOW STATEMENT			
Net cash inflow from operating activities		1,566,045	703,646
Returns on investments and servicing of finance (note a)		(1,660,359)	(1,190,018)
Taxation		-	-
Capital expenditure (note a)		(1,108,031)	(2,080,963)
Management of liquid resources		-	-
Financing (note a)		1,899,976	3,249,996
Increase/(Decrease) in cash		697,631	682,661
Reconciliation of net cashflow to movement in net debt	B		
Increase/(Decrease) in cash in the period		697,631	682,661
Cash used to increase liquid resources		(1,900,000)	(3,250,000)
Change in net debt		(1,202,369)	(2,567,339)
Net debt at 31.3.10		(30,724,169)	(28,156,830)
Net funds at 31.3.11		(31,926,538)	(30,724,169)

Association Cashflow Statement

A. Gross Cashflow

		2011 £	2010 £
Returns on investments and servicing of finance			
Interest received		11,778	5,702
Interest paid		(1,672,137)	(1,195,720)
		<u>(1,660,359)</u>	<u>(1,190,018)</u>
Capital expenditure			
Payments to acquire tangible fixed assets	Note 11 & 14	(4,292,951)	(8,077,705)
Grants received	Note 11	3,004,828	5,715,045
Receipts from sales of tangible fixed assets		180,092	281,697
		<u>(1,108,031)</u>	<u>(2,080,963)</u>
Management of liquid resources			
Financing		1,900,000	3,250,000
Issue of ordinary share capital/change in reserves		(24)	(4)
		<u>1,899,976</u>	<u>3,249,996</u>

B. Analysis of changes in net debt

	At 31st March 2010 £	Cashflows £	Other changes £	At 31st March 2011 £
Cash in hand /at bank	1,353,554	697,631	-	2,051,185
Debt due within 1 year	-	-	-	-
Debt due after 1 year	(32,077,723)	(1,900,000)	-	(33,977,723)
Current asset investments	-	-	-	-
Total	<u>(30,724,169)</u>	<u>(1,202,369)</u>	<u>-</u>	<u>(31,926,538)</u>

Notes to the Financial Statements

Note 1. Accounting Policies

Principal Accounting Policies

The financial statements have been prepared in accordance with applicable Accounting Standards, Statement of Recommended Practice: Accounting by Registered Social Landlords revised in 2008 and comply with the Registered Social Landlords Accounting Requirements (Scotland) Order 2010. The principal Accounting Policies of the Association are set out below.

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

Basis of Consolidation

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

Basis of Accounting

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

Turnover

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

Loans

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

VAT

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

Deferred Tax

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

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

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

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

Fixed Assets - Housing properties

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

Fixed Assets – Shared Ownership

Shared Ownership Properties are split proportionately between current and fixed assets determined by the percentage of the property to be sold under a first tranche sale and subsequent tranches in proportion to the share of equity sold. Proceeds from the first tranche sales are accounted for in Turnover and costs in Operating Costs in the period in which the sale occurs. Subsequent sales are accounted for in Income and Expenditure Account on Sale of Fixed Assets.

Shared Equity LIFT

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

Investment Properties

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

Depreciation - Housing properties

Tangible fixed assets are depreciated to write off the cost less the residual value of the assets over their estimated useful lives. The useful economic lives and residual values of all tangible fixed assets are reviewed annually. This year no depreciation has been charged on our housing properties as in the opinion of the Board of Management the depreciation charge is considered to be immaterial due to the long useful life and high residual value of the properties. In accordance with FRS 15 - Tangible Fixed Assets, depreciation is considered immaterial as:

The Association has a policy of regular maintenance and repair (charges for which are made to the Income and Expenditure Account) such that the property is retained at its previously assessed standard of performance.

- The properties are unlikely to suffer from technological or economic obsolescence due to changes in demand.
- The estimated residual values are material as the disposal proceeds of similar assets have not historically been materially less than their carrying values.
- No depreciation is charged on land.

Impairment

An impairment review is carried out annually at the balance sheet date with any impairment recognised by a charge to the Income and Expenditure Account in accordance with FRS15- Tangible Fixed Assets, when no depreciation charge is made on the grounds that it is immaterial and FRS11, Impairment of Fixed Assets, if there is some indication that impairment has occurred. An impairment review was carried out and no impairment was noted.

Depreciation - Office properties

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

Depreciation - Other fixed assets

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

Computer Software & Equipment	-	20%	Straight line
Furniture, Fittings & Office Equipment	-	10%	Straight line

Repairs and Maintenance

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

Property Improvements are capitalised if they result in an enhancement of the economic benefits of the property which can occur if the improvement results in:

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

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

The Association maintains its properties in a state of repair that maintains their residual value.

Grants

Where grants of a capital nature have been received towards the cost of developments, the cost of these developments has been reduced by the amount of the grant receivable. This amount is shown separately on the balance sheet. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Grants are repayable under certain circumstances, primarily following the sale of a property but will normally be restricted to the net proceeds of sale.

Pensions

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

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

The change to CPI in the year has resulted in a material past service cost gain. In accordance with FRS17 and in line with actuarial advice it is considered this gain represents a change in benefit and as such the gain has been allocated to the Income and Expenditure Account and disclosed as an exceptional item (see Note 7).

Operating Leases

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

Research and Development Expenditure

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

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

	2010-2011			2009-10
	Turnover	Operating Costs	Operating Surplus or (Deficit)	Operating Surplus or (Deficit) for previous year
	£	£	£	£
Social lettings	8,314,634	5,900,343	2,414,291	900,824
Other activities	713,189	521,005	192,184	99,840
Total	9,027,823	6,421,348	2,606,475	1,000,664
Total for 2009-10	8,633,621	7,632,957	1,000,664	

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

	2010-2011			2009-10
	Turnover	Operating Costs	Operating Surplus or (Deficit)	Operating Surplus or (Deficit) for previous year
	£	£	£	£
Social lettings	8,314,634	5,900,343	2,414,291	900,824
Other activities	694,474	500,743	193,731	99,840
Total	9,009,108	6,401,086	2,608,022	1,000,664
Total for 2009-10	8,633,621	7,632,957	1,000,664	

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

	General needs £	Shared ownership housing £	Total 2011 £	Total 2010 £
Rent receivable net of service charges	8,102,774	8,405	8,111,179	7,737,060
Service charges receivable	87,809	4,784	92,593	89,902
Gross income from rents and service charges	8,190,583	13,189	8,203,772	7,826,962
Less rent losses from voids	(43,877)	-	(43,877)	(36,962)
Net income from rents and service charges	8,146,706	13,189	8,159,895	7,790,000
Grants from the Scottish Ministers	154,739	-	154,739	249,865
Other revenue grants	-	-	-	-
Total turnover from social letting activities	8,301,445	13,189	8,314,634	8,039,865
 No of units managed by the Group	 2475	 5	 2480	 2,434
Management and maintenance administration costs	2,387,498	5,841	2,393,339	2,038,734
Past service costs pensions	(809,000)	-	(809,000)	-
Service costs	70,640	6,137	76,777	99,575
Planned and cyclical maintenance including major repair costs	2,573,475	-	2,573,475	3,273,615
Reactive maintenance costs	1,573,441	832	1,574,273	1,654,270
Bad debts – rent and service charges	91,190	-	91,190	72,357
Depreciation of housing properties	289	-	289	490
Impairment of housing properties	-	-	-	-
Operating costs for social letting activities	5,887,533	12,810	5,900,343	7,139,041
 Operating surplus or (deficit) for social lettings	 2,413,912	 379	 2,414,291	 900,824
 Operating surplus or (deficit) for social lettings for previous period of account	 895,226	 5,598	 900,824	 -



4a. Particulars of turnover, operating costs & 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	Operating surplus or (deficit)	Operating surplus or (deficit) previous period
	£	£	£	£	£	£	£	£	£
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	24,600	-	-	-	24,600	-	32,286	(7,686)	(21,229)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	16,435	16,435	-	13,565	2,870	3,080
Development and Construction of property activities	-	-	-	57,436	57,436	-	87,664	(30,228)	(116,804)
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/ management services for registered social landlords	-	-	-	3,188	3,188	-	3,188	-	-
Other agency / management services - PACT	-	-	-	18,715	18,715	-	20,262	(1,547)	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non-registered social landlords	-	-	-	-	-	-	-	-	-
Sale of LIFT Properties	-	-	-	312,500	312,500	-	312,500	-	-
Other activities	-	-	-	2,315	2,315	-	-	2,315	1,010
Sale of Vacant Properties	-	-	-	278,000	278,000	-	51,540	226,460	233,783
Total from other activities	24,600	-	-	688,589	713,189	-	521,005	192,184	99,840
Total from other activities for previous period of account	9,830	-	-	583,926	593,756	-	493,916	99,840	



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

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs – bad debts	Other operatin g costs	Operating surplus or (deficit)	Operating surplus or (deficit) previous period
	£	£	£	£	£	£	£	£	£
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	24,600	-	-	-	24,600	-	32,286	(7,686)	(21,229)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	16,435	16,435	-	13,565	2,870	3,080
Development and Construction of property activities	-	-	-	57,436	57,436	-	87,664	(30,228)	(116,804)
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/ management services for registered social landlords	-	-	-	3,188	3,188	-	3,188	-	-
Other agency / management services	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non-registered social landlords	-	-	-	-	-	-	-	-	-
Sale of LIFT Properties	-	-	-	312,500	312,500	-	312,500	-	-
Other activities	-	-	-	1,315	1,315	-	-	1,315	1,010
Other Activities – Commercial Rents	-	-	-	1,000	1,000	-	-	1,000	-
Sale of Vacant Properties	-	-	-	278,000	278,000	-	51,540	226,460	233,783
Total from other activities	24,600	-	-	669,874	694,474	-	500,743	193,731	99,840
 Total from other activities for previous period of account	 9,830	 -	 -	 583,926	 593,756	 -	 493,916	 99,840	

5. Officers' Emoluments (Group and Association)

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

	2011	2010
	£	£
Total emoluments (excluding pension contributions)	73,323	71,630

The emoluments of the officers (excluding pension contributions) were within the following ranges:-

£		£	2011	2010
60,001	to	70,000	-	-
70,001	to	80,000	1	1

The emoluments (excluding pension contributions) of the Chief Executive amounted to :-

	73,323	71,630
--	--------	--------

The pension contributions made by the Association to officers whose total emoluments (excluding pension contributions) are £60,000 or more were:

	15,389	13,935
--	--------	--------

The Chief Executive is an ordinary member of the Association's pension scheme described in Note 24. No enhanced or special terms apply to membership and he has no other pension arrangements to which the Association contributes.

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

	2011	2010
	£	£
Total expenses reimbursed to directors in so far as not chargeable to United Kingdom income tax:-	5,115	4,527

Expenses of £2,807 (2010 £2,901) were paid to Board Members.

Loans to directors

		Rate of interest	Amount outstanding		Maximum Outstanding During the Year
			31/03/2010	31/03/2011	
			£	£	
B Hay	Car Purchase Loan	4.75%	8,990	6,851	8,990
A Clark	Car Purchase Loan	5.25%	8,009	4,425	8,009
T Hainey	Car Purchase Loan	3.50%	-	11,078	12,000
			16,999	22,354	28,999

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

6. Employee Information

	Group		Association	
The average weekly number of persons employed during the period (Full Time Equivalent) was	2011	2010	2011	2010
	60.8	61.4	60.8	61.4
Office Staff				
Staff Costs during the period	£	£	£	£
Wages and Salaries	1,143,653	1,135,691	1,130,585	1,135,691
Social Security Costs	93,583	90,456	93,583	90,456
Pension Costs (Note 24)	238,615	265,951	238,615	265,951
Adjustment to Current Service Costs	15,000	-	15,000	-
Adjustment to Past Services Costs	(532,241)	-	(532,241)	-
Temporary Staff Costs	48,336	42,594	48,336	42,594
Sub total	1,006,946	1,534,692	993,878	1,534,692
Maintenance Services Department				
Wages and Salaries	602,879	581,122	602,879	581,122
Social Security Costs	43,769	41,765	43,769	41,765
Pension Costs (Note 24)	124,079	109,428	124,079	109,428
Adjustment to Past / Current Services Costs	(276,759)	-	(276,759)	-
Temporary Staff Costs	30,504	4,018	30,504	4,018
Sub total	524,472	736,333	524,472	736,333
Total	1,531,418	2,271,025	1,518,350	2,271,025

7. Operating Surplus

	Group		Association	
	2011	2010	2011	2010
	£	£	£	£
Operating surplus is stated after charging /crediting :				
Exceptional item (see Note1)	(809,000)	-	(809,000)	-
Depreciation of housing properties	28,934	490	289	490
Depreciation of other assets	94,408	101,400	94,408	101,400
Impairment of housing properties	-	-	-	-
Repairs: cyclical, major, day to day	4,147,748	5,389,318	4,147,748	5,389,318
Auditor's remuneration in their capacity as auditors	13,055	10,090	11,375	10,090
Auditor's remuneration in respect of other services	-	-	-	-
Receipt of grant	(179,338)	(259,694)	(179,338)	(259,694)
Operating lease rentals	293,952	251,440	293,952	251,440

8. Interest payable and similar charges

	Group		Association	
	2011	2010	2011	2010
	£	£	£	£
Long term bank loan	1,672,137	1,195,720	1,672,137	1,195,720
Other interest payable	-	-	-	-

9. Interest receivable and other income

	Group		Association	
	2011	2010	2011	2010
	£	£	£	£
Interest receivable	4,691	5,702	11,778	5,702

10a. Taxation- Group

Tax on profit/ (loss) on ordinary activities

Analysis of charge in period

2011

£

Current Tax

UK Corporation tax

0

Total current tax charge

0

Deferred Tax

Timing differences, origination and reversal

1,668

Tax on profit on ordinary activities

1,668

10b. Taxation- Association

Fife Housing Association Ltd. was accorded charitable status for taxation purposes by the Inland Revenue. In the period to 31st March 2011 it is considered that the Association's activities were within the scope of the charitable status and accordingly no provision for taxation is necessary.

11. Tangible Fixed Assets – Group and Association

	Housing Properties Held for Letting	Housing Stock Under Development	Shared Ownership	Total
Cost or revaluation	£	£	£	£
At 1st April 2010	56,272,473	3,090,755	273,145	59,636,373
Additions	1,258,135	2,958,955	-	4,217,090
Transfers	5,606,337	(5,606,337)	-	-
Disposals	(99,863)	-	-	(99,863)
Revaluation	-	-	-	-
As at 31st March 2011	63,037,082	443,373	273,145	63,753,600
Depreciation				
As at 1st April 2010	(3,760,013)	-	(2,279)	(3,762,292)
Charge for Year	(289)	-	-	(289)
Disposals	10,043	-	-	10,043
Impairment provision	-	-	-	-
At 31st March 2011	(3,750,259)	-	(2,279)	(3,752,538)
Social Housing Grants				
As at 1 st April 2010	(17,690,097)	(1,830,138)	(225,859)	(19,746,094)
Additions	(588,616)	(1,138,651)	-	(1,727,267)
Transfers	(2,826,287)	2,826,287	-	-
At 31 st March 2011	(21,105,000)	(142,502)	(225,859)	(21,473,361)
Other Public Grants				
As at 1 st April 2010	-	-	-	-
Additions	-	(1,277,561)	-	(1,277,561)
Transfers	(1,277,561)	1,277,561	-	-
At 31 st March 2011	(1,277,561)	-	-	(1,277,561)
Total Grants	(22,382,561)	(142,502)	(225,859)	(22,750,922)
Net Book Value at 31st March 2011	36,904,262	300,871	45,007	37,250,140
Net Book Value at 31st March 2010	34,822,363	1,260,617	45,007	36,127,987

The Association capitalised £99k in 2010-11 (2009-10 £46k) major component replacement expenditure.

12. Gain / Loss on Sale of Assets (Group and Association)

	RTB Sales	Shared ownership	Land	Other assets	Total 2010-11	Total 2009-10
	£	£	£	£	£	£
Income	127,800	-	-	-	127,800	229,898
Expenses	(2,468)	-	-	-	(2,468)	(2,321)
Cost of Sale	(45,564)	-	-	(6,271)	(51,835)	(59,032)
Abortive Costs	(1,724)	-	-	-	(1,724)	(1,068)
Discount repaid by owner	-	-	-	-	-	-
Gain / Loss on Disposal of Assets	78,044	-	-	(6,271)	71,773	167,477

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

	Total £
Cost	
As at 1 st April 2010	820,895
Transfer from Current Assets Work in Progress	345,604
As At 31st March 2011	1,166,499
Grant	
As at 1 st April 2010	(820,895)
Transfer from Current Assets Work in Progress	(345,604)
As At 31st March 2011	(1,166,499)
Net Book Value as at 31/3/11	-
Net Book Value as at 31/3/10	-

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

Cost	2011	2010
	£	£
PACT Enterprises	1	1

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

	2011
	£
As at 1st April 2010	-
Additions	419,811
Disposals	-
As at 31 st March 2011	<u>419,811</u>

14. Tangible Fixed Assets – Group and Association

	Office land & Buildings Leasehold	Office land & buildings	Computer software	Furniture & fittings	Total
Cost	£	£	£	£	£
As at 1 st April 2010	40,030	1,039,698	545,480	125,767	1,750,975
Additions	-	-	71,991	3,871	75,862
Disposals	-	-	(90,208)	(1,967)	(92,175)
As at 31 st March 2011	40,030	1,039,698	527,263	127,671	1,734,662
Depreciation					
As at 1st April 2009	(1,200)	(148,606)	(376,297)	(88,968)	(615,071)
Charge for year	(801)	(19,310)	(63,334)	(10,963)	(94,408)
Disposals	-	-	72,954	722	73,676
As at 31 st March 2010	(2,001)	(167,916)	(366,677)	(99,209)	(635,803)
Net Book Value as at 31st March 2011	38,029	871,782	160,586	28,462	1,098,859
Net Book Value as at 31 st March 2010	38,830	891,092	169,183	36,799	1,135,904

15. Work in Progress / Stock - Group and Association

	As at 1 st April 2010	Additions	Transfer to Fixed assets	Disposals	As at 31 st March 2011
	£	£	£	£	£
Work in Progress - Cost	485,295	-	(485,295)	-	-
Work in Progress - HAG	(205,690)	-	205,690	-	-
	279,605	-	(279,605)	-	-
Housing Properties Held for Sale	33,482	-	(33,482)	-	-

16. Debtors

	Group		Association	
	2011	2010	2011	2010
	£	£	£	£
Amounts falling due within one year:-				
Debtors rental income	446,854	434,282	446,854	434,282
Bad debt provision	(230,000)	(230,000)	(230,000)	(230,000)
Prepayments and accrued income	222,801	227,474	222,801	227,474
Intercompany Debtors	-	-	55,066	-
Other debtors	389,320	300,884	370,743	300,884
Grants receivable	-	380,868	-	380,868
	828,975	1,113,508	865,464	1,113,508

Debtors: Amounts falling due after more than one year

	Group		Association	
	2011	2010	2011	2010
	£	£	£	£
Deferred Tax Asset	1,668	-	-	-
Intercompany Loan to Subsidiary	-	-	400,000	-

17. Cash on Deposit

Included within cash at bank and in hand is the following:-

	Group		Association	
	2011	2010	2011	2010
	£	£	£	£
Short term deposits	2,080,422	1,353,554	2,051,185	1,353,554

In the above are balances totalling £14,089 (2010 £12,291) which are held in trust for shared ownership leaseholders

18. Creditors: Amounts falling due within one year

	Group		Association	
	2011	2010	2011	2010
	£	£	£	£
Loan interest payable	343,974	145,364	343,974	145,364
Accruals and deferred income	452,734	277,774	444,748	277,774
Rent in advance	275,900	270,338	275,900	270,338
Trade creditors	215,429	963,752	204,021	963,752
Taxation & social security	48,024	44,144	46,785	44,144
Intercompany Creditors	-	-	-	-
Other creditors	173,662	290,963	173,103	290,963
	1,509,723	1,992,335	1,488,531	1,992,335

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

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

	Group		Association	
	2011	2010	2011	2010
	£	£	£	£
Housing Loans				
Fixed Rate	20,000,000	15,000,000	20,000,000	15,000,000
Callable SWAP Lloyds	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
Variable Rate	3,577,723	7,077,723	3,577,723	7,077,723
Variable facility B	400,000	-	400,000	-
	33,977,723	32,077,723	33,977,723	32,077,723

Analysis of duration of loans

	Group		Association	
	2011	2010	2011	2010
	£	£	£	£
Loans due within 1 year	-	-	-	-
Loans due within 1 and 2 years	-	-	-	-
Loans due within 2 and 5 years	-	-	-	-
Loans due after 5 years	33,977,723	32,077,723	33,977,723	32,077,723

20. Provisions for liabilities and charges (Group only)

	2011
	£
Tax losses carried forward	(1,668)
Provision for deferred taxation	(1,668)
	-
Provision at 1 April 2010	0
Deferred tax charge in profit & loss account	(1,668)
Provision at 31 March 2011	(1,668)

21. Called up share capital (Group and Association)

	2011	2010
	£	£
Allotted, issued and fully paid at 1st April 2010	142	146
Issued in period	4	6
Redeemed in period	(28)	(10)
At 31st March 2011	118	142

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on winding up. When a shareholder ceases to be a member the £1 paid becomes the property of the Association. Members are eligible to stand for election to the Board of Management and can vote for candidates at the Annual General Meeting.

22. Capital Commitments – Group and Association

At 31st March 2011 commitments outstanding were as follows: -

	Group and Association	
	2011	2010
	£	£
Authorised and Contracted for		
Planned Maintenance	97,178	1,001,532
Developments	-	1,152,903
	97,178	2,154,435

The commitment of £97k relates to Planned Maintenance Contracts which were contracted for during the year but still uncompleted at 31st March. This will be funded from our bank balance. The Association has a £9.25m facility remaining from Lloyds TSB Bank to fund the Association's development programme.

23a. Lease Obligations – Group and Association

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

	2011		2010	
	Land & buildings	Other operating leases	Land & buildings	Other operating leases
	£	£	£	£
Operating leases which expire:-				
Within one year	10,806	144,703	12,396	152,519
In the second to fifth year exclusive	60,000	11,362	-	14,747
Over five years	28,216	-	28,132	-
	99,022	156,065	40,528	167,266

24. Pensions – Group and Association

The Association is an admitted body to the Fife Council Superannuation Fund which is a defined benefit pension scheme providing benefits based on final pensionable salary. Contributions to the fund are determined by the scheme's actuary based on the last formal valuation at 31st March 2008 and are charged to the Income and Expenditure Account as they are incurred as required under FRS17. Due to the one-off past service credit of £809,000 applied as a result of pensions being based on Consumer Price Index (CPI) rather than Retail Price Index (RPI) the pension costs for the period were £431,305 credit (2010 - £375,379).

The fund is actuarially valued on a triennial basis with the most recent being at 31st March 2008. Local Government Pension Scheme (LGPS) benefits are linked to price inflation and salary inflation and the real discount rate applied to changes in assumptions on liabilities. There has been an improvement in the balance sheet position this year due to financial assumptions at 31st March 2011 being more favourable than 2010 and pension increases are being linked to (lower) CPI rather than RPI from June 2010. The real discount rate in 2011 has increased significantly from 1.6% p.a. to 2.7% due to pension increases now being linked to CPI as opposed to RPI. However a higher real discount rate leads to a lower value being placed on the liabilities therefore the change in real discount rate will have a substantial positive impact on the balance sheet.

The salary increase assumption has changed this year reducing the value of the active members' liabilities this year. The mortality assumptions has remained the same as 2010. The combined impact of the investment returns, financial assumptions and the switch to CPI has made a significant reduction to the deficit. The bid value of the Fund's assets at 31st March 2011 is £1,268m based on information provided by the Administering Authority. The actuary recommended employer's contribution rates of 21.6% and 23.3% of employee's pensionable payments for the years to 31st March 2011 and 2012 respectively.

Assumptions

The principal assumptions used by the independent qualified actuary in updating the most recent valuation to 31st March 2011 for Financial Reporting Standard 17 purposes were:

Valuations

	2011	2010	2009	2008	2007	2006
Main Assumptions	%	%	%	%	%	%
Discount rate	5.5	5.5	6.9	6.9	5.4	4.9
Retail price inflation/Consumer price inflation	2.8	3.8	3.1	3.6	3.2	3.1
Rate of increase for pensions in payment	2.8	3.8	3.1	3.6	3.2	3.1
Salary increases	5.1*	5.3	4.6	5.1	4.7	4.6

* the salary increase assumption for 31st March 2011 is 1% for the first 2 years

The expected rate of return and the assets in the scheme at 31st March 2011 were:

	2011		2010	
	Long term rate of return	% split of assets	Long term rate of return	% split of assets
Equities	7.5%	72%	7.8%	75%
Bonds	4.9%	16%	5.0%	17%
Property	5.5%	10%	5.8%	6%
Cash	4.6%	2%	4.8%	2%

The above asset values at 31st March 2011 are at bid value as required under FRS17.

Mortality

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

	Males	Females
Current Pensioners	20.8 years	24.1 years
Future Pensioners	22.3 years	25.7 years

Balance Sheet

	31 Mar 2011	31 Mar 2010
	£000	£000
Fair Value of Employer Assets	6,291	5,574
Present Value of Funded Liabilities	(8,045)	(8,971)
Net Asset / Liability	(1,754)	(3,397)

Analysis of the amount charged to operating surplus

	2011	2010
	£000	£000
Current service cost	379	186
Past service cost	(809)	-
Impact of Settlements and Curtailments		
Total operating charge	(430)	186

Analysis of the amount credited to other finance income

	2011	2010
	£000	£000
Expected return on pension scheme assets	(413)	(258)
Interest on pension scheme liabilities	469	358
Net return	56	100

Reconciliation of Defined Benefit Obligation

	31 March 2011	31 March 2010
	£000	£000
Opening Defined Benefit Obligation	8,971	5,112
Current Service Cost	379	186
Interest Cost	469	358
Contributions by Members	112	108
Actuarial Losses/(Gains)	(921)	3,358
Past Service Costs/(Gains)	(809)	-
Impact of settlements and curtailments	-	-
Estimated Benefits Paid	(156)	(151)
Closing Defined Benefit Obligation	8,045	8,971

Reconciliation of Fair Value of Employer Assets

	31 March 2011	31 March 2010
	£000	£000
Opening Fair Value of Employer assets	5,574	3,827
Expected Return on Assets	413	258
Contributions by Members	112	108
Contributions by Employer	364	327
Actuarial Losses/(Gains)	(16)	1,205
Benefits paid	(156)	(151)
Closing Defined Benefit Obligation	6,291	5,574

Amount Recognised in Statement of Total Recognised Gains and losses

	2011	2010	2009	2008	2007
	£000	£000	£000	£000	£000
Actual Return less expected return on pension scheme assets	(16)	1,205	(1,364)	(532)	20
Change in assumptions underlying the present value of scheme liabilities	921	(3,358)	419	1,162	444
Actuarial Gains /(Losses)	905	(2,153)	(945)	630	464
Increase / Decrease in irrecoverable surplus from membership fall and other factors	-	-	-	-	-
Actuarial Gains /(Losses) recognised in STRGL	905	(2,153)	(945)	630	464
Cumulative Actuarial Gains and (Losses)	(1,931)	(2,836)	(683)	262	(368)

History of Gains and Losses

	2011	2010	2009	2008	2007
	£000	£000	£000	£000	£000
Fair Value of Employer Assets	6,291	5,574	3,827	4,679	4,524
Present value of Defined benefit obligations	(8,045)	(8,971)	(5,112)	(5,052)	(5,528)
Surplus/(Deficit)	(1,754)	(3,397)	(1,285)	(373)	(1,004)
Experience Gains/(Losses) on Assets	(16)	1,205	(1,364)	(532)	20
Experience Gains/(Losses) on Liabilities	0	0	(137)	1	1

25. Legislation Provisions

The Association is incorporated under the Industrial and Provident Societies Act 1965 and was registered with Scottish Homes on 3rd June 1996.

26. Designated reserve – Group and Association

The Group has not made an allocation to designated reserves in the financial year as a programme of expenditure relating to the rehabilitation of the stock has already been planned to take place. The effect of this programme on the need to designate reserves will be assessed on an ongoing basis with the intention that, when rehabilitation of the various units is complete, reserves will be designated to cover future life cycle costing and major repairs.

27. Reconciliation of movement in reserves

	Group			
	Revenue Reserve	Revenue Reserve	Revaluation Reserve	Revaluation Reserve
	2011	2010	2011	2010
	£	£	£	£
Opening balance at 1st April	2,576,841	4,851,718	-	210,000
Surplus/(Deficit) for the year	1,861,470	(2,274,877)	-	-
Transfer to/(from) reserves	-	-	-	(210,000)
Utilised during year	-	-	-	-
Closing balance at 31st March 2011	4,438,311	2,576,841	-	-

	Association			
	Revenue Reserve	Revenue Reserve	Revaluation Reserve	Revaluation Reserve
	2011	2010	2011	2010
	£	£	£	£
Opening balance at 1st April	2,576,841	4,851,718	-	210,000
Surplus/(Deficit) for the year	1,868,436	(2,274,877)	-	-
Transfer to/(from) reserves	-	-	-	(210,000)
Utilised during year	-	-	-	-
Closing balance at 31st March 2011	4,445,277	2,576,841	-	-

28. Subsidiaries Information – Group and Association

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

Name of Company	Country of Registration or Incorporation	Date of Incorporation	Proportion of Voting Rights	Nature of Business
Subsidiary Undertakings				
PACT Enterprises	Scotland	Mar-10	Wholly Controlled	Property investment and property management and maintenance.

29. Related Parties – Group and Association

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

The following board members have involvement with other organisations.

- Lorna Paterson is also Chairperson of SFHA and on the board of EVH and TPAS.
- Alex Condie is on the advisory board of the Scottish Housing Regulator
- Alex Condie and Jim Buchanan are also on the board of FFOTRA

William Rennie is a member of the Scottish Parliament. He is currently leader of the Liberal Democrat Party.

Linda Greig is Managing Director and the Director of Commercialisation and Business Development for Carnegie Enterprise and Carnegie College respectively. The Association has used the conference centre facilities on a number of occasions throughout the year. These transactions were undertaken on standard terms applicable to all.

PACT Enterprises is a wholly owned and controlled Subsidiary of Fife HA. The following members of the Board of Management of Fife HA are also Directors of PACT Enterprises:

Andrew Baillie

Alistair Berwick

Alex Condie (Resigned 1st April 2011 from Fife Housing Association)

Linda Greig (Resigned 31st January 2011 from Fife Housing Association and resigned on 16th May 2011 from PACT Enterprises Ltd.)

Fife Housing Association has agreed to make available to PACT a loan facility of £3m, to date PACT has drawn down £400k. Interest is charged at LIBOR plus 2.5% margin.

Fife Housing Association has levied fees for the following amounts to PACT Enterprises during the period 1st April 2010 to 31st March 2011.

- £13,068 staff and overhead costs for services provided to PACT.
- £41,097 of repairs carried out by Fife HA on behalf of PACT.
- £7,087 for interest payable on debt outstanding

The balance outstanding from PACT Enterprises at 31st March 2011 was £55,066.