



Fife Housing Association Limited
Group Report and Consolidated
Financial Statements
For the year ended 31 March 2026

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	
Brian Fisher	Chair
Stephen Clark	
Ron Eldridge	
Ricky McAulay	Member and Fife Housing Group Yourplace Ltd Chair
Brian Gallacher	Vice Chair, Audit and Risk Convenor
Rhodri Davies	
Chris Gray	Resigned 28/01/26
James Wilson	Resigned 14/01/26
Juliet Hamilton Lee	
Stephen Lynas	
Kirsty Noble	Resigned 04/08/25
Kath Gourlay	Appointed 16/09/25
Andrew Wilson	Appointed 16/09/25
Jayne Currie	Appointed 16/09/25
Executive Officers	
Nicola Jane Donaldson	Chief Executive
Derek William Banks	Director of Finance, Governance and Assets
Beverley Graham	Director of Housing
Caroline O'Donnell	Director of Operations
Secretary	Derek William Banks
Auditor	Wbg (Audit) Limited, 168 Bath Street, Glasgow, G2 4TP
Internal Auditor	TIAA, West Regent Street, Glasgow, G2 2RQ
Bankers	Bank of Scotland, The Mound, Edinburgh, EH1 1YZ Royal Bank of Scotland, 36 St Andrews Square, Edinburgh, EH2 2YB
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		Fife Housing Group Yourplace Ltd	
	Possible	Actual	Possible	Actual	Possible	Actual	Possible	Actual	Possible	Actual
Brian Fisher (Chair)	6	6			N/A	N/A	N/A	N/A		
Brian Gallacher (Vice Chair)	4	3	4	3	N/A	N/A	N/A	N/A		
Chris Gray	5	1			N/A	N/A	N/A	N/A		
James Wilson	4	3	3	2	N/A	N/A	N/A	N/A		
Juliet Hamilton-Lee	6	5	4	4	N/A	N/A	N/A	N/A		
Kirsty Noble	1	0			N/A	N/A	N/A	N/A		
Rhodri Davies	6	5	4	3	N/A	N/A	N/A	N/A		
Ricky McAulay	6	2			N/A	N/A	N/A	N/A	3	3
Ron Eldridge	6	5	4	3	N/A	N/A	N/A	N/A		
Stephen Clark	6	6			N/A	N/A	N/A	N/A		
Stephen Lynas	6	6			N/A	N/A	N/A	N/A		
Kathy Gourlay	4	3			N/A	N/A	N/A	N/A		
Andrew Wilson	4	4	2	2	N/A	N/A	N/A	N/A		
Jayne Currie	4	3			N/A	N/A	N/A	N/A		

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

Fife Housing Association Limited
Report of the Board of Management
and Financial Statements
31 March 2026

Report of the Board of Management

The Board of Management presents its report and the audited financial statements for the year ended 31 March 2026.

Structure, governance and management

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

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; and
- Fife Housing Group Yourplace Limited Board.

Members of the Boards and Committees that met during 2025/26 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

FHG 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' Strategy 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

FHG 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.

FHG 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.

FHG 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.

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

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

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

Governance:	• Fail to Recruitment & Retain Board Members
Growth:	• Unable to identify and/or maximise opportunities for 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
	• Inability to design and implement effective Business improvement strategies

Under each of these strategic risks is a set of operational risks which are monitored on a regular basis by the Director responsible for the risk area and the Audit and Risk Committee.

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

Our strategic objectives are:

- **Growth, Investment and Sustainability**
Maximise opportunities to invest in, and grow our property numbers and communities whilst incorporating our sustainability and environmental aspirations.
- **Engagement**
Foster positive and supportive relationships with our tenants and stakeholders to understand their priorities and aspirations.
- **Safety and Compliance**
Ensure tenants' safety within their homes and communities through compliance with the applicable standards and regulations.
- **Financial**
Ensure financial viability and agility.
- **People**

Support and empower a positive and innovative work environment in which our colleagues can undertake growth and personal development, ensuring their health and wellbeing are prioritised.

During the year, the Board reviewed the strategic objectives and identified particular priorities to be addressed under each objective as follows:

Engagement

We will review engagement with customers to increase awareness, openness and transparency in services we provide.

By:

- Supporting access to information in relation to poverty;
- Supporting Fife Council's Rapid Re-housing Transition Plan (RRTP);
- Ensuring we are meeting our equality and diversity responsibilities;
- Ensuring we are implementing mental health initiatives;
- Being creative in our approach to working arrangements;
- Invest in our people now and in the future;
- Increasing the use of and develop the functionality of our tenant portal to support better access and communication; and
- Provide communication that is relevant, in accessible formats and is understandable to our tenants, using industry standard communication channels and, proofing and editing software.

Safety and Compliance

We will:

- Comply with new legal legislation e.g. smoke detection, Energy Efficiency Standard for Social Housing phase 2;
- Ensure that we are fully compliant with the regulatory standards;
- Continue to meet GDPR and Freedom of Information requirements; and
- Maintain a positive relationship with our lenders e.g. comply with covenants.

Growth, Investment and Sustainability

We will:

- Invest in excess of £1million over the next 10 years in Fife Housing Group Yourplace Ltd in acquiring new homes for market rent;
- Seek out new housing investment opportunities either independently or by playing an active role with the Fife Housing Association Alliance and explore off the shelf acquisitions, develop sustainable houses and consider renewable alternatives;
- Consider alternative fuel types when replacing vehicles;
- Invest in our existing stock;
- Upgrade to meet legislation, maintenance and improvements;
- Understand and strive to meet customer expectations/ satisfaction;
- Invest in community services e.g. community engagement initiatives;
- Assess our carbon footprint and seek ways to reduce it; and
- Ensure that our procurement processes incorporate sustainability and environmental standards.

Financial

We will:

- Ensure we have sufficient cash-flow;
- Treasury management – funds are looked after;
- Ensure investment in our homes in line with our investment programme;
- Maintain affordable rents in line with our Business Plan and as consistent as possible with our peer groups; and
- Endeavour to make efficiencies where we can through increasing use of procurement and technology whilst being aware of our risk strategy.

People

We will:

- Develop our Colleague Wellbeing and Engagement Strategies;
- Review our office space; and
- Deliver a refresher programme of training on our values and behaviours.

Our future plans

FHG 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 housing management system's data is regularly updated as work is completed, in addition stock condition surveys are carried out by independent experts on all properties at periodic intervals, which will produce more accurate and reliable information to create an integrated long term plan for the period of the business plan and allow for multiple scenario planning to provide flexibility and sustainability of finances.

We believe that a home should be safe, comfortable and sustainable and are working towards the achievement of the Energy Efficiency Standard for Social Housing phase 2 (EESH2) by 2032, or any supercedeing guidance. We await the outcome of the NetZero consultation, however we are taking a proactive approach by implementing a fabric first methodology in order to maximise the passive energy efficiency and retention of our properties.

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, FHG 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. FHG has continued to expand its programme of creating in-house teams to generate continued savings, such as the bathroom and kitchen replacement programme, plumbing and electrical maintenance.

FHG 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 with the installation of a new website and tenant portal, these are intended 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

FHG has expanded its portfolio of market rented properties through its subsidiary, Fife Housing Group Yourplace Ltd, and will continue to do so through 2026/27. FHG aims to develop a further circa 350 homes over the next ten 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.

Key Performance Indicators

FHG routinely reviews its progress against key performance targets set internally or by regulating and legislative bodies. The increase in performance for 'Homes meeting the Scottish Housing Quality Standard' and 'Homes at or above the required Home Energy Rating levels specified in the SHQS' is entirely due to our focus during 2025/26 on the quality of data and a work programme to assess all properties and actively correct any aspects not meeting the standard. The 'Repairs carried out in the last year completed 'right first time' has increased partly because of the changes to reporting requirements., we do not believe that this is a continuing trend in performance.

	FHA 2025/26	FHA 2024/25	Change
Homes meeting the Scottish Housing Quality Standard	70.1%	62.7%	+7.4%
Homes at or above the required Home Energy Rating levels specified in the SHQS	74.6%	72.9%	+1.7%
Average length of time taken to complete emergency repairs	2.2 hours	2.4 hours	-0.2 hours
Average length of time taken to complete non-emergency repairs	13.3 days	12.8 days	+0.5 days
Repairs carried out in the last year completed 'right first time'	99.3%	69.7%	+29.6%
Repairs appointments kept	97.6%	95.8	+1.8%
Properties that require a gas safety record which had a gas safety check and record completed by the anniversary date	100%	100%	-
Tenants who had repairs or maintenance carried out in the last 12 months, who are satisfied with the service	83.9%	85.4%	-1.5%

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.
 - Scotland's Housing Network, 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 FHG's performance during the year. FHG has generated a surplus for the year after taxation of £3,080,377 (2025 – £2,157,350). Total comprehensive income for the year was £3,085,115 (2025 – £2,117,751).

Turnover increased by £1,109,574 and operating costs increased by £177,842. The operating surplus increased from £3,044,989 in 2025 to £3,976,721 in 2026.

The surplus for the year has been transferred to revenue reserves. FHG's net asset position is now £28,059,300 (2025 - £24,974,178).

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 £82m (2025 - £82m).

Impairment review

The impairment review carried out annually at 31 March 2026 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 rent increases of 3.5% on 1 April 2026 for Association properties. Increases for Fife Housing Group Yourplace Ltd Properties will be 3% for tenancies of less than one year. These will increase in August 2026. As a Group, our gross rental income increased from £14,936,183 to £15,635,344. The loss of income from void properties has decreased from £259,676 in 2025 to £190,949 in 2026.

£54,126 of bad debts were written off by FHG this year (2025 - £82,968), and after a review of the rent arrears the bad debt provision against rent arrears has decreased to £76,157 (2025 - £111,029). We are actively monitoring and pursuing our current and former tenants' arrears with a view to reducing the bad debt provision in the coming year.

Pension Fund

The Association, up until 30 June 2023, participated 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 1 April 2019, the scheme was closed to new employees, however, they were able to contribute to a defined contribution scheme through National Employment Savings Trust (NEST).

From the 1 July 2023, the association contributed to a defined contribution scheme during the accounting period. The scheme is Fife Housing Group Retirement Plan, administered by Legal and General as part of Mastertrust. This is also used as the vehicle for auto enrolment. Separate rates apply where employees have moved from previous pension schemes (such as Fife Pension Fund) to allow higher pension contribution rates to continue for a period of two years from 1 July 2023.

The change to the retirement benefits as indicated above means that there is no longer any liability or asset to recognise within the accounts.

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 £17,800 (2025 - £26,637) and did not make any donation to a political party (2025 - £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

There have been no balance sheet events that require disclosure.

Colleagues

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

FHG 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.

FHG has Platinum IIP accreditation. The award demonstrates FHG'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

FHG encourages colleague involvement in all initiatives and holds regular team sessions to inform colleagues of matters affecting them.

FHG regularly holds an annual colleagues' conference, or training that includes all colleagues, 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

FHG 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 2019 and the Statement of Recommended Practice 2018 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 FHG 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 FHG 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 FHG 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 also receives progress reports on areas where the external auditors have commented and ensure that action is taken where considered appropriate.

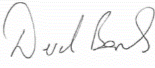
Acting on behalf of the Board of Management, the Audit and Risk Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2026 and until 11 August 2026. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

Fife Housing Association Limited
Report of the Board of Management
and Financial Statements
31 March 2026

Auditors

Wbg (Audit) Limited 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

Signed by:

E473CFF69E0E4E5...
Derek William Banks
Trustee/Secretary

Date : 11 August 2026

Fife Housing Association Limited
Report of the Board of Management
and Financial Statements
31 March 2026

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 2026 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 2026 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 2019.

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

In auditing the financial statements, we have concluded that the board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the associations' ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the board with respect to going concern are described in the relevant sections of this report.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Explanation as to what extent the audit was considered capable of detecting irregularities including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures in response to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing the risks of material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations we considered the following:

- The nature of the association and the industry, control environment and business performance including performance targets; and
- Our enquiries of management about their identification and assessment of the risks of irregularities.

Based on our understanding of the company and the industry we identified that the principal risks of non-compliance with laws and regulations related to, but were not limited to;

- Regulations and legislation pertinent to the company's industry operations including compliance with the Scottish Housing Regulator.

We considered the extent to which non-compliance might have a material impact on the financial statements. We also considered those laws and regulations which have a direct impact on the preparation of the financial statements, such as the Co-operative and Communities Benefit Societies Act 2014. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls), and determined that the principal risks were related to;

- Posting of unusual journal entries;
- Management bias in accounting estimates

Audit response to the risks identified;

Our procedures to respond to the risks identified included the following:

- Gaining an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates including the requirements of the Scottish Housing Regulator;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management and legal advisors concerning actual and potential litigation and claims; and
- In addressing the risk of fraud as a result of management override of controls, testing the appropriateness of journal entries and other adjustments' assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and, evaluating business rationale of any significant transactions that are unusual or outside the normal course of business. We scrutinised the general ledger for the following:
 - Duplicate journal entries
 - Unbalanced journal entries
 - Journals posted at unusual times
 - Journals posted by unauthorised users
 - Journals with detail which included key phrases or words.

Fife Housing Association Limited
Report of the Board of Management
and Financial Statements
31 March 2026

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

Signed by:


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Wbg (Audit) Limited

**168 Bath Street
Glasgow
G2 4TP**

Date: 11 August 2026

Fife Housing Association Limited
Report of the Board of Management
and Financial Statements
31 March 2026

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

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 through enquiry of certain members of the Management Committee and Officers of the Association and examination of relevant documents. 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 non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on pages 12-13 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 which are issued by the Scottish Housing Regulator in respect of internal financial controls.

Signed by:


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Wbg (Audit) Limited

Date: 11 August 2026

Statutory Auditor

168 Bath Street
Glasgow
G2 4TP

Financial Statements:

Group Statement of Comprehensive Income for the year ended 31 March 2026

		2026	2025
	Note	£	£
Turnover	2a	16,702,903	15,593,329
Less: Operating expenditure	2a	(12,726,182)	(12,548,340)
Operating surplus	7	3,976,721	3,044,989
(Loss)/Gain on disposal of fixed assets	12	(39,823)	51,746
Interest receivable	9	14,542	-
Interest payable and financing costs	8	(1,125,000)	(1,125,001)
Revaluation of investment properties	13c	375,500	271,250
Surplus for the year before taxation		3,201,940	2,242,984
Taxation	10a	(121,563)	(85,634)
Surplus for the year after taxation		3,080,377	2,157,350
Fair value gain/(loss) on property valuation		4,738	(39,599)
Total comprehensive income for the year		3,085,115	2,117,751

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

The notes on pages 29 to 57 form part of these financial statements.

Association Statement of Comprehensive Income for the year ended 31 March 2026

		2026	2025
	Note	£	£
Turnover	2b	16,233,997	15,179,515
Less: Operating expenditure	2b	(12,436,297)	(12,241,141)
Operating surplus	7	3,797,700	2,938,374
(Loss)/gain on disposal of fixed assets	12	(39,823)	51,746
Interest receivable	9	121,535	99,470
Interest payable and similar charges	8	(1,125,000)	(1,125,001)
Surplus for the year before taxation		2,754,412	1,964,589
Taxation	10b	(2,839)	(2,512)
Surplus for the year after taxation		2,751,573	1,962,077
Settlement on termination of pension scheme		-	-
Fair value gain/(loss) on property valuation		4,738	(39,599)
Total comprehensive income for the year		2,756,311	1,922,478

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

The notes on pages 29 to 57 form part of these financial statements.

Fife Housing Association Limited
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Group Statement of Financial Position as at 31 March 2026

		2026	2025
	Note	£	£
Fixed assets			
Housing properties	11	82,127,771	81,608,696
Loan Refinancing	27	677,176	779,563
Other fixed assets	14a	980,158	1,002,465
Investment properties	13c	8,005,000	7,300,000
Intangible fixed assets	13a	128,013	205,088
		91,918,118	90,895,812
Current assets			
Stock		114,510	96,508
Trade and other debtors	16a	977,270	1,005,998
Cash and cash equivalents		6,829,647	4,641,848
		7,921,427	5,744,354
Current liabilities			
Creditors: amounts falling due within one year	17	(2,573,811)	(2,238,389)
Net current assets		5,347,616	3,505,965
Total assets less current liabilities		97,265,734	94,401,777
Creditors: falling due after more than one year	18	(68,753,271)	(69,066,477)
Provision for liabilities			
Pension liability	25	-	-
Other provisions	21	(453,163)	(361,122)
Total net assets		28,059,300	24,974,178
Capital and reserves			
Share capital	22	66	59
Revenue reserve		19,311,752	15,996,432
Revaluation reserve		8,747,482	8,977,687
Total capital and reserves		28,059,300	24,974,178

The financial statements on pages 19 to 57 were approved by the Board of Management and authorised for issue on 11 August 2026 and were signed on its behalf by:

Brian Fisher

Chair

Brian Gallacher

Audit Committee Convener

Derek William Banks

Secretary/Trustee

The notes on pages 29 to 57 form part of these financial statements.

Signed by:

Brian Fisher

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Signed by:

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Signed by:

Derek Banks

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Fife Housing Association Limited
Report of the Board of Management
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Association Statement of Financial Position as at 31 March 2026

		2026	2025
	Note	£	£
Fixed assets			
Housing properties	11	82,127,771	81,608,696
Loan Refinancing	27	677,176	779,563
Other fixed assets	14b	980,158	1,002,465
Investment properties	13d	125,000	115,000
Investment in subsidiary	13b	1	1
Intangible assets	13a	128,013	205,088
		84,038,119	83,710,813
Current assets			
Stock		114,510	96,508
Trade and other debtors	16a	984,464	1,017,504
Debtors : falling due after more than one year	16b	5,359,143	5,010,709
Cash and cash equivalents		6,583,191	4,464,753
		13,041,308	10,589,474
Current liabilities			
Creditors: amounts falling due within one year	17	(2,519,121)	(2,183,093)
Net current assets		10,522,187	8,406,381
Total assets less current liabilities		94,560,306	92,117,194
Creditors: falling due after more than one year	18	(68,753,271)	(69,066,477)
Provision for liabilities			
Pension liability		-	-
Total net assets		25,807,035	23,050,717
Capital and reserves			
Share capital	22	66	59
Revenue reserve		17,059,487	14,072,971
Revaluation reserve		8,747,482	8,977,687
Total capital and reserves		25,807,035	23,050,717

The financial statements on pages 19 to 57 were approved by the Board of Management and authorised for issue on 11 August 2026 and were signed on its behalf by:

Brian Fisher **Chair**
Brian Gallacher **Audit Committee Convener**
Derek William Banks **Secretary/Trustee**

Signed by:

Brian Fisher

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Signed by:

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Signed by:

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The notes on pages 29 to 57 form part of these financial statements.

Fife Housing Association Limited
 Report of the Board of Management
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Group Statement of Changes in Reserves

	Share capital	Income and expenditure reserve	Revaluation reserve	Total
	£	£	£	£
Balance at 1 April 2024	53	13,648,477	9,207,891	22,856,421
Surplus for the year	-	2,157,350	-	2,157,350
Fair value (loss) on Investment Property	-	(39,599)	-	(39,599)
Issued share capital	6	-	-	6
Redeemed share Capital	-	-	-	-
Transfer in Year	-	230,204	(230,204)	-
Balance as at 31 March 2025	59	15,996,432	8,977,687	24,974,178
Surplus for the year	-	3,080,377	-	3,080,377
Fair value gain on Investment Property	-	4,738	-	4,738
Issued share capital	7	-	-	7
Redeemed share capital	-	-	-	-
Transfer in Year	-	230,204	(230,204)	-
Balance at 31 March 2026	66	19,311,752	8,747,483	28,059,300

Fife Housing Association Limited
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Association Statement of Changes in Reserves

	Share capital	Income and expenditure reserve	Revaluation reserve	Total
	£	£	£	£
Balance at 1 April 2024	53	11,920,289	9,207,891	21,128,233
Surplus for the year	-	1,962,077	-	1,962,077
Fair value loss on investment properties	-	(39,599)	-	(39,599)
Issued share capital	6	-	-	6
Redeemed share capital	-	-	-	-
Transfer in Year	-	230,204	(230,204)	-
Balance as at 31 March 2025	59	14,072,971	8,977,687	23,050,717
Surplus for the year	-	2,751,573	-	2,751,573
Fair value gain on investment properties	-	4,738	-	4,738
Issued share capital	7	-	-	7
Redeemed share capital	-	-	-	-
Transfer in Year	-	230,204	(230,204)	-
Balance at 31 March 2026	66	17,059,487	8,747,482	25,807,035

Group Statement of Cash Flows for the year ended 31 March 2026

		2026	2025
	Notes	£	£
Operating activities			
Cash generated from operating activities	A	6,716,213	5,677,619
Income taxes paid		(15,321)	(19,755)
Net cash generated from operating activities		6,700,892	5,657,864
Cash flow used in investing activities			
Purchase of tangible and intangible fixed assets	11, 13, 14	(3,486,022)	(2,682,171)
Purchase of investment property	13c	(319,500)	(623,750)
Proceeds from sale of tangible fixed assets	12	500	154,356
Grants received	20	300,000	-
Interest received	9	14,542	-
Loan Refinancing		120,687	120,239
Loan Refinancing Additions		(18,300)	-
Net cash used in investing activities		(3,388,093)	(3,031,326)
Cash flow used in financing activities			
Interest paid		(1,125,000)	(1,125,001)
Net cash used in financing activities		(1,125,000)	(1,125,001)
Net increase in cash and cash equivalents		2,187,799	1,501,537
Cash and cash equivalents at beginning of year		4,641,848	3,140,311
Cash and cash equivalents at end of year		6,829,647	4,641,848

Group Statement of Cash Flows

A. Reconciliation of surplus to net cash generated from operations

		2026	2025
	Notes	£	£
Surplus for the year		3,085,115	2,117,751
Adjustments for non-cash items:			
Depreciation of fixed assets		2,935,738	2,851,449
Amortisation of intangible fixed assets		90,267	259,105
Revaluation and impairment of fixed assets		4,518	39,599
Fair value gains on investment properties		(375,500)	(271,250)
Loss/(Gain) on disposal of tangible fixed assets	12	39,823	(47,159)
Loss on disposal of other fixed assets	12	(500)	957
Interest payable	8	1,125,000	1,125,001
Interest receivable	9	(14,542)	-
Taxation	10a	121,563	85,634
Deferred income amortisation	20	(607,206)	(606,218)
Operating cash flows before movements in working capital		6,404,276	5,554,869
Net share capital issued/(redeemed)	22	7	6
Decrease/(Increase) in trade and other debtors		28,728	36,185
(Increase)/Decrease in stock		(18,002)	15,277
Increase/(Decrease) in trade and other creditors		301,204	71,282
(Decrease)/Increase in other provisions		-	-
Cash generated from operations		6,716,213	5,677,619

Association Statement of Cash Flows for the year ended 31 March 2026

		2026	2025
	Notes	£	£
Net cash generated from operating activities	B	6,207,550	5,176,938
Income Taxes Paid		(2,512)	(2,512)
Gift Aid		-	-
Net Cash Generated from Operating Activities		6,205,038	5,174,426
Cash flow used in investing activities			
Purchase of Tangible and Intangibles Fixed Assets	11,13,14	(3,486,022)	(2,682,171)
Proceeds from sale of tangible fixed assets	12	500	154,356
Grants received	20	300,000	-
Interest received	9	(121,535)	99,470
Loan Refinancing		120,687	120,239
Loan Refinancing Additions		(18,300)	-
Net cash used in investing activities		(2,961,600)	(2,308,106)
Cash flow used in financing activities			
Interest paid		(1,125,000)	(1,125,001)
New secured loans		-	-
Net cash used in financing activities		(1,125,000)	(1,125,001)
Net increase/(decrease) in cash and cash equivalents		2,118,438	1,741,319
Cash and cash equivalents at beginning of year		4,464,753	2,723,434
Cash and cash equivalents at end of year		6,583,191	4,464,753

Association Statement of Cash Flows

B. Reconciliation of surplus to net cash generated from operations

		2026	2025
	Notes	£	£
Surplus for the year		2,756,311	1,922,477
Adjustments for non-cash items:			
Depreciation of tangible fixed assets		2,935,738	2,851,449
Amortisation of intangible fixed assets		90,267	259,105
Revaluation and impairment of fixed assets		4,518	39,599
Movement in defined benefit pension		-	-
Pension Cessation Payment		-	-
Impairment Losses on Fixed Assets		-	-
(Loss) on disposal of tangible fixed assets	12	40,823	957
(Gain) on disposal of other fixed assets	12	(500)	(47,159)
Interest receivable	9	(121,535)	(99,470)
Interest payable	8	1,125,000	1,125,001
Taxation	10b	2,839	2,512
Deferred income amortisation	20	(607,206)	(606,218)
Operating cash flows before movements in working capital		6,225,255	5,448,253
Net share capital issued/(redeemed)		7	6
Decrease/(Increase) in trade and other debtors		316,701	(345,638)
(Decrease)/Increase in trade and other creditors		(316,411)	59,040
(Increase)/Decrease in Stock		(18,002)	15,277
(Decrease)/Increase in provisions		-	-
Cash generated from operations		6,207,550	5,176,938

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 Associations 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 2018 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Determination of Accounting Requirements 2019, 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, Fife Housing Group Yourplace 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.

Notes to the Financial Statements

1. Accounting Policies (continued...)

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.

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) either in; the income and expenditure account as the performance conditions are met, where the adaptation relates to a part component replacement, or is capitalised in line with our normal depreciation rates applied to the type of asset where it is the replacement to the complete component.

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 are 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:

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%
-------------------	-----

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 cost.

Taxation

Fife Housing Association Limited has charitable status, 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.

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

From the 1 July 2023, the association contributed to a defined contribution scheme during the accounting period. The scheme is Fife Housing Group Retirement Plan, administered by Legal and General as part of Mastertrust. This is also used as the vehicle for auto enrolment. Separate rates apply where employees have moved from previous pension schemes (such as Fife Pension Fund) to allow higher pension contribution rates to continue for a period of two years from 1 July 2023.

Pension asset/Liability

The change to the retirement benefits as indicated above means that there is no longer any liability or asset to recognise within the accounts.

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 were provided independently by the Bank of Scotland and were 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 were 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

		2026		2025
		Turnover	Operating Costs	Operating Surplus
		£	£	£
Affordable lettings/activities	(Note 3)	15,819,276	12,115,468	3,703,808
Other activities	(Note 4a)	883,627	610,714	272,913
Total		16,702,903	12,726,182	3,976,721
Total 2024/25		15,593,329	12,548,340	3,044,989

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

		2026		2025
		Turnover	Operating Costs	Operating Surplus/Deficit
		£	£	£
Affordable lettings/activities	(Note 3)	15,819,276	12,115,468	3,703,808
Other activities	(Note 4b)	414,721	320,829	93,892
Total		16,233,997	12,436,297	3,797,700
Total 2024/25		15,179,515	12,241,141	2,938,374

Notes to the Financial Statements

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

	General needs	Shared ownership housing	2026	2025
	£	£	£	£
Rent receivable net of service charges	15,033,758	3,098	15,036,856	14,383,034
Service charges receivable	149,671	11,929	161,600	128,163
Gross income from rents and service charges	15,183,429	15,027	15,198,456	14,551,197
Less rent losses from voids	(181,386)	-	(181,386)	(247,188)
Net income from rents and service charges	15,002,043	15,027	15,017,070	14,264,009
Grants released from deferred income	607,206	-	607,206	606,218
Grants from the Scottish Ministers	195,000	-	195,000	44,500
Other revenue grants	-	-	-	-
Total turnover from social letting activities	15,804,249	15,027	15,819,276	14,914,727
Management and maintenance administration costs	4,232,399	-	4,232,399	4,262,254
Service costs	94,236	9,135	103,371	110,242
Planned and cyclical maintenance including major repair costs	1,153,658	-	1,153,658	921,961
Reactive maintenance costs	3,678,873	1,040	3,679,913	3,914,544
Bad debts – rent and service charges	50,022	-	50,222	28,204
Impairment Provision	-	-	-	-
Depreciation of affordable let properties	2,872,128	23,777	2,895,905	2,809,033
Operating costs for social letting activities	12,081,516	33,952	12,115,468	12,046,238
Operating surplus from social lettings	3,722,733	(18,925)	3,703,808	2,868,489
Operating surplus from social lettings for previous year	2,862,416	6,073	2,868,489	3,819,405

Notes to the Financial Statements

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

								2026	2025
	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)
	£	£	£	£	£	£	£	£	£
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	215,048	-	-	-	215,048	-	226,167	(11,119)	(13,039)
Investment property activities	-	-	-	14,500	14,500	-	27	14,473	14,199
Factoring	-	-	-	85,155	85,155	-	94,635	(9,480)	(12,060)
Contracted out activities for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services – Fife Housing Group Yourplace Ltd	-	-	-	468,906	468,906	387	289,498	179,021	111,210
Office land and buildings impairment	-	-	-	-	-	-	-	-	-
Other activities	-	275	-	99,743	100,018	-	-	100,018	76,190
Total from other activities	215,048	275	-	668,304	883,627	387	610,327	272,913	
Total from other activities - previous year	109,515	-	-	569,087	678,602	3,269	498,833		176,500

Notes to the Financial Statements

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

	2026							2025
	Grants from Scottish Ministers	Other revenue grants	Supporting People income	Other income	Total turnover	Operating costs – bad debts	Other operating costs	Operating surplus / (deficit)
	£	£	£	£	£	£	£	£
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	215,048	-	-	-	215,048	-	226,167	(11,119)
Investment property activities	-	-	-	14,500	14,500	-	27	14,473
Factoring	-	-	-	85,155	85,155	-	94,635	(9,480)
Contracted out activities for registered social landlords	-	-	-	-	-	-	-	-
Office land and buildings impairment	-	-	-	-	-	-	-	-
Development impairment	-	-	-	-	-	-	-	-
Other activities	-	275	-	99,743	100,018	-	-	100,018
Total from other activities	215,048	275	-	199,398	414,721	-	320,829	93,892
Total from other activities - previous year	109,516	-	-	155,272	264,788	-	194,903	69,885

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	
	2026	2025	2026	2025
Office	41.6	40.7	41.6	40.7
Maintenance services	44.2	37.8	44.2	37.8
Total	85.8	78.5	85.8	78.5

	£	£	£	£
Office				
Wages and salaries	1,974,821	1,956,109	1,974,821	1,956,109
Redundancy costs	-	-	-	-
Social security costs	220,716	178,543	220,716	178,543
Pension costs (Note 25)	357,091	370,049	357,091	370,049
Temporary employee costs	-	23,488	-	23,488
Sub-total	2,552,628	2,528,189	2,552,628	2,528,189
Maintenance Services Department				
Wages and salaries	1,319,462	1,177,048	1,319,462	1,177,048
Redundancy costs	-	-	-	-
Social security costs	176,906	119,348	176,906	119,348
Pension costs (Note 25)	228,263	224,111	228,263	224,111
Temporary employee costs	72,753	149,654	72,753	149,654
Sub-total	1,797,384	1,670,161	1,797,384	1,670,161
Total				
Wages and salaries	3,294,283	3,133,157	3,294,283	3,133,157
Redundancy costs	-	-	-	-
Social security costs	397,622	297,891	397,622	297,891
Pension costs (Note 25)	585,354	594,159	585,354	594,159
Temporary employee costs	72,753	173,142	72,753	173,142
Total employee costs	4,350,012	4,198,350	4,350,012	4,198,350

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:

	2026	2025
	Number	Number
£60,000 - £70,000	-	-
£70,001 - £80,000	-	-
£80,001 - £90,000	-	-
£90,001 - £100,000	3	3
£100,000 - £110,000	-	-
£110,000-£120,000	-	1
£120,000-£130,000	1	-
	4	4
	£	£
Aggregate emoluments for the above key management personnel (excluding pension contributions)	412,981	396,716
The emoluments of the Chief Executive (excluding pension contributions)	125,077	121,079
Pension Contributions of the Chief Executive	24,769	25,137
Aggregate pension contributions in relation to the above key management personnel	79,212	79,478

Total expenses paid to Board members during the year was £Nil (2025 - £375).

Notes to the Financial Statements

7. Operating surplus

	Group		Association	
	2026	2025	2026	2025
	£	£	£	£
Operating surplus is stated after charging:				
Depreciation of housing properties (note 11)	2,895,905	2,809,033	2,895,905	2,809,033
Depreciation of other assets (note 14)	39,833	42,417	39,833	42,417
Amortisation of intangible assets (note 13a)	90,267	259,105	90,267	259,105
Auditor's remuneration in their capacity as auditors	22,845	20,880	16,019	14,730
Auditor's remuneration in respect of other services	3,940	3,716	1,270	1,172
Operating lease rentals	273,495	182,969	273,495	182,969

8. Interest payable and similar charges

	Group		Association	
	2026	2025	2026	2025
	£	£	£	£
Interest arising on:				
Long term bank loan	1,125,000	1,125,000	1,125,000	1,125,000
Other interest payable	-	1	-	1
Total	1,125,000	1,125,001	1,125,000	1,125,001

9. Interest receivable and other income

	Group		Association	
	2026	2025	2026	2025
	£	£	£	£
Interest arising on:				
Group Interest	-	-	107,429	99,470
Other interest receivable	14,542	-	14,106	-
Total	14,542	-	121,535	99,470

Notes to the Financial Statements

10a. Taxation - Group

Tax on surplus on ordinary activities

	2026	2025
	£	£
Analysis of charge in period		
Current Tax		
UK Corporation tax	(29,522)	(15,322)
Total current tax charge	(29,522)	(15,279)
Deferred Tax		
Timing differences, origination and reversal (note 21)	(92,041)	(70,312)
Tax on profit on ordinary activities	(121,563)	(85,634)

	2026	2025
	£	£
Reconciliation of tax charge		
Surplus for the year before taxation	3,201,940	2,188,384
Tax on surplus at standard rate of corporation tax of 19%/25%	635,220	432,540
Association (surplus) not subject to tax	(520,499)	(360,386)
Income not subject to tax	(94,134)	(56,832)
Chargeable gains	92,041	70,312
Other items not allowable for taxation	8,935	-
Adjustments in respect of previous periods	-	-
Adjustments for different rates of taxation on deferred tax	-	-
Tax charge for the year	121,563	85,634

Notes to the Financial Statements

10b. Taxation - Association

Tax on surplus on ordinary activities

	2026	2025
	£	£
Analysis of charge in period		
Current Tax		
UK Corporation tax	2,839	2,512
Total current tax charge	2,839	2,512
Deferred Tax		
Timing differences, origination and reversal (note 21)	-	-
Tax on profit on ordinary activities	2,839	2,512

	2026	2025
	£	£
Reconciliation of tax charge		
Surplus for the year before taxation	2,754,412	1,909,989
Tax on surplus at standard rate of corporation tax of 19%	523,338	362,898
Association (surplus) not subject to tax	(520,499)	(360,386)
Income not subject to tax	-	-
Chargeable gains	-	-
Other items not allowable for taxation	-	-
Adjustments in respect of previous periods	-	-
Adjustments for different rates of taxation on deferred tax	-	-
Tax charge for the year	2,839	2,512

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 2025	121,634,675	-	57,532	121,692,207
Additions	3,455,054	-	-	3,455,054
Assets Under Construction	-	-	-	-
Disposals	(204,600)	-	-	(204,600)
Transfers to Housing Properties Held for Letting	-	-	-	-
As at 31 March 2026	124,885,129	-	57,532	124,942,661
Depreciation				
As at 1 April 2025	(40,059,736)	-	(23,775)	(40,083,511)
Depreciation charged in year	(2,894,832)	-	(1,073)	(2,895,905)
Disposals	164,526	-	-	164,526
As at 31 March 2026	(42,790,041)	-	(24,848)	(42,814,890)
Net Book Value as at 31 March 2026	82,095,088	-	32,684	82,127,771
Net Book Value as at 31 March 2025	81,574,939	-	33,757	81,608,696

Major repairs in the year amounted to £3,599,556 (2025: £3,193,570). Of the total, £2,760,693 (2025: £2,435,946) was capitalised and related to the replacement of components with enhancements of £nil (2025: £nil). The remaining £838,863 (2025: £734,433) was charged to the statement of comprehensive income.

The total cost of land included above is £17,225,362 (2025: £17,225,362).

Notes to the Financial Statements

12. Gain on disposal of assets - Group

	Other fixed assets	Land	Housing properties	Total 2026	Total 2025
	£	£	£	£	£
Proceeds	-	500	-	500	159,900
Expenses	-	-	-	-	-
Cost of sale	-	-	-	-	-
Abortive costs	-	-	-	-	-
Disposals	(250)	-	(40,073)	(40,323)	(108,154)
Gain on disposal of assets	(250)	500	(40,073)	(39,823)	51,746

13a. Intangible fixed assets - Group and Association

	Total
	£
Cost	
As at 1 April 2025	1,401,294
Additions	13,192
Disposals	-
As at 31 March 2026	1,414,486
Amortisation	
As at 1 April 2025	1,196,206
Charge for year	90,267
Disposals	-
As at 31 March 2026	1,286,473
Net Book Value as at 31 March 2026	128,013
Net Book Value as at 31 March 2025	205,088

Notes to the Financial Statements

13b. Fixed asset investments in Subsidiary - Association only

	2026	2025
	£	£
Cost		
Fife Housing Group Yourplace 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				
Fife Housing Group Yourplace 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 2025	7,185,000	-	115,000	7,300,000
Additions	319,500	-	-	319,500
Revaluation	375,500	-	10,000	385,500
Transferred from current assets	-	-	-	-
Disposals	-	-	-	-
As at 31 March 2026	7,880,000	-	125,000	8,005,000
As at 31 March 2025	7,185,000	-	115,000	7,300,000

Valuations and desktop valuations were carried out by Allied Surveyors Scotland plc, an external valuer, of the Yourplace investment properties on 31 March 2026. A valuation was carried out by J&E Shepherd, an external valuer, of the Fife Housing Association investment and commercial properties on 31 March 2026. The basis of the valuations 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 2025	115,000
Additions	-
Revaluation	10,000
Transferred from current assets	-
Disposals	-
As at 31 March 2026	125,000
As at 31 March 2025	115,000

A desktop valuation was carried out by J&E Shepherd, an external valuer, as at 31 March 2026. 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

Office land and Buildings Leasehold	Computer Hardware	Furniture and fittings	Vehicles	Total
£	£	£	£	£

As at 1 April 2025	890,000	177,801	151,645	-	1,219,446
Additions	-	9,812	4,879	3,085	17,776
Revaluations	-	-	-	-	-
Disposals		(11,096)	(1,062)	-	(12,158)
As at 31 March 2026	890,000	176,517	155,462	3,085	1,225,064

As at 1 April 2025	-	119,043	97,938	-	216,981
Charge for year	-	26,220	12,970	643	39,833
Disposals	-	(10,846)	(1,062)	-	(11,908)
As at 31 March 2026	-	134,417	109,846	643	244,906
Net Book Value as at 31 March 2026	890,000	42,100	45,616	2,442	980,158
Net Book Value as at 31 March 2025	890,000	58,758	53,707	-	1,002,465

On 31 March 2026, J & E Shepherd, an external valuer, valued the Group's premises at Pitreavie Court at £890,000 on a market value basis. If the premises had not been revalued they would have been included at a net book value of £919,599 (2025: £919,599).

Notes to the Financial Statements

14b. Tangible fixed assets - other - Association

	Office land and Buildings Leasehold	Computer Hardware	Furniture and fittings	Vehicles	Total
	£	£	£	£	£
As at 1 April 2025	890,000	177,801	149,131	-	1,216,932
Additions	-	9,812	4,879	3,085	17,776
Disposals	-	(11,096)	(122)	-	(11,218)
Revaluations	-	-	-	-	-
As at 31 March 2026	890,000	176,517	153,888	3,085	1,223,490
As at 1 April 2025	-	119,043	95,424	-	214,467
Charge for year	-	26,220	12,970	643	39,833
Disposals	-	(10,846)	(122)	-	(10,968)
As at 31 March 2026	-	134,417	108,272	643	243,332
Net Book Value as at 31 March 2026	890,000	42,100	45,616	2,442	980,158
Net Book Value as at 31 March 2025	890,000	58,758	53,707	-	1,002,465

On 31 March 2026, J & E Shepherd, an external valuer, valued the Group's premises at Pitreavie Court at £890,000 on a market value basis. If the premises had not been revalued they would have been included at a net book value of £919,599 (2025: £919,599).

Notes to the Financial Statements

15. Housing Stock

	Group		Association	
	2026	2025	2026	2025
Opening stock	2,604	2,598	2,541	2,542
Opening stock adjustment on prior year	-	-	-	-
Units Acquired during year	9	8	6	1
Units (Sold) during year	-	(2)	-	(2)
Rooms Converted to Units	-	-	-	-
Units Converted from Rooms	-	-	-	-
Units Converted to Rooms	-	-	-	-
Rooms Converted from Units	-	-	-	-
Closing stock	2,613	2,604	2,547	2,541
Split:				
Wholly owned and managed	2,597	2,588	2,531	2,525
Shared ownership units	1	1	1	1
Units managed but not owed	15	15	15	15
Total Units	2,613	2,604	2,547	2,541

16a. Debtors

	Group		Association	
	2026	2025	2026	2025
	£	£	£	£
Amounts falling due within one year:				
Rent and service charge receivable	304,627	364,302	288,081	349,251
Less: Bad debt provision - rent	(76,157)	(111,029)	(68,791)	(102,231)
Net rental debtors	228,470	253,273	219,290	247,020
Prepayments and accrued income	658,273	636,867	652,229	631,896
Intercompany debtors	-	-	22,850	24,184
Other debtors	219,745	208,339	216,571	202,720
Less: Bad debt provision – non-rent	(129,218)	(136,981)	(126,476)	(132,816)
Corporation tax receivable	-	-	-	-
Grants receivable	-	44,500	-	44,500
Total	977,270	1,005,998	984,464	1,017,504

Notes to the Financial Statements

16b. Debtors	Group		Association	
	2026	2025	2026	2025
	£	£	£	£
Amounts falling due after more than one year:				
Intercompany loan to Subsidiary	-	-	5,359,143	5,010,709
Total	-	-	5,359,143	5,010,709

The Intercompany loan is an approved facility of £6 million of which £5.4 million has been drawn down. The increase in the facility was approved on 29 January 2025. The loan is fully repayable by March 2047. Interest is charged at 2.0559% in the current financial year.

17. Creditors: Amounts falling due within one year

	Group		Association	
	2026	2025	2026	2025
	£	£	£	£
Loan interest payable	101,712	98,630	101,712	98,630
Accruals and deferred income	119,325	121,141	106,054	103,187
Holiday pay	110,644	102,188	110,644	102,188
Rent in advance	613,432	596,524	606,529	589,771
Trade creditors	693,141	363,936	682,623	347,410
Taxation and social security	171,878	159,467	171,878	159,467
Corporation tax	29,522	15,321	2,839	2,512
Intercompany creditors	-	-	2,685	673
Other creditors	121,939	174,965	121,939	173,038
Deferred capital grants (note 20)	612,218	606,217	612,218	606,217
Total	2,573,811	2,238,389	2,519,121	2,183,093

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	
	2026	2025	2026	2025
	£	£	£	£
Housing Loans				
Fixed rate	45,000,000	45,000,000	45,000,000	45,000,000
Callable swap	-	-	-	-
RPI swap	-	-	-	-
Callable swap	-	-	-	-
Variable facility B	-	-	-	-
Fair Value Adjustment for Financial Instruments	-	-	-	-
Deferred capital grant (note 20)	23,753,271	24,066,477	23,753,271	24,066,477
Total	68,753,271	69,066,477	68,753,271	69,066,477

19. Analysis of duration of loans

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

	Group		Association	
	2026	2025	2026	2025
	£	£	£	£
Due within one year	-	-	-	-
Due within one and two years	-	-	-	-
Due within two and five years	-	-	-	-
Due after five years	45,000,000	45,000,000	45,000,000	45,000,000
Total	45,000,000	45,000,000	45,000,000	45,000,000

20. Deferred capital grant

	Group		Association	
	2026	2025	2026	2025
	£	£	£	£
As at 1 April 2025	24,672,694	25,278,912	24,672,694	25,278,912
Grant received in the year	300,000	-	300,000	-
Capital grant written off on disposal	-	-	-	-
Capital grant released in the year	(607,206)	(606,218)	(607,206)	(606,218)
At 31 March 2026	24,365,488	24,672,694	24,365,488	24,672,694
Amounts to be released within one year	612,217	606,217	612,217	606,217
Amounts to be released in more than one year	23,753,271	24,066,477	23,753,271	24,066,477
Total	24,365,488	24,672,694	24,365,488	24,672,694

Notes to the Financial Statements

21. Provisions – Group

	Deferred Tax	Impairment
	£	£
As at 1 April 2025	361,122	-
Utilised in the year	-	-
Additional provision in the year	92,041	-
Transferred to creditors in the year	-	-
As at 31 March 2026	453,163	0

22. Called up share capital - Group and Association

	2026	2025
	£	£
Allotted, issued and fully paid at 1 April 2025	59	53
Issued in period	7	6
Redeemed in period	-	-
At 31 March 2026	66	59

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.

23. Capital Commitments - Group and Association

At 31 March 2026, commitments outstanding were as follows:

	Group		Association	
	2026	2025	2026	2025
Authorised and contracted for	£	£	£	£
Planned maintenance	1,415,130	-	1,415,130	-
Developments	-	-	-	-
ICT Project	-	-	-	-
Total authorised and contracted for	1,415,130	-	1,415,130	-

Notes to the Financial Statements

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	
	2026	2025	2026	2025
Authorised and contracted for	£	£	£	£
Planned Maintenance	1,415,130	-	1,415,130	-
ICT Projects	-	-	-	-

24. Lease obligations - Group and Association

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

	2026		2025	
	Land and buildings	Other operating leases	Land and buildings	Other operating leases
	£	£	£	£
Lease obligations:				
Within one year	52,246	233,924	50,024	179,401
Between one and five years	208,983	434,771	200,097	406,353
After five years	591,200	-	616,085	-
Total lease obligations	852,429	668,695	866,206	585,754

25. Pensions - Group and Association

The association ceased membership of the Fife Council Superannuation Fund scheme on the 30 June 2023 and contributed to a defined contribution scheme from the 1 July 2023. The scheme is Fife Housing Group Retirement Plan, administered by Legal and General as part of Mastertrust. This is also used as the vehicle for auto enrolment. Separate rates apply where employees have moved from previous pension schemes (such as Fife Pension Fund) to allow higher pension contribution rates to continue for a period of two years from 1 July 2023.

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.

At the end of the financial year there were no serving Board members who were tenants or had outstanding balances relating to former tenancies.

Notes to the Financial Statements

Fife Housing Association has agreed to make available to Fife Housing Group Yourplace Limited a loan facility of £6m and to date the Subsidiary has drawn down £5,359,143. Interest is charged 2.0559%.

A Service Level Agreement exists between Fife Housing Association and Fife Housing Group Yourplace Limited (formerly PACT Enterprises Limited) dated May 2017.

Fife Housing Association has levied fees for the following amounts to Fife Housing Group Yourplace Ltd during the period 1 April 2025 to 31 March 2026:

	2026	2025
	£	£
Colleague and overhead costs for services provided to Fife Housing Group Yourplace Limited	79,986	56,287
Repairs carried out by Fife HA on behalf of Fife Housing Group Yourplace Limited	25,182	24,091
Interest receivable on intercompany loan	107,429	99,470

The balance outstanding from Fife Housing Group Yourplace Ltd at 31 March 2026 was £20,165 (2025 - £23,510). This figure is net of £2,685 due from Fife Housing Association to Fife Housing Group Yourplace Ltd. Payments totalling £211,735 (2025 - £183,184) towards the balance outstanding at 31 March 2026 were made during the year.

27. Loan Refinancing

The Group executed new loan arrangements on 31 July 2019 for £65m, the funds have been used to repay previous loans and cancel hedging arrangements 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.

The Group restructured the refinanced loan arrangements in November 2021 increasing the loan term to twenty-five years for £45m and reducing the revolving credit (RCF) facility to £10m giving a total loan agreement of £55m. A repayment of £5.5m against the RCF was made during 2023/4 reducing the overall outstanding loan from £50.5m to £45.0m. The cost of the refinancing is being amortised over the loan period (25 years) with charges being reported within the Statement of Comprehensive Income, with the balance reported as a fixed asset.



Fife Housing Association Limited

Annual Report to the Board of
Management on the External Audit for
Year Ended 31 March 2026

August 2026

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1. Executive Summary

1.1 Key Reporting Matters

Audit Opinion: We expect to issue an unmodified audit opinion both in terms of the true and fair view opinion and that on Internal Financial Controls.

1.2 Governance & Internal Control

We have undertaken an overall review of the governance arrangements and process of internal control in place at Fife Housing Association Limited. Based on our findings it appears that the entity has strong systems in place to comply with governance requirements.

1.3 Fraud and irregularities

An assessment was made of the adequacy of the systems and controls for the prevention and detection of fraud and irregularities during our audit planning procedures. No areas of significant concern were found during normal audit procedures.

1.4 Control Recommendations

We have not made any recommendations in relation to the year ended 31 March 2026. No recommendations have been brought forward from the prior year audit.

1.5 This Report

We ask the Audit and Risk Committee to:

- | Consider the issues raised in this annual report before approving the financial statements; and
- | Consider the letter of representation (Appendix A) and confirm you are comfortable with the representation proposed.

1.6 Going Concern

We expect to issue an unqualified opinion on the accounts of Fife Housing Association for the year ended 31 March 2026. Forecasts and financial projections indicate that the entity has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements. As auditors we are satisfied, following review of the forecasts and financial projections, that the Board of Management assessment of the going concern basis of preparation is appropriate.

2. Introduction

2.1 Appointment

This is Wbg's 8th year as the external auditors for Fife Housing Association Limited. This Annual Report has been prepared following the conclusion of our audit of the financial statements of Fife Housing Association Limited for the year ended 31 March 2026.

2.2 Respective Responsibilities

Our audit has been carried out in accordance with our statutory responsibilities and International Standards on Auditing (UK) issued by the Financial Reporting Council. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements.

It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the entity circumstances, consistently applied and adequately disclosed.

2.3 Reporting Framework

Our audit report on the financial statements for the year ended 31 March 2026 is expected to be unqualified.

Our audit work has been designed to enable us to form an audit opinion on the financial statements of the entity and should not be relied upon to disclose all weaknesses in internal controls in relation to the entity's systems and financial statements.

This Annual Report has been prepared for the purposes of the management and Members and should not be issued to third parties without our prior written consent. We would emphasise that our comments in this report are not intended to be any reflection on the integrity of the entity's employees whom we would like to thank for their help and assistance throughout our audit work.

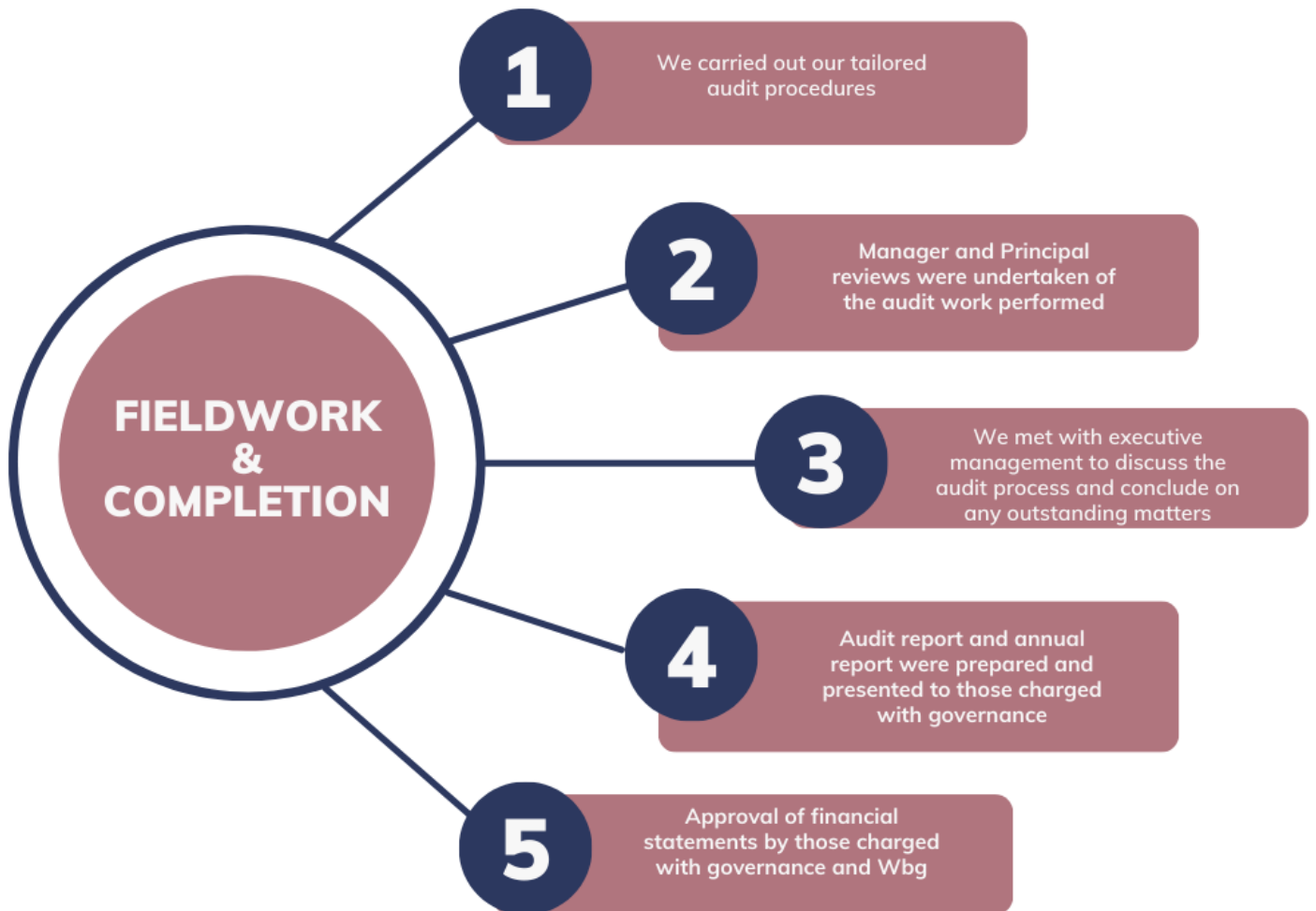
Should you have any queries on the contents of the Annual Report please do not hesitate to contact us. Details of the senior members of the audit team are included in Appendix B.

3. Our Approach

3.1 Planning Stage of Audit



3.2 Fieldwork and Completion Stage of Audit



3.3 Significant Audit and Accounting Matters

During the course of the audit a number of points of clarification arose which were resolved in discussion with, or formally reported, to the Director of Finance, Governance and Assets. This practice is an established part of the audit process. A summary of the key points is as follows:

Area	Findings
Management Letter Points	The are no control recommendation points for the current year audit and no points brought forward from the prior year.
Audit Report	No issues to note
Letter of Representation	Adjusting journals <ul style="list-style-type: none">• None to note Unadjusted journals <ul style="list-style-type: none">• None to note

3.4 Risk Conclusion

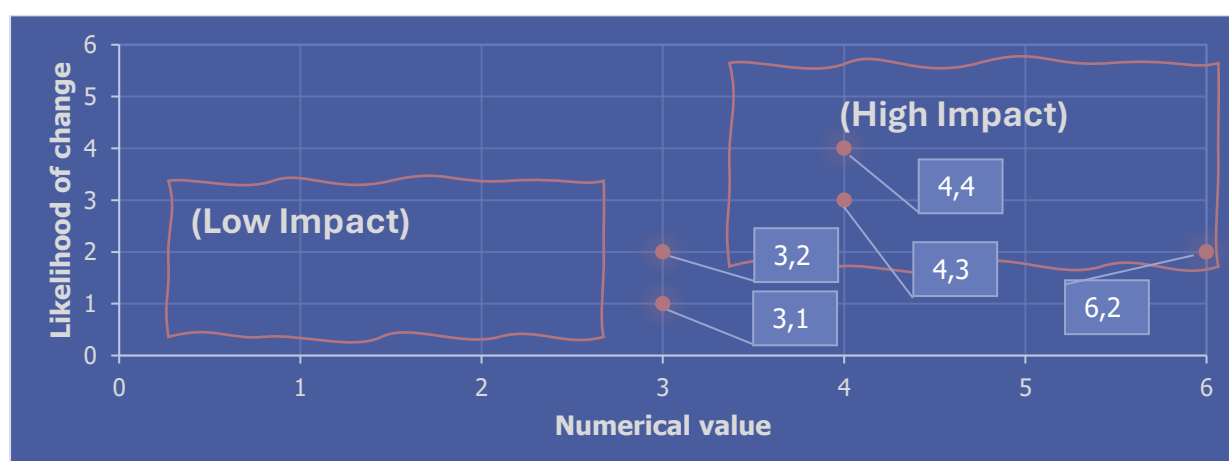
Risk information	Work performed and conclusions
Revenue Recognition Material misstatement due to errors in revenue recognition. Note that this is considered a specific risk for all audit engagements in accordance with the requirements of ISA (UK) 240 unless it can be specifically rebutted. Rental income – There is a risk where rental income includes material misstatements and subsequently affects the overall profits of the entity. Deferred income – There is a risk that revenue may be inappropriately deferred to support the next financial year's performance.	<p>We have performed the following procedures as part of our final audit work:</p> <p>Reviewed and tested the controls operating over all material revenue streams across the entity;</p> <p>Carried out analytical review of reported income levels, ensuring any departures from our expectations are substantiated.</p> <p>Evaluated the accounting policy for income recognition to ensure that this is consistent with the requirements of the Companies Act 2006, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements issued February 2019.</p> <p>Performed detailed testing of revenue transactions focussing on the areas we considered to be of greater risk. Specifically, we tested income recognised around the year end to ensure that it had been recognised in the correct accounting period and we performed specific testing to confirm the completeness of material income streams.</p> <p>We found no issues to report to you in this area.</p>

<p>Override of Internal Control</p> <p>Fraud or error arising due to management override of controls. Note that this is considered a specific risk for all audit engagements in accordance with the requirements of ISA (UK) 240.</p> <p>In any organisation, management may be in a position to override the financial controls.</p> <p>We considered the risk that management may override controls in order to manipulate the financial statements. Specifically, this risk may have been manifested through the use of manual journals or manipulation of significant accounting judgements and estimates which could involve bias resulting in material misstatement.</p>	<p>We have performed the following procedures as part of our final audit work:</p> <p>Made use of Data Analytics Tools to review a sample of journals, ensuring treatment is appropriate;</p> <p>Reviewed accounting estimates for bias and evaluated whether circumstances producing any bias, represent a risk of material misstatement due to fraud;</p> <p>Evaluated the business rationale underlying significant transactions; and</p> <p>Performed 'unpredictable' procedures, i.e. random sampling techniques.</p> <p>The results of our journals testing and testing of accounting judgements and estimates did not identify any instances of fraud or error due to management override of controls.</p>
<p>Rental Arrears and Voids</p> <p>Risk that rental arrears and voids are irrecoverable and not adequately provided for in the accounts.</p>	<p>Reviewed the provision and considered various sources of information while making an assessment as to the appropriateness of the provision.</p> <p>We did not consider there to be any misstatement in the bad debt provision above a de minimus trivial level.</p>
<p>Loan Covenant Compliance</p> <p>Risk of loan covenants being breached which could ultimately lead to penalties and early settlement of outstanding loans.</p>	<p>Loan covenants were reviewed and tested to the statutory accounts. No breaches were identified.</p>

3.5 Judgements and Key Sources of Estimation Uncertainty

The following are considered to be the judgements and sources of estimation uncertainty used in application of the accounting policies. We have also assigned an impact rating to each judgement or source of estimation based on the likelihood of changing judgement or estimate as well as the expected numerical effect of said change in the context of our materiality threshold. This rating system runs from 1 to 5 with 1 being lowest impact to 5 highest impact.

Judgement / Estimate	Likelihood of change	Numerical Value
Requirement for impairment of tangible fixed assets	1	3
Estimated useful life of fixed assets	2	6
Categorisation of operating / finance leases	2	3
General provision in relation to rental debtors	4	4
Valuation of investment properties	3	4



As can be seen above, estimations in assumptions used in the useful life of fixed assets, rental debtor provision and valuation of properties have a high overall impact on the financial statements and are therefore a key accounting estimate for audit purposes. Following our fieldwork, we can confirm that assumptions used are in line with sector trends and that the related figures disclosed satisfactorily in the financial statements.

3.6 SHR Annual Assurance Framework

We have considered the Association's Annual Assurance Statement submitted in October 2025 in which they assessed themselves as being compliant with the requirements of chapter 3 of the Regulatory Framework. We believe, based on our review of available evidence and through discussion with senior executive management, that the Association will be in a position to submit a similarly compliant Annual Assurance Statement during 2026. This is reflected by the position taken in the financial statements by the Board of Management.

4. Governance & Internal Controls

4.1 Governance

Governance is concerned with structures and processes for decision making, accountability, control and behaviour at the upper levels of an organisation. The respective responsibilities of the entity and Wbg (Audit) Limited are summarised in Report of the Board of Management.

Although we are not required to form an opinion on the adequacy and effectiveness of the individual components of internal control the scope of our procedures will include a review of such. We will bring to your attention any deficiencies of which we become aware.

4.2 Governance Arrangements

As part of our audit we have performed a limited review and assessment of the entity's Corporate Governance systems relating to standards of conduct, openness and integrity. In addition, we reviewed the entity's risk register and risk management arrangements along with the minutes of meetings of key entity committees issued during the year.

Based on our limited review, we are satisfied that the entity operates appropriate Governance procedures and that management has adequate arrangements in place covering standards of conduct.

We found no matters therein to impact upon our audit opinion.

4.3 Internal Controls

We have reviewed in the course of our audit the key elements of the entity's systems of internal financial controls in the main operating cycles.

In reaching our audit opinion we carried out our audit work based on the audit plan with evidence obtained by:

- | Discussions with senior management and staff at the entity;
- | Completing appropriate audit programmes;
- | Carrying out analytical review procedures;
- | Carrying out substantive and compliance audit tests on a judgement basis; and,
- | Review of minutes of Board and management meetings

Based on our review we have not identified any areas where the operation of internal financial controls could be improved.

4.4 Internal Audit

Internal audit is a key element of the internal control system set up by management. A strong internal audit function is necessary to ensure the continuing effectiveness of the internal control system established. The entity, therefore, needs to have in place a properly resourced internal audit service of good quality. To maximise the reliance that may be placed on internal audit and to avoid duplication of effort, the adequacy of internal audit is assessed each year.

The entity's internal auditors during the year ended 31 March 2026 were TIAA.

In the course of the year ended 31 March 2026 the following areas were reviewed by the internal auditor:

- | Budgetary control
- | Governance
- | Tenant Safety

Our findings in this area proved satisfactory, allowing us to conclude that the internal audit function is operating effectively.

Wbg have not placed any formal reliance on the work performed by internal audit.

5. Fraud and Irregularities

5.1 Best Practice

Best practice requires that the entity should establish arrangements for the prevention and detection of fraud and other irregularities as part of its Governance procedures.

An assessment was made of the adequacy of the systems and controls for the prevention and detection of fraud and irregularities during our audit planning procedures.

5.2 Audit Findings

In the course of the audit we have reviewed the following areas with regard to the prevention and detection of fraud and irregularities:

- | The monitoring and compliance with financial procedures;
- | The entity's strategy to prevent and detect fraud and other irregularities;
- | The internal controls operated for segregation of duties, authorisation and approval processes and reconciliation procedures.

No areas of concern were found during normal audit procedures. It is also highlighted that all the recommendations made have an implicit impact on the prevention and detection of fraud and other irregularities.

We emphasise that our audit of the financial statements is planned to ensure there is a reasonable expectation of detecting misstatements arising from fraud or other irregularity that are material in relation to those financial statements, but cannot be relied upon to detect all frauds and irregularities.

6. Independence

Our professional standards require that we communicate at least annually with you regarding all relationships between our firm and Fife Housing Association Homes, in our professional judgement, may reasonably be thought to bear on our independence and the objectivity of the audit engagement director and the audit staff and to detail the related safeguards in place.

There is one issue arising which has been addressed by the safeguards implemented below:

Ethical Threat	Safeguard
Self-Review Threat Wbg's Tax department prepare the year end Corporation Tax return for the entity's subsidiary.	The staff involved in the audit are independent to the Tax function and appropriate ethical screens are put in place between the two teams to ensure the audit team's independence is not affected.

In our professional judgement, as of the date of this report, Wbg (Audit) Limited is independent of Fife Housing Association Limited within the meaning of United Kingdom regulatory and professional requirements and the objectivity of Scott Gillon and the audit staff is not impaired.

7. Audit Recommendations

7.1 Prior Year Recommendations

There were no prior year recommendations to management.

7.2 Current Year Recommendations

There were no current year recommendations to management.

8. Emerging Issues

8.1 Housing SORP 2026 – FRS updates

Driven by the Financial Reporting Council ('FRC') releasing the updates to the overarching Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102'), the Housing SORP working party issued the draft Housing SORP 2026 in October 2025, which marked the start of a 12-week consultation period ended 12 January 2026.

The significant accounting updates mainly cover the following areas:

- Revenue Recognition
- Lease Accounting

We have covered these two main areas in more detail in specific sections below.

There were also some proposed changes to reporting requirements for RSLs with > 1,000 units in management along with guidance seeking to provide a greater level of clarity on some sector-specific reporting challenges.

A copy of the draft SORP released for consultation can be found at www.housing.org.uk/globalassets/files/finance/housing-sorp-basis-of-conclusion.pdf

The finalised version of the SORP is expected to be released in Autumn 2026 and will take effect for accounting periods commencing on or after 1st January 2026. Therefore, the first relevant period of account for yourselves will be the year ended 31st March 2027.

8.2 Determination of Accounting Requirements 2026

Following release of the draft Housing SORP 2026, The Scottish Housing Regulator had noted that a specific disclosure relating to remuneration of key senior managers had not been included in the proposals, in contrast to what was expected.

Therefore, a consultation on an amendment to the Determination of Accounting Requirements 2026 took place, ending on 22 May 2026.

It should be noted that this was only affected to implement a return to the existing position, there are no changes to the related disclosure requirements vs 2025 and this should continue to be included in financial statements for the year ended 31st March 2026 and for future years.

8.3 Section 1.1 – Revenue Recognition

Section 23 Revenue from Contracts with Customers in the updated FRS 102 sets out how and when an entity should recognise income in its financial statements. The rules surrounding recognition of revenue from customer contracts can be complex and requires an entity to evidence various criteria before it could be recognised.

The revised FRS 102 has amended this approach, and there are now different criteria to be considered. Much of this is driven by the introduction of a "5 step model" which must be followed for each individual contract.

The transactions to which the revised standard applies are where income is received for the provision of goods or services and a contract is in place.

The new 5-step model requires to be applied as follows:

- step one – identify the contract with a customer
- step two – identify the performance obligations in the contract
- step three – determine the transaction price
- step four – allocate the transaction price to the performance obligations in the contract
- step five – recognise income when or as the entity satisfies a performance obligation

Specifically for RSLs, this change is likely to principally impact the following revenue streams:

- Service charge income, including sinking funds and other similar funds
- Property sales

We advise RSLs to familiarise themselves with sections 1.1.1 – 1.1.3 of the Draft Housing SORP in conjunction with section 23 of the revised FRS 102 to determine if this has any impact. [FRS 102 Factsheet 10](#) also provides a more detailed implementation guide to the new rules.

Please be aware for RSLs with trading subsidiaries, this may also impact any service agreements in place between the entities.

8.4 Section 1.2 - Lease accounting

A further substantial change under FRS 102 relates to Section 20 - Lease Accounting. Under previous accounting rules, there were two types of leases – operating and finance leases. There are various criteria for distinguishing between these, however most simply a finance lease is where the risks and rewards of ownership transfer to the lessee, and under an operating lease these risks and rewards remain with the lessor.

Under a finance lease, the leased asset is shown as a fixed asset on the balance sheet (as the entity is deemed to substantially own it) and the present value of future lease payments are shown as a liability on the balance sheet.

Accounting for operating leases is more straightforward and future payments over the lease term are disclosed as a note in the accounts. We don't recognise the asset in question on the balance sheet, as we don't legally own it, and we don't include the amounts we're due to pay as a creditor in any way.

FRS 102 now substantially removes this distinction in favour of an approach which will see most leases accounted for as finance leases. The present value of future lease payments will be shown as creditors, both as short- and long-term liabilities. The offset of this is that the assets held under the lease will now be shown as a fixed asset as what's called a "right of use" asset. These will be depreciated over the lease term like any other fixed asset is.

How the balance sheet may look under these new rules is shown at **section 8.5**.

There is a requirement for entities to consider what's called the "time value of money", recognising that due to interest rates and inflation, the value of payments in the future will not be the same as the value of the payments made at the start of the lease term. For example, £100 today is worth more than £100 will be 5 years in the future. As such, there will be a requirement to determine an interest rate, discount future transactions and split the payments over the lease term between capital and interest. As such, this is a potentially complex area and the FRC recognise this will be challenging for entities to comply with.

There will be some exemptions from this treatment for what's called "low value" assets or short-term leases. These are not extensive and only apply for assets which are less critical to the business-like photocopiers and office equipment, or where the entity hires the asset for 12 months or less.

RSLs are therefore highly advised to start planning ahead by identifying and documenting lease agreements in place, including terms, conditions and the nature of the leased assets to allow the new principles to be implemented. [FRS 102 Factsheet 11](#) should also be consulted for a detailed overview.

RSLs should also take into account the wider implications associated with an uplift in Gross Assets and Liabilities on the balance sheet as well as a change in the make up of associated depreciation / finance costs in the Statement of Comprehensive Income. This could impact:

- Key Performance Indicators
- Compliance with existing covenants on financing
- Size thresholds for statutory reporting

8.5 – Revised balance sheet under Section 20

Balance Sheet		2026	2025
		£	£
Non-current assets			
Fixed Assets		120,000	100,000
Right of use assets		20,000	30,000
		140,000	130,000
Current assets			
Debtors		25,000	30,000
Stock		5,000	10,000
Cash & bank		40,000	30,000
		70,000	70,000
Liabilities			
Current liabilities		20,000	20,000
Current lease liabilities		10,000	10,000
Non-current lease liabilities		10,000	20,000
		40,000	50,000
Net Assets		170,000	150,000

8.6 How should you prepare?

Whilst the above summarises the headline changes under the revised FRS 102, it is not an extensive list and you should consider consulting additional resource to ensure your Association is best prepared for the changes:

- Consult the draft Housing SORP 2026 for a more detailed overview of the changes alongside other consequential amendments.
- Review existing revenue contracts and arrangements – understand what you currently have in place, and whether the 5 step model for contract income may apply to these. Consider whether amendments may be required to existing contracts if they don't include all required clauses.
- Review lease agreements in place and consider maintaining a central log of these. You should also determine whether any lease agreements would be considered low value or short term.
- Review any loan or financing documentation and consider whether the presentational changes could impact on compliance with the terms & conditions of funding, or loan covenant compliance.
- Training sessions – look out for guidance delivered by professional and sector bodies. ICAS's implementation guide to the new rules can be found [on YouTube](#).
- Seek advice – Wbg would be pleased to assist with general queries in regard to application of the revised FRS 102.

Appendices



A. Letter of Representation

We confirm to the best of our knowledge and belief, and having made appropriate enquiries of other board members and officials of the Entity, the following representations given to you in connection with your audit of the Entity's accounts for the year ended 31 March 2026.

General

1. We acknowledge as members our responsibility for making accurate representations to you and for the accounts which you have prepared for the Entity. All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Entity have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management meetings, have been made available to you.
2. The financial statements are free of material misstatements including omissions.
3. We acknowledge our responsibility for the design and implementation of internal control systems to prevent and detect fraud. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud. There have been no irregularities (or allegations of irregularities) involving management, employees who have a significant role in internal control or others that could have a material effect on the financial statements.
4. The Entity has no liabilities or contingent liabilities other than those disclosed in the accounts.
5. All claims in connection with litigation that have been, or are expected to be, received have been properly accrued for in the financial statements.
6. There have been no events since the balance sheet date that require disclosure or which would materially affect the amounts in the accounts, other than those already disclosed or included in the accounts. Should further material events occur, which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, we will advise you accordingly.
7. The Entity has had at no time during the year any arrangement, transaction or agreement to provide credit facilities (including loans, quasi-loans or credit transactions) for members nor to guarantee or provide security for such matters.
8. We confirm that we have disclosed to you all related party transactions relevant to the Entity and that we are not aware of any further related party matters that require disclosure in order to comply with the requirements of the Statement of Recommended Practice for registered social housing providers or accounting standards.
9. The Entity has not contracted for any capital expenditure other than as disclosed in the accounts.
10. The Entity has satisfactory title to all assets and there are no liens or encumbrances on the Entity's assets, except for those that are disclosed in the financial statements.
11. We are not aware of any irregularities, including fraud, involving management or employees of the Entity. No allegations of such irregularities, including fraud, have come to our attention.
12. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

13. We confirm that there are no laws or regulations that are central to the Entity's ability to conduct its affairs.
14. We confirm that, in our opinion, the Entity is a going concern on the grounds that current and future sources of funding or support will be more than adequate for the Entity's needs. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the Entity's ability to continue as a going concern need to be made in the financial statements.
15. The effects of uncorrected misstatements noted below are immaterial both individually and in total.

Nature of deviation and reason for it	Actual deviation £	Adjusted surplus effect Dr / (Cr) £	Adjusted Balance Sheet effect Dr / (Cr) £
None to note	-	-	-

16. We confirm that we approve the journal adjustments detailed below which have been processed in drafting the statutory accounts.

Nature of deviation and reason for it	Actual deviation £	Adjusted surplus effect Dr / (Cr) £	Adjusted Balance Sheet effect Dr / (Cr) £
None to note	-	-	-

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

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Signed on behalf of the board of management

.....

Signed by Director of Finance, Governance and Assets

B. Contact Details

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