

**Fairfield Housing Association Limited**  
**(formerly Fairfield Housing Co-operative Limited)**  
**Report and Financial Statements**  
**for the year ended 31 March 2021**

Registration details

Scottish Housing Regulator Reg. No. 129

Scottish Charity No. SC050560

Financial Conduct Authority No. 2274RS

**FAIRFIELD HOUSING ASSOCIATION LIMITED**

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**FAIRFIELD HOUSING ASSOCIATION LIMITED**  
**THE BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**MEMBERS OF THE BOARD OF MANAGEMENT**

Robert McDougall	Chairperson, SHR appointee	
James Taylor	Vice Chairperson	Resigned May 2021
Dorothy MacCloy	Vice Chairperson	Co-opted May 2020 Appointed & Vice Chairperson May 2021
Carol Ferguson-Moon	Secretary	Temp Leave of absence granted 30 March 2021
Gemma Thomas	Secretary	Interim appointment 30 March 2021
Sandra Cruickshank		
Pamela Cruden		
Alan Gear		
Ian McLean	SHR appointee	
Stella MacPherson		Resigned April 2021
Bartosz Maroszek		Appointed September 2020
Margaret Vass	SHR appointee	
Hazel Young	SHR appointee	
Brian Carruthers		Resigned September 2020
John Davidson	SHR appointee	Resigned October 2020
Stuart Dow	SHR appointee	Resigned October 2020
Norman Fitzpatrick	SHR appointee	Resigned September 2020
John Campbell		Co-opted October 2020 Resigned February 2021

**EXECUTIVE OFFICERS**

Chief Executive	Bill Banks	Appointed April 2020
Statutory Manager	Julia Fitzpatrick	Resigned May 2020
Interim Chief Executive	Jacqueline Norwood	Resigned April 2020

**REGISTERED OFFICE** 5 Fairfield Avenue, Perth, PH1 2TF

**AUDITOR** French Duncan LLP  
Chartered Accountants & Statutory Auditor  
133 Finnieston Street  
Glasgow G3 8HB

**BANKERS** Clydesdale Bank  
30 St. Vincent Street  
Glasgow GL 2HL

**SOLICITORS** T C Young  
Merchant's House  
7 West George Street  
Glasgow G2 1BA

**FAIRFIELD HOUSING ASSOCIATION LIMITED  
REPORT FROM THE BOARD OF MANAGEMENT  
FOR THE YEAR ENDED 31 MARCH 2021**

The Management Board presents its report and the audited Financial Statements for the year ended 31 March 2021. A Strategic Report is not required for a Registered Social Landlord (RSL) of the size of Fairfield Housing Association Limited (FHA).

**LEGAL STATUS**

FHA is a housing association registered as a social landlord with the Scottish Housing Regulator (No 129), and with the Financial Conduct Authority under the Co-operative & Community Benefit Societies Act 2014 (No. 2274 RS). It was formed in 1986 as Hunter's Village Housing Co-operative and became Fairfield Housing Co-operative in 1988. On 2 November 2020 it was renamed Fairfield Housing Association Limited. On 11 November 2020 FHA registered as a Scottish charity (No: SC050560).

**STRATEGY AND OBJECTIVES**

FHA's vision is that tenants are at the heart of shaping and creating thriving, inclusive and engaged communities, in all our areas of operation. Our mission is to deliver high quality affordable homes and excellent services which meet the needs and aspirations of our customers and communities.

Our strategic objectives are:

1. Strong, sustainable and effective strategic governance and financial management.
2. Desirable high-quality homes and attractive environments where people want to live and contribute.
3. Excellent, continually improving, modern, customer-driven services and performance.
4. Demonstrable value for money and social impact.
5. High performing, skilled, empowered and sustainable staff team.
6. More than a landlord: a partner in developing active community development, wider regeneration and renewal.

As reported last year, FHA first undertook an options appraisal exercise in 2019 which showed that remaining independent would not be the best option to deliver most for its tenants going forward, and that a Transfer of Engagements could deliver the maximum benefits. Given the long history of collaboration and shared interest at that time, Kingdom Housing Association was identified as the preferred transfer partner. As a first step, a shared services arrangement was agreed in 2020 to allow Fairfield to access much needed early support from Kingdom across a range of areas. These arrangements also allowed both organisations to test the benefits of collaboration and the relationship/ fit, and help decide on moving to the next stage of a formal coming together to release the major savings that the first options approval indicated were possible from a transfer.

In late 2020, both organisations commissioned a second joint appraisal by external consultants. A high-level assessment of the ongoing shared services arrangement was carried out as part of this. This recognised that, even in a relatively short period of time and during a pandemic, there were already tangible benefits from this arrangement, and these outweighed the areas for development. In reflecting on the shared services approach, whilst it has demonstrated clear benefits, particularly to Fairfield, and has allowed both associations to form a closer relationship, Kingdom was of the view that this was not an option it would wish to pursue as a longer-term strategy.

Continuing the shared services arrangement was therefore excluded as a strategic option, with the following three options explored:

- Option 1: Status Quo (independent HAs and removing shared/management services)
- Option 2: Group Structure
- Option 3: Transfer of Engagements

The consultants completed a financial viability and audit of both organisations' business plans and by assessing key financial metrics. They then conducted a financial appraisal of each of the three options and prudently considered the likely costs and efficiencies each option might deliver.

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**REPORT FROM THE BOARD OF MANAGEMENT**  
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Taken overall, the Options Appraisal assessed Transfer of Engagements as being the best option for tenants. The outcome of the financial appraisal identified that this option evidenced the greatest scope for contingency against risk, future investment potential and the ability to deliver more affordable rents for both organisations. It also provided the most improved financial position for the combined organisation, as well as enhancing the future financial viability. This option also had the ability to provide the following benefits to both Fairfield and Kingdom:

- The ability to realise supervision and management costs efficiencies.
- The ability to deliver enhanced services to Fairfield tenants.
- Opportunities to provide more affordable Fairfield rents.
- Opportunity to enhance investment in Fairfield properties.
- The provision of added value services to Fairfield tenants via tenancy services provided by Kingdom.

In early 2021, both organisations agreed the options appraisal outcome and with this, to advance development of a joint Business Case to deliver a transfer of engagements from Fairfield into Kingdom.

The commitments and transfer offer that underpin the Business Case have been shaped by the views and priorities of Fairfield's tenants and wider stakeholders. The offer has been translated into promises to Fairfield tenants that is the subject of formal consultation, culminating in the tenant ballot later this year.

#### **GOVERNANCE**

The Management Board is elected by the members of FHA and is responsible for setting the strategic direction of the organisation, ensuring financial control and meeting legal and regulatory standards across all aspects of its operations.

From May 2020, various agreements were put in place to cover shared services from Kingdom Housing Association - Chief Executive, governance and organisational support, financial services and strategic asset management services - and there is an overarching collaborative working agreement, which sets out the aims and objectives of the joint working. A Joint Project Board with representatives from the governing bodies of each organisation continues to meet regularly to monitor and review the relationship and the services.

There is also an Audit, Risk & Finance Sub-Committee, which has delegated responsibility for finance and risk matters.

#### **PRINCIPAL ACTIVITY**

FHA's principal activity is the provision of high quality affordable rented homes and excellent services that meet the needs and aspirations of its tenant members.

#### **PERFORMANCE**

As part of the business planning process, performance targets and Key Performance Indicators (KPIs) have been established in consultation with staff. These are monitored by the Management Board on a quarterly basis and matched to the Scottish Social Housing Charter Outcomes to report to tenants in the Annual Report to Tenants. FHA also benchmarks its performance in key areas against the performance of peer Registered Social Landlords (RSLs) with the Scottish Housing Network, and the Scottish averages published each year by the Scottish Housing Regulator. Performance against Business Plan objectives is also monitored quarterly by the Management Board.

The financial statements are prepared in accordance with the Statement of Recommended Practice (SORP) for Social Housing Providers 2018. The main financial results are tabulated below:

**FAIRFIELD HOUSING ASSOCIATION LIMITED**  
**REPORT FROM THE BOARD OF MANAGEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2021**

Description	2021	2020 Restated
	£000	£000
Turnover	2,543	2,604
(Loss)/Gain in respect of pension liability	(325)	523
Total comprehensive (Loss)/Gain	(276)	755
Interest cover (ratio of adjusted surplus/interest payable)	229%	282%
Reserves	5,377	5,653
Cash at bank at year end	2,428	3,377
Gearing (ratio of net debt/net worth)	11%	12%
Housing properties	28,202	28,710
Loans due in more than one year	6,632	7,566
Deferred grants	18,483	18,855

Turnover reduced by 2.3% following a review of service costs which resulted in credits being issued.

FHA's total comprehensive income for the year reduced by £1.03m compared with 2020, £848k of which was the result of the actuarial charge in the closed Defined Benefit Pension Scheme.

As at 31 March 2021, FHA held £6.7m (2020: £7.6m) of borrowings, most of which is £6.6m due to Triodos Bank at a fixed rate of interest until 2030. During the year the other secured loan of £1m with Nationwide was repaid.

The number of properties owned and managed by FHA is analysed in the table below:

Description	2021	2020
Social rented – owned	513	513
Other – owned – temporary resettlement	1	1
Managed on behalf of Kingdom Housing Association	263	192
<b>Total</b>	<b>777</b>	<b>706</b>

#### **IMPACT OF COVID-19**

Throughout the year staff have continued to work from home in the main with limited office working for necessary tasks. Core services have continued to be delivered, including gas servicing, repairs and more recently lettings activity for which we have followed the Scottish Housing Regulator's guidance. In common with other RSLs our arrears have risen during this period and we have engaged with those tenants to assist with claiming benefits and setting repayment arrangements.

#### **GOING CONCERN**

As noted in the Strategy and Objectives section above, after the year end the Board of Directors, after considering the outcome of an independent options appraisal, made a decision to recommend a Transfer of Engagements into Kingdom Housing Association. If the recommended transfer is approved, Fairfield's operations will continue to be provided within Kingdom and all of its assets and liabilities transferred. Consequently, as at the date of this report the Board's intention is that Fairfield Housing Association as a legal entity will not exist in 12 months' time. On that

**FAIRFIELD HOUSING ASSOCIATION LIMITED**  
**REPORT FROM THE BOARD OF MANAGEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2021**

basis the Directors have therefore concluded that it is no longer appropriate to prepare the financial statements on a going concern basis. No adjustments require to be made to the financial statements as a result of the application of the non-going concern basis of accounting, however.

**RISK MANAGEMENT**

The Audit, Risk & Finance Sub-Committee has had delegated responsibility for monitoring and review of risks during the year, with the outcome of this reported to the Management Board. The most significant risks and their main mitigation controls are tabled below:

<b>Significant risks</b>	<b>Main mitigation controls</b>
Difficulty in meeting future planned maintenance and component replacement costs	The options appraisal has identified best means of safeguarding this is through a Transfer of Engagements
Increase in voids, tenancy turnover and rent arrears resulting from changes in demand for our properties, our tenants' financial situation, the impact of welfare reform and, in this financial year, COVID-19	<ol style="list-style-type: none"> <li>1. Understanding our tenants and their circumstances to identify those at risk and provision of active timely support with signposting to funding sources</li> <li>2. Training of staff and tenants about risks and options re arrears</li> <li>3. Housing needs assessments carried out with waiting lists for all areas maintained and regularly reviewed</li> <li>4. Quarterly statistics provided and reviewed to ensure voids are monitored and any corrective action required is taken</li> <li>5. Effective remote working has preserved as many customer-facing services as possible</li> </ol>
IT hardware and software insufficient to meet changing staff, Board and customer needs and expectations. Cyber-attacks and fraud	<ol style="list-style-type: none"> <li>1. Support from Kingdom's Digital team through the shared services agreement</li> <li>2. Staff/Board training in use of systems, security risks and cybercrime</li> <li>3. Appropriate external IT support contract</li> <li>4. Up to date software protecting from malware, cyber attacks.</li> </ol>
Lack of capacity, capability, development of staff and a performance management framework impacts on them achieving strategic outcomes.	Implementation of performance management framework embedding improved development culture, enabling achievement of objectives
The scope and size of change place strain on the Management Board's capacity	Management Board appraisal and training supported by Kingdom Group

**AUDITOR**

In accordance with Rules 69.1 and 70.1 a resolution to re-appoint the auditor, French Duncan LLP, Chartered Accountants, will be proposed at the Annual General Meeting.

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**REPORT FROM THE BOARD OF MANAGEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**Statement of Management Board's responsibilities**

The Co-operative and Community Benefit Societies Act 2014 requires the Management 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 that year. In preparing those Financial Statements, the Management Board is required to: -

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

The Management Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with FRS 102, Housing SORP 2018, the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements - 2019. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Management Board must, in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Board are aware:

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

**Statement on Internal Financial Control**

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

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



**FAIRFIELD HOUSING ASSOCIATION LIMITED**  
**REPORT FROM THE BOARD OF MANAGEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2021**

It is the Management Board's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements of the Association's systems include ensuring that:

- Formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- Experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- Forecasts and budgets are prepared which allow the management team and the Management Board to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- Quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Board;
- The Management Board 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 or external audit reports.

The Management Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2021. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

By order of Management Board

Signature



Robert McDougall, Chairperson

Date: 31 August 2021

**FAIRFIELD HOUSING ASSOCIATION LIMITED**  
**REPORT BY THE AUDITOR TO THE MEMBERS OF FAIRFIELD HOUSING ASSOCIATION LIMITED ON**  
**CORPORATE GOVERNANCE MATTERS FOR THE YEAR ENDED 31 MARCH 2021**

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 6 and 7 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

**BASIS OF OPINION**

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

**OPINION**

In our opinion the Statement on Internal Financial Control on pages 6 and 7 has provided the disclosures required by the relevant Regulatory Standards with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

French Duncan LLP

Chartered Accountants  
Statutory Auditors

GLASGOW

Date:

**FAIRFIELD HOUSING ASSOCIATION LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRFIELD HOUSING ASSOCIATION**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**OPINION**

We have audited the financial statements of Fairfield Housing Association Limited for the year ended 31 March 2021 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in capital and reserves and related notes. 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.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements February 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 housing association in accordance with the ethical requirements that are relevant to our audit of financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our 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.

**EMPHASIS OF MATTER – NON-GOING CONCERN BASIS OF ACCOUNTING**

We draw attention to note 1 of the financial statements which explains that the accounts have been prepared on a non-going concern basis. The Board of Management has recommended a Transfer of Engagements to another housing association and if approved, Fairfield's assets, liabilities and ongoing activities will be transferred and Fairfield as an entity will cease to exist in the foreseeable future. No adjustments have been made to the figures within the financial statements. Our opinion is not modified in respect of this matter.

**OTHER INFORMATION**

The other information comprises the information contained in the Board of Management's report, other than the financial statements and our auditor's report thereon. The Board of Management are responsible for the other information.

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.

**FAIRFIELD HOUSING ASSOCIATION LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRFIELD HOUSING ASSOCIATION**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

**RESPONSIBILITIES OF BOARD MEMBERS**

As explained more fully in the Board of Management's responsibilities statement set out on pages 6-7, the board members 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 housing 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 members either intend to liquidate the housing association or to cease operations, or have no realistic alternative but to do so.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the housing association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board members.
- Conclude on the appropriateness of the Board of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRFIELD HOUSING ASSOCIATION**  
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auditor's report. However, future events or conditions may cause the housing association to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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:

**The Extent to Which the Audit Was Considered Capable of Detecting Irregularities Including Fraud**

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the responsible individual ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the association through discussions with management and Board of Management members and from our sector knowledge;
- we focused on specific laws and regulations, including those specified by the Scottish Housing Regulator, which we considered may have a direct material effect on the financial statements or the operations of the association, including the Co-operative and Community Benefits Societies Act 2014, Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Statement of Recommended Practice for Social Housing Providers 2018 and Determination of Housing Requirements 2019, and data protection, anti-bribery, employment, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and committee members and inspecting legal invoices; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the association's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management and Board of Management members as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed high level analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRFIELD HOUSING ASSOCIATION**  
**FOR THE YEAR ENDED 31 MARCH 2021**

- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- reviewing internal audit reports prepared during the year;
- enquiring of management and Board of Management members as to actual and potential litigation and claims;
- inspecting any legal invoices; and
- reviewing correspondence with Scottish Housing Regulator.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance.

Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the management committee and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

**USE OF OUR REPORT**

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

**French Duncan LLP**

Chartered Accountants and Statutory Auditor  
133 Finnieston Street  
GLASGOW  
G3 8HB

Date:

**FAIRFIELD HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2020 £	2020 Restated £
<b>REVENUE</b>	2	2,542,728	2,603,566
Operating costs	2	<u>(2,289,899)</u>	<u>(2,096,288)</u>
<b>OPERATING SURPLUS</b>	2, 5	252,829	507,278
Loss on disposal of component replacements		(29,565)	(60,659)
Interest receivable and other similar income		6,597	8,467
Interest payable and other similar charges	6	(171,586)	(211,086)
Other finance charges	7	<u>-</u>	<u>(12,000)</u>
		<u>(194,554)</u>	<u>(275,278)</u>
<b>Surplus before Taxation</b>		<u>58,275</u>	<u>232,000</u>
Taxation	25	<u>(10,159)</u>	<u>-</u>
<b>SURPLUS FOR THE YEAR</b>		<u>48,116</u>	<u>232,000</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Actuarial (Loss)/Gain recognised in the retirement benefit schemes	16	(325,000)	523,000
<b>TOTAL COMPREHENSIVE (LOSS)/GAIN</b>		<u>(276,884)</u>	<u>755,000</u>

The results for the year relate wholly to continuing activities.

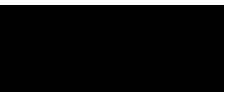
The notes on page 17 to 36 form part of these financial statements.

**FAIRFIELD HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 £	2020 Restated £
<b>NON-CURRENT ASSETS</b>			
Housing properties - depreciated cost	8	28,201,517	28,710,376
Other tangible fixed assets	9	<u>228,684</u>	<u>238,092</u>
		28,430,201	28,948,468
<b>CURRENT ASSETS</b>			
Debtors	10	313,775	222,790
Investments	11	1,500,000	-
Cash at bank and in hand		<u>928,046</u>	<u>3,376,586</u>
		2,741,821	3,599,376
<b>CREDITORS:</b> amounts falling due within one year	12	<u>(429,931)</u>	<u>(472,908)</u>
<b>NET CURRENT ASSETS</b>		<u>2,311,890</u>	<u>3,126,468</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		30,742,091	32,074,936
<b>CREDITORS:</b> amounts falling due after more than one year housing property loans	13	(6,632,460)	(7,566,410)
<b>PROVISIONS</b>			
Net Pension Deficit	16	(251,000)	-
<b>DEFERRED INCOME</b>			
Social Housing Grants	14	<u>(18,482,547)</u>	<u>(18,855,536)</u>
		<u>5,376,084</u>	<u>5,652,990</u>
<b>EQUITY</b>			
Share capital	17	591	613
Restricted reserves		131,140	131,140
Revenue reserve		<u>5,244,353</u>	<u>5,521,237</u>
		<u>5,376,084</u>	<u>5,652,990</u>

The financial statements were approved by the Management Board, authorised for issue, and signed on its behalf on

Date: 31 August 2021

  
 Robert McDougall  
 Chairperson

The notes on page 17 to 36 form part of these financial statements.



**FAIRFIELD HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021 £	2020 Restated £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	21	<u>326,321</u>	<u>799,171</u>
<b>INVESTING ACTIVITIES</b>			
Acquisition and construction of housing properties	(133,803)	(303,450)	(303,450)
Purchase of other fixed assets	(2,322)	(16,008)	(16,008)
Social Housing Grant received	-	-	-
Social Housing Grant repaid	-	-	-
Changes in short term deposits with banks	(1,500,000)	2,000,000	2,000,000
<b>NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES</b>		<u>(1,636,125)</u>	<u>1,680,542</u>
<b>NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>		(1,309,804)	2,479,713
<b>FINANCING ACTIVITIES</b>			
Issue of ordinary share capital	14	37	37
Interest received	6,597	8,467	8,467
Interest paid	(171,586)	(211,086)	(211,086)
Loan received	-	6,730,000	6,730,000
Loan principal repayments	(973,761)	<u>(6,619,327)</u>	<u>(6,619,327)</u>
<b>NET CASH (OUTFLOW) FROM FINANCING</b>		<u>(1,138,736)</u>	<u>(91,909)</u>
<b>(DECREASE)/INCREASE IN CASH</b>		(2,448,540)	2,387,804
<b>OPENING CASH AND CASH EQUIVALENTS</b>		<u>3,376,586</u>	<u>988,782</u>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>		<u>928,046</u>	<u>3,376,586</u>

**FAIRFIELD HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF CHANGES IN CAPITAL AND RESERVES**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	Share Capital £	Revenue Reserve £	Restricted Reserve* £	Total £
<b>Restated</b> Balance as at 1 April 2020	613	5,521,237	131,140	5,652,990
Issue of Shares	14	-	-	14
Cancelled shares	(36)	-	-	(36)
Surplus for Year	-	48,116	-	48,116
Other Comprehensive Income	-	(325,000)	-	(325,000)
Balance as at 31 March 2021	<u>591</u>	<u>5,244,353</u>	<u>131,140</u>	<u>5,376,084</u>

	Share Capital £	Revenue Reserve £	Restricted Reserve* £	Total £
Balance as at 1 April 2019	624	4,817,730	131,140	4,949,494
Adjustments to B/fwd position	-	(51,493)	-	(51,493)
<b>Restated Balance as at 1 April 2019</b>	<u>624</u>	<u>4,766,237</u>	<u>131,140</u>	<u>4,898,001</u>
Issue of Shares	37	-	-	37
Cancelled shares	(48)	-	-	(48)
Restated Surplus for Year	-	232,000	-	232,000
Other Comprehensive Income	-	523,000	-	523,000
Restated Balance as at 31 March 2020	<u>613</u>	<u>5,521,237</u>	<u>131,140</u>	<u>5,652,990</u>

\*The Fairfield Trust Ltd transferred its assets to the Association in 2016. The Restricted Reserve funds are restricted to the improvement of land and buildings in the Tulloch area of the City of Perth.

**FAIRFIELD HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1. PRINCIPAL ACCOUNTING POLICIES**

**Legal status**

FHA is a Registered Social Landlord incorporated under the Co-operative and Community Benefits Societies Act 2014. It is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010 and is a Scottish charity. FHA is a Public Benefit Entity.

The principal activity of FHA is the provision of social housing and associated housing management and property maintenance services.

**Accounting Policies**

The principal accounting policies are set out in paragraphs a) to o) below:

**a) Basis of Preparation**

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", the Housing SORP, "Statement of Recommended Practice for Social Housing Providers 2018", and comply with the requirements of the Determination of Housing Requirements 2019 and under the historical cost convention. There are no financial instruments at fair value.

These financial statements are presented in pounds (£) Sterling unless otherwise stated.

**b) Going Concern**

As explained in the report of the Board on page 4, after the year end the Board of Directors, after considering the outcome of an independent options appraisal, made a decision to recommend a Transfer of Engagements into Kingdom Housing Association. If the recommended transfer is approved, Fairfield's operations will continue to be provided within Kingdom and all of its assets and liabilities transferred. Consequently, as at the date of this report the Board's intention is that Fairfield Housing association as a legal entity will not exist in 12 months' time.

On that basis the Directors have therefore concluded that it is no longer appropriate to prepare the financial statements on a going concern basis. No adjustments require to be made to the financial statements as a result of the application of the non-going concern basis of accounting, however.

**c) Revenue**

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

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

**d) Retirement Benefits**

FHA participates in the Scottish Housing Association Defined Benefits Pension Scheme and retirement benefits to employees of FHA are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

FHA accounts for the pension scheme on a defined benefit basis based on its share of scheme assets and liabilities as determined by the actuary. Defined benefit costs are recognised in the Statement of Comprehensive Income within operating costs. Actuarial gains and losses are recognised in Other Comprehensive Income. Further details of the scheme and its assumptions are included at note 16.

**FAIRFIELD HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**  
**NOTES TO THE FINANCIAL STATEMENTS**

**e) Valuation of Housing Properties**

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. FHA depreciates housing properties by major component on a straight-line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 8. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<b>Housing Properties</b>	
Land	Infinite
Structure	60 years
Structure (New Builds)	90 years
Bathroom	20 years
Doors	40 years
Central Heating	15 years
Kitchens	15 years
Windows	40 years

**f) Depreciation and Impairment of Other Non-Current Assets**

Non-Current Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight-line basis over the expected economic useful lives of the assets at the following annual rates: -

Office Premises	2% Straight Line
Furniture and Equipment	20% Reducing Balance
Motor Vehicles	25% Reducing Balance

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

**g) Social Housing Grant and Other Grants in Advance/Arrears**

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same year as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

**h) Sales of Housing Properties**

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

**FAIRFIELD HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**  
**NOTES TO THE FINANCIAL STATEMENTS**

**i) Estimation Uncertainty**

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

**Rent Arrears - Bad Debt Provision**

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

**Life Cycle of Components**

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

**Useful Lives of Other Fixed Assets**

The useful lives of other fixed Assets are based on the knowledge of senior management at FHA with reference to expected asset life cycles.

**Pension Liabilities**

This has relied on the actuarial assumptions of qualified actuaries which have been reviewed and are considered reasonable and appropriate.

**j) Leases/Leased Assets**

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

**k) Works to Existing Properties**

FHA capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

**l) Development Interest**

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme. There was no new development activity in the year.

**m) Key Judgements made in the application of Accounting Policies**

**i) The Categorisation of Housing Properties**

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

**ii) Identification of cash generating units**

FHA considers its cash-generating units to be 514, in which it manages its housing property for asset management purposes.

**FAIRFIELD HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**  
**NOTES TO THE FINANCIAL STATEMENTS**

**m) Key Judgements made in the application of Accounting Policies (continued)**

**iii) Pension liability**

In May 2021 FHA received details from The Pension Trust of its share of assets, liabilities and scheme deficit. FHA has used this information as the basis of the pension defined benefit liability as disclosed in the accounts. Given this calculation is produced by an independent actuary the Management Board considers this to be the best estimate of FHA's pension scheme liability. Assumptions in respect of discount rates and inflation will vary from year to year, as will the value of assets and will be dependent on circumstances at the date of valuation.

**n) Financial Instruments – Basic**

FHA only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like rents, accounts receivable and payable, loans from banks and related parties.

These are recognised in accordance with Section 11 of Financial Reporting Standard 102.

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

**o) Taxation**

As an approved housing association, FHA is not subject to corporation tax on rental income or capital gains on sale of housing properties. The corporation tax charge refers to tax due on commercial income. On 11 November 2020, the Association became a registered charity, which is not subject to corporation tax on its charitable activities.

The Association is not registered for VAT and therefore VAT on expenditure cannot be reclaimed. Expenditure is recorded inclusive of non-recoverable VAT.

**FAIRFIELD HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**  
**NOTES TO THE FINANCIAL STATEMENTS**

**2. PARTICULARS OF REVENUE, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS**

		<b>2021</b>			<b>2020</b> Restated		
	Note	Revenue £	Operating Costs £	Operating surplus/ (deficit) £	Revenue £	Operating Costs £	Operating surplus/ (deficit) £
Social letting activities	<b>3</b>	2,450,675	(2,197,157)	253,518	2,522,812	(2,018,160)	504,652
Other activities	<b>4</b>	92,053	(92,742)	(689)	80,754	(78,128)	2,626
<b>Total</b>		<u>2,542,728</u>	<u>(2,289,899)</u>	<u>252,829</u>	<u>2,603,566</u>	<u>(2,096,288)</u>	<u>507,278</u>

**FAIRFIELD HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**  
**NOTES TO THE FINANCIAL STATEMENTS**

**3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS**

	General Needs Housing £	Supported Social Housing Accommodation £	Shared Ownership Housing £	2021 Total £	2020 Restated Total £
<b>Revenue from lettings</b>					
Rent receivable net of identifiable service charges	2,129,545	-	-	2,129,545	2,147,297
Service charges receivable	-	-	-	-	-
<b>Gross rents receivable</b>	2,129,545	-	-	2,129,545	2,147,297
Less rent losses from voids	(51,859)	-	-	(51,859)	(22,596)
<b>Net rents receivable</b>	2,077,686	-	-	2,077,686	2,124,701
Amortisation of Social Housing & Other Grants	372,989	-	-	372,989	398,111
Revenue grants from local authorities and other agencies	-	-	-	-	-
Other Revenue grants	-	-	-	-	-
<b>Total income from social letting</b>	2,450,675	-	-	2,450,675	2,522,812
<b>Expenditure on social letting activities</b>					
Management and maintenance administration costs	757,614	-	-	757,614	977,260
Service costs	70,072	-	-	70,072	68,790
Planned and cyclical maintenance including major repairs	347,838	-	-	347,838	90,980
Reactive maintenance	297,271	-	-	297,271	270,266
Bad debts - rents and service charges	111,268	-	-	111,268	8,703
Depreciation of social housing	613,094	-	-	613,094	602,161
<b>Operating costs of social letting</b>	2,197,157	-	-	2,197,157	2,018,160
Operating surplus on social letting activities	253,518	-	-	253,518	504,652
2020 (Restated)	504,562	-	-	504,562	



**FAIRFIELD HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**  
**NOTES TO THE FINANCIAL STATEMENTS**

**4. PARTICULARS OF INCOME AND EXPENDITURE FROM OTHER ACTIVITIES**

	Grants from Scottish Ministers £	Other revenue grants £	Supporting people income £	Other income £	Total Turnover £	Operating costs bad debts £	Operating costs other £	Operating surplus/ (deficit) 2021 £	Operating surplus/ (deficit) 2020 £
Stage 3 adaptations	10,800	-	-	-	10,800	-	(13,114)	(2,314)	1,455
Wider Role Activities	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Other income/ (expenditure)	-	-	-	-	-	-	-	-	-
Agency/management Services for RSLs	-	-	-	81,253	81,253	-	(79,628)	1,625	1,171
Rechargeable Repairs	-	-	-	-	-	-	-	-	-
<b>TOTAL FROM OTHER ACTIVITIES</b>	<b>10,800</b>	<b>-</b>	<b>-</b>	<b>81,253</b>	<b>92,053</b>	<b>-</b>	<b>(92,742)</b>	<b>(689)</b>	<b>2,626</b>
<b>TOTAL FROM OTHER ACTIVITIES FOR 2020 Restated</b>	<b>19,483</b>	<b>-</b>	<b>-</b>	<b>61,271</b>	<b>80,754</b>	<b>-</b>	<b>(78,128)</b>	<b>2,626</b>	

**FAIRFIELD HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**  
**NOTES TO THE FINANCIAL STATEMENTS**

**5. OPERATING SURPLUS FOR THE YEAR**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>Restated</b>
		<b>£</b>
Surplus is stated after charging/(crediting):		
Depreciation of tangible owned fixed assets	624,824	670,951
Auditors' remuneration - audit services	11,582	9,250
- other services	1,500	-
Operating lease rentals - land and buildings	1,808	1,808
Amortisation of capital grants	<u>(372,989)</u>	<u>(398,111)</u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<u>171,586</u>	<u>211,086</u>

**7. OTHER FINANCE CHARGES**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Net interest expense on defined benefit pension scheme	<u>-</u>	<u>12,000</u>

**8. NON-CURRENT ASSETS – HOUSING PROPERTIES**

	<b>Housing Properties Held for Letting</b>	<b>Housing Properties in the Course of Construction</b>	<b>Shared Equity Properties Held for Letting</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>COST</b>				
At start of year	37,155,043	-	-	37,155,043
Additions	133,803	-	-	133,803
Disposals	(106,112)	-	-	(106,112)
Transfers to stock	-	-	-	-
At end of year	<u>37,182,734</u>	<u>-</u>	<u>-</u>	<u>37,182,734</u>
<b>DEPRECIATION</b>				
At start of year				
Restated	8,444,669	-	-	8,444,669
Charged during year	613,094	-	-	613,094
Eliminated on disposal	(76,546)	-	-	(76,546)
At end of year	<u>8,981,217</u>	<u>-</u>	<u>-</u>	<u>8,981,217</u>
<b>NET BOOK VALUE</b>				
At end of year	<u>28,201,517</u>	<u>-</u>	<u>-</u>	<u>28,201,517</u>
At start of year	<u>28,710,376</u>	<u>-</u>	<u>-</u>	<u>28,710,376</u>

**FAIRFIELD HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**  
**NOTES TO THE FINANCIAL STATEMENTS**

**8. NON-CURRENT ASSETS – HOUSING PROPERTIES (continued)**

Total expenditure on existing properties in the year amounted to £778,911 (2020 - £664,696). The amount capitalised is £133,803 (2020- £303,450), with the balance charged to the Statement of Comprehensive Income. This amount of £133,803 capitalised was spent 100% on component replacements.

The number of units of accommodation in management at the year end was: -	<b>2021</b> <b>No.</b>	<b>2020</b> <b>No.</b>
General Needs - New Build	267	267
General Needs – Rehabilitation	247	247
	<u>514</u>	<u>514</u>

**9. NON-CURRENT ASSETS – OTHER FIXED ASSETS**

	Office Premises £	Equipment £	Motor Vehicles £	Total £
<b>COST</b>				
At start of year	312,504	129,367	12,772	454,643
Additions	-	2,322	-	2,322
Disposals	-	-	-	-
At end of year	<u>312,504</u>	<u>131,689</u>	<u>12,772</u>	<u>456,965</u>
<b>DEPRECIATION</b>				
At start of year	99,169	105,888	11,494	216,551
Charged during year	6,250	5,160	320	11,730
Disposals	-	-	-	-
At end of year	<u>105,419</u>	<u>111,048</u>	<u>11,814</u>	<u>228,281</u>
<b>NET BOOK VALUE</b>				
At end of year	<u>207,085</u>	<u>20,641</u>	<u>958</u>	<u>228,684</u>
At start of year	<u>213,335</u>	<u>23,479</u>	<u>1,278</u>	<u>238,092</u>

**10. RECEIVABLES**

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Arrears of Rent & Service Charges	170,812	121,292
Less: Provision for Doubtful Debts	(127,455)	(48,695)
	<u>43,357</u>	<u>72,597</u>
Other Debtors	175,992	99,852
Prepayments and accrued income	94,426	50,341
	<u>313,775</u>	<u>222,790</u>

**FAIRFIELD HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**  
**NOTES TO THE FINANCIAL STATEMENTS**

**11. INVESTMENTS**

<b>Short Term Deposits</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Short Term Deposits	<u>1,500,000</u>	<u>-</u>

**12. PAYABLES DUE WITHIN ONE YEAR**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Housing Loans	26,000	65,812
Trade Payables	153,254	112,004
Rent in Advance	91,227	82,149
Other Taxation and Social Security	8,928	12,355
Other Payables	375	3,915
Accruals and Deferred Income	<u>150,147</u>	<u>196,673</u>
	<u>429,931</u>	<u>472,908</u>

**13. PAYABLES DUE IN MORE THAN ONE YEAR**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Housing loans	<u>6,632,460</u>	<u>7,566,410</u>
	<u>6,632,460</u>	<u>7,566,410</u>

The Association currently has one long-term housing loan, the terms and conditions of which are as follows:

<b>Lender</b>	<b>Effective Interest Rate</b>	<b>Variable/Fixed</b>
Triodos Bank	2.55%	Fixed until 03/11/2030

All of the Association's bank borrowings are repayable on a quarterly basis with the principal being amortised over the term of the loans.

The Bank loans are repayable as follows:	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Between one and two years	174,020	55,037
Between two and five years	946,060	912,162
In five years or more	<u>5,512,380</u>	<u>6,599,211</u>
	<u>6,632,460</u>	<u>7,566,410</u>

**FAIRFIELD HOUSING ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**  
**NOTES TO THE FINANCIAL STATEMENTS**

**14. DEFERRED INCOME**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>Restated</b>
		<b>£</b>
<b>Social Housing Grants</b>		
Balance as at 1 April 2020	18,855,536	19,253,647
Additions in year	-	-
Released / Repaid as the result of property disposal	(11,685)	(35,832)
Amortisation in Year	(361,304)	(362,279)
Balance as at 31 March 2021	<u>18,482,547</u>	<u>18,855,536</u>

This is expected to be released to the Statement of Comprehensive Income as follows:

Amounts due within one year	372,809	398,293
Amounts due in one year or more	<u>18,109,738</u>	<u>18,457,063</u>
	<u>18,482,547</u>	<u>18,855,356</u>

**15. FINANCIAL INSTRUMENTS**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Financial assets: Debt instruments measured at amortised cost	<u>219,349</u>	<u>172,449</u>
Financial liabilities: Measured at amortised cost	<u>6,962,236</u>	<u>7,944,814</u>

**16. PROVISION – RETIREMENT BENEFIT OBLIGATION**

The Association participates in the Scottish Housing Associations' Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2018. This valuation revealed a deficit of £121m. A Recovery Plan has been put in place to eliminate the deficit

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which will run to either 30 September 2022 or 31 March 2023 (depending on funding levels) for the majority of employers, although certain employers have different arrangements.

**16. PROVISION – RETIREMENT BENEFIT OBLIGATION (continued)**

The Scheme is classified as a ‘last-man standing arrangement’. Therefore, the Association is potentially liable for other participating employers’ obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For financial years ending on or before 28 February 2019, it was not possible for the Association to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Association has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the Association to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive. The liabilities are compared, at the relevant accounting date, with the Association’s fair share of the Scheme’s total assets to calculate the Association’s net deficit or surplus.

Similarly, an actuarial valuation of the scheme was carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive.

Pension Scheme Liability movements:

	<b>2021</b>		<b>2020</b>
	<b>£</b>		<b>£</b>
As at 1 April 2020	-		567,000
Net Interest expense	-		12,000
Expenses	2,000		2,000
Deficit Contributions Paid	(76,000)		(58,000)
Impact of change in assumptions	325,000		(523,000)
As at 31 March 2021	251,000		-

**PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)**

	31 March 2021 (£000s)	31 March 2020 (£000s)
Fair value of plan assets	2,783	2,492
Present value of defined benefit obligation	3,034	2,435
Surplus (deficit) in plan	(251)	57
Unrecognised surplus	-	57
Defined benefit asset (liability) to be recognised	(251)	-

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Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	-	-

**16. PROVISION – RETIREMENT BENEFIT OBLIGATION (continued)**

**RECONCILIATION OF THE IMPACT OF THE ASSET CEILING**

	Period ended 31 March 2021 (£000s)	Period ended 31 March 2020 (£000s)
Impact of asset ceiling at start of period	57	-
Effect of the asset ceiling included in net interest cost	2	-
Actuarial losses (gains) on asset ceiling	(59)	57
Impact of asset ceiling at end of period	-	57

**RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION**

	Period ended 31 March 2021 (£000s)	Period ended 31 March 2020 (£000s)
Defined benefit obligation at start of period	2,435	2,665
Current service cost	-	-
Expenses	2	2
Interest expense	57	62
Contributions by plan participants	-	-
Actuarial losses (gains) due to scheme experience	(10)	99
Actuarial losses (gains) due to changes in demographic assumptions	-	(14)
Actuarial losses (gains) due to changes in financial assumptions	575	(329)
Benefits paid and expenses	(25)	(50)
Defined benefit obligation at end of period	3,034	2,435

**RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS**

	Period ended 31 March 2021 (£000s)	Period ended 31 March 2020 (£000s)
Fair value of plan assets at start of period	2,492	2,098
Interest income	59	50
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	181	336
Contributions by the employer	76	58
Benefits paid and expenses	(25)	(50)

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Fair value of plan assets at end of period	2,783	2,492
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The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2020 to 31 March 2021 was £240,000.

**16. PROVISION – RETIREMENT BENEFIT OBLIGATION (continued)**

**DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCl)**

	Period from 31 March 2020 to 31 March 2021	Period from 31 March 2019 to 31 March 2020
	(£000s)	(£000s)
Expenses	2	2
Net interest expense	-	12
Defined benefit costs recognised in statement of comprehensive income (SoCI)	2	14

**DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME**

	Period ended 31 March 2021	Period ended 31 March 2020
	(£000s)	(£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	181	336
Experience gains and losses arising on the plan liabilities - gain (loss)	10	(99)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	-	14
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(575)	329
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(384)	580
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	59	(57)
Total amount recognised in other comprehensive income - gain (loss)	(325)	523



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**16. PROVISION – RETIREMENT BENEFIT OBLIGATION (continued)**

**ASSETS**

	31 March 2021 (£000s)	31 March 2020 (£000s)
Global Equity	431	343
Absolute Return	137	153
Distressed Opportunities	95	45
Credit Relative Value	80	60
Alternative Risk Premia	112	200
Fund of Hedge Funds	-	-
Emerging Markets Debt	112	89
Risk Sharing	99	79
Insurance-Linked Securities	58	67
Property	50	46
Infrastructure	155	147
Private Debt	66	49
Opportunistic Illiquid Credit	71	61
High Yield	73	-
Opportunistic Credit	76	-
Cash	1	-
Corporate Bond Fund	210	182
Liquid Credit	48	65
Long Lease Property	65	61
Secured Income	153	138
Over 15 Year Gilts	1	32
Index Linked All Stock Gilts	-	-
Liability Driven Investment	669	656
Net Current Assets	21	19
<b>Total assets</b>	<b>2,783</b>	<b>2,492</b>

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

**KEY ASSUMPTIONS**

	31 March 2021 % per annum	31 March 2020 % per annum
Discount Rate	2.21	2.34

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Inflation (RPI)	3.22	2.53
Inflation (CPI)	2.87	1.53
Salary Growth	3.87	2.53
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

**16. PROVISION – RETIREMENT BENEFIT OBLIGATION (continued)**

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2021	21.5
Female retiring in 2021	23.4
Male retiring in 2041	22.8
Female retiring in 2041	25.0

Assumptions in respect of discount rates and inflation will vary from year to year, as will the value of assets and will be dependent on circumstances at the date of valuation.

**17. SHARE CAPITAL**

	2021 £	2020 £
<b>Shares of £1 each Issued and Fully Paid</b>		
At 1 April 2020	613	624
Issued in year	14	37
Cancelled in year	(36)	(48)
At 31 March 2021	<u>591</u>	<u>613</u>

**18. CAPITAL COMMITMENTS**

	2021 £	2020 £
Expenditure contracted but not provided for in accounts	<u>-</u>	<u>47,353</u>
Expenditure authorised by the Management Board not contracted for	<u>1,965,041</u>	<u>-</u>
Funded by:		
Social Housing Grant	-	-
Other grants and contributions	-	-

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Reserves	<u>1,965,041</u>	<u>47,353</u>
	1,965,041	47,353

**19. EMPLOYEE INFORMATION**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Staff costs during the year:		
Wages and salaries	296,529	259,010
Social security costs	16,764	22,562
Other pension costs	31,310	29,331
	<u>344,603</u>	<u>310,903</u>

	<b>Number</b>	<b>Number</b>
The average number of full-time equivalent persons employed during the year was	<u>10.3</u>	<u>9</u>
The average number of employees employed during the year was	<u>10.3</u>	<u>9</u>

**20. BOARD MEMBERS' AND OFFICERS' EMOLUMENTS**

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

No emoluments have been paid to any member of the Management Board.

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Aggregate emoluments payable to officers with emoluments greater than £60,000 (excluding pension contributions)	-	85,081
Emoluments payable to the Chief Executive (excluding pension contributions)	-	3,212
Pension contributions paid on behalf of the Chief Executive	-	707
Total Emoluments paid to key management personnel	26,283	173,786

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Key Management Personnel are considered to be the Executive Officers as outlined on Page 1 of these financial statements.

Consideration paid for services of key management personnel paid to third parties (included in the amount noted above)	26,283	173,786
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**20. BOARD MEMBERS' AND OFFICERS' EMOLUMENTS (continued)**

Total number of officers, including the highest paid officer, who received emoluments (excluding pension contributions) over £60,000 was in the following range:

	Number	Number
£70,001 - £80,000	-	-
£80,001 - £90,000	-	1

Key management posts were not filled pending the outcome of the Options Appraisal. During the year Kingdom Housing Association provided management services to FHA through a Service Level Agreement.

There were payments to board members during the year for reimbursement of expenses of £58 (2020 - £3,220).

**21. STATEMENT OF CASH FLOWS**

	<b>2021</b>	<b>2020</b> <b>restated</b>
	<b>£</b>	<b>£</b>
Reconciliation of operating surplus to balance as at 31 March		
Operating Surplus	252,829	507,278
Depreciation	624,825	614,708
Amortisation of Capital Grants	(372,989)	(398,111)
Change in debtors	(90,984)	(93,533)
Change in creditors	(3,165)	213,740
Loss on sale of fixed assets	-	18,973
Past service pension deficit contributions	(74,000)	(63,836)
Cancelled Shares	(36)	(48)
Taxation	(10,159)	
Balance as at 31 March	<u>326,321</u>	<u>799,171</u>

**Analysis of changes in net debt**

	April 2020	Cashflows	Other non-cash changes	March 2021
	£	£	£	£
<b>Cash and Cash Equivalents</b>				

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Cash at Bank	3,376,586	(2,448,540)		928,046
Cash Equivalents	-	1,500,000		1,500,000
Loans falling due within one year	(65,812)	65,812	(26,000)	(26,000)
Loans falling due after more than one year	(7,613,930)	909,930	26,000	(6,678,000)
Total	<u>(4,303,156)</u>	<u>27,202</u>	<u>-</u>	<u>(4,275,954)</u>

**22. COMMITMENTS UNDER OPERATING LEASES**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows: -		
Not later than one year	1458	1,808
Later than one year and not later than five years	307	1,765
Later than five years	-	-
	<u>1,765</u>	<u>3,573</u>

**23. CONTINGENCIES**

FHA participates in a multi-employer pension scheme. Should FHA leave the scheme the amount of employer debt has been estimated as £2,163k (2020: £2,171k) as at 30 September 2020, the date of the latest estimation available. At the present time FHA has no intention of leaving the Scheme.

**24. RELATED PARTY TRANSACTIONS**

Members of the Management Board are related parties of the Association as defined by Financial Reporting Standard 102. The related party relationships of the members of the Management Board are summarised as:

- Certain members are tenants of the Association
- Management Board members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Management Board member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Management Board members were as follows:

- Rent Received from Tenants on the Board – £33,995 (2020: £34,614)
- At the year-end total rent arrears owed by the tenant members of the Board were £193 (2020: £515).

The Chief Executive, Bill Banks, is also Chief Executive of Kingdom Housing Association, which provides FHA with administrative, governance and financial services through a Service Level Agreement.

**25. TAXATION**

<b>2021</b>	<b>2020</b>
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	<b>£000</b>	<b>£000</b>
Based upon the results for the year to 31 March:		
Corporation tax (charge)/receipt on income for the year on surplus on ordinary activities:	959	-
Under provision of tax 2018-19	7,368	-
Under provision of tax 2019-20	1,832	-
	<u>10,159</u>	<u>-</u>

**26. PRIOR YEAR ADJUSTMENT**

During the year a review was carried out on cumulative Depreciation on Housing Properties, associated Gross HAG, and HAG Amortisation. This has resulted in a restatement of the prior year position. The 2020 comparative figures have been updated to reflect these adjustments. The impact is to reduce the brought forward Fixed Assets by £2,287,174 and the brought forward Net HAG by £2,235,681, resulting in a reduction in the opening reserves as at 1 April 2020 of £51,493.

The impact on the 2020 Statement of Comprehensive Income is to reduce the depreciation charge by £56,243 and also reduce the amortisation charge by £182, resulting in an increase in surplus of £56,061.

The impact of the above on the 2021 Statement of Comprehensive Income is a net increase in 2021's opening reserves of £4,568, as reflected in the Statement of Changes in Capital and Reserves.