



**FYNE HOMES LIMITED**

**GROUP REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2021**

**FYNE HOMES LIMITED**

**MANAGEMENT COMMITTEE, EXECUTIVE OFFICERS AND ADVISERS**

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**Management Committee**

J McMillan, Chairperson  
S MacLeod, Vice Chairperson  
D Wilkinson, Secretary  
P Wallace  
K Finlay  
A C Harrison  
M Lang  
P Lingard  
T McKay  
L Scoullar (deceased 15.11.20)  
D Herriott

**Executive Officers**

C Renfrew, Chief Executive  
J McAlister, Technical Services Director  
S Cole, Business Services Director  
T Robertson, Housing Services Director  
L Haemmerle, Human Resources Director

**Bankers**

Bank of Scotland  
36/42 Montague Street  
Rothesay  
PA20 0BT

**Registered Office**

81 Victoria Street  
Rothesay  
Isle of Bute  
PA20 0AP

**Auditor**

Azets Audit Services Limited  
Chartered Accountants  
Titanium 1  
King's Inch Place  
Renfrew  
PA4 8WF

**Solicitors**

T C Young  
Solicitors  
7 West George Street  
Glasgow  
G2 1BA

**Internal auditor**

TIAA Limited  
Artillery House  
Fort Fareham  
Newgate Lane  
Fareham  
PO14 1AH

# FYNE HOMES LIMITED

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### **Registration information**

Financial Conduct Authority

Co-operative and Community Benefit Societies  
Act 2014  
Registered number 1454 R (S)

The Scottish Housing Regulator

Housing (Scotland) Act 2010  
Registered number 321

Recognised Scottish Charity

SC009152

## **FYNE HOMES LIMITED**

### **REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021**

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The Management Committee present their report (incorporating the Strategic Report) and the audited financial statements for the year ended 31 March 2021.

#### **Principal activities**

The principal activity of the Association is the provision of social rented accommodation. The Association has three subsidiary companies, Fyne Futures, Fyne Initiatives Limited and Fyne Energy Limited.

Fyne Futures is a charitable company whose principal activities are focused on environmental sustainability, namely recycling, reuse, Local Produce and Car Club activities which provide employment and training opportunities. The charitable company also delivers a Carbon Reduction programme and performs wider role activities providing support to a range of community regeneration projects across the operational area. The charitable company has been involved in numerous projects during the year; these were mainly, but not exclusively Towards Zero Carbon Bute, Bute Produce and Employment Training.

Fyne Initiatives Limited is a company whose principal activities are to provide design and build services to the Association and the rental of commercial property.

Fyne Energy Limited's principal activity is that of electricity generation. The wind turbines were completed in the current year, with this now generating income for the group.

#### **Objectives and Strategy**

Fyne Homes Corporate Plan identified three main objectives and this is incorporated into our strategy. These objectives are as follows:

- Meet the needs and aspirations of our customers;
- Meet the housing needs of our customers; and
- Ensure we maintain value for money.

#### **Review of business and future developments**

##### **Association**

At 31 March 2021 Fyne Homes Limited made a surplus of £1,508,601 (2020: £817,356). During the year Fyne Homes Limited invested £586,537 (2020: £1,370,150) in property improvements and continues to provide quality affordable housing.

2 schemes were on site one at Tighnabruaich which provided 20 rented units completed January 2021 and one at Cairndow providing 6 units and completed May 2021. The capital spend on new developments in the year was £1,529,037.

Due to Covid restrictions the Association were unable to carry out a lot of their work on renewals to its existing stock, however we managed to "bulk buy" windows and boilers during the year in anticipation of catching up during 2021/22.

As at 31 March 2021, 95.44% of our stock met the Scottish Housing Quality Standard.

The Management Committee is satisfied with the progress of the Association over the past year.

## FYNE HOMES LIMITED

### REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2021

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#### Review of business and future developments (continued)

##### ***Fyne Futures***

The charitable company generated a deficit in funds of £77,062 (2020: £34,596) for the year. The net assets of the charitable company were £165,277 at 31 March 2020 (2020: £242,339) and thus the charitable company is in a healthy financial position.

The main achievements in the year included continuation of our community regeneration activities to support the successful delivery of a range of projects, sustaining an income stream. Recycling Services from Argyll and Bute Council, Bute Produce, Recycling and Reuse activities and continued funding to deliver Towards Zero Carbon Bute Activity. The contract with Argyll and Bute Council has not been renewed for 2020/21.

It is hoped that revenue income will increase over the next three years primarily by expanding the existing areas of operation and by adding new income streams where possible.

##### ***Fyne Initiatives Limited***

The profit after providing for taxation amounted to £77,294 (2020: loss of £8,512). There was a distribution in the form of gift aid to Fyne Homes Limited of £nil (2020: £12,369) in the year. The company continues to provide design and build services to the Association as well as generate rental income from its commercial properties. Fyne Initiatives has net assets of £97,661 (2019: £20,367).

##### ***Fyne Energy Limited***

Fyne Energy Limited, was incorporated on 1 April 2016 in order to run the Kintyre Wind project. Construction was completed in year ended 31 March 2019 and electricity is now being generated. The loss after providing for taxation for the year to 31 March 2021 amounted to £174,828 (2020: profit of £246,924) and the net assets were £351,322 (2020: £526,150).

#### Risk and Uncertainties

Within Fyne Homes Limited's Risk Register we have identified the following risks which are significant to the Association;

- The financial impact of interest rates and pension contributions increasing;
- Adverse changes to the operating environment;
- Changes in welfare benefits; and
- Loss of IT systems.
- Pandemic or further Covid outbreak

These risks are mitigated as far as possible by the Association and are monitored on a quarterly basis

#### Financial and non-financial key performance indicators

The financial and non-financial KPIs used to monitor the performance of the Association are as follows:

- Meeting our financial covenants with lenders – this was achieved this year and also in 2019/20;
- Meeting void targets of 28 days – this was not achieved in 2020/21 as the average void period was 77.15% days (2019/20 31.87 days) due to difficult to let properties;
- Achieving a rent loss target of 2% - this was not achieved in 2020/21 the rent loss was 2.77% of total rental income including service charges (2019/20: 1.38%). If you exclude our decant properties used during major works in 2020/21 the rental loss would be 2.10% (2019/20:1.02%);
- Our internal target of completing 95% of emergency repairs within 6 hours was achieved in 2020/21 with a completion rate of 97% (2019/20: completion rate of 97%); and
- Our internal target of completing 95% of urgent repairs within 3 working days was not achieved in 2020/21 with a completion rate of 86% (2019/20: 84%) which was out with our control as we were unable to gain access to some properties, mainly due to Covid restrictions

**Financial and non-financial key performance indicators (continued)**

Fyne Homes Limited like other RSLs completes the annual return on the Scottish Social Housing Charter. The Charter sets out the standards and outcomes that we are aiming to achieve in relation to:- Equalities, Customer & Landlord Relationship, Housing Quality and Maintenance, Neighbourhood and Community, Access to Housing & Support and Good Value from Rents and Service Charges. Each year the Scottish Housing Regulator publish reports about each landlords' performance against the Charter. This enables us to benchmark our performance against other RSLs. Our 2019/20 overall performance was slightly below the Scottish average. The full 2019/20 report can be accessed on the Scottish Housing Association's website and the 2020/21 report will be accessible on this website when published.

**Governance**

The Management Committee and Executive Officers of the Association are listed on the first page of the accounts.

**The Management Committee and Executive Officers**

Each member of the Management Committee holds one fully paid share of £1 in the Association. 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 Committee.

The Executive Committee is a Committee that can meet at short notice to make decisions without having to wait until the next Management Committee meeting and consists of the chair and convenors of the various sub committees.

The Management Committee meet eight times each year. The Executive Committee meet at least twice a year with one of these meetings held to approve the annual financial statements.

The other sub committees are the Staffing Committee, who meet at least three times a year and the Audit Committee who meet as deemed required.

All members of the Committee receive appropriate training twice a year.

**Statement on Internal Financial Controls**

The Management Committee acknowledge their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

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

It is the Management Committee's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements include ensuring that:

- (a) Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- (b) Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- (c) Forecasts and budgets are prepared which allow the Management Committee and management to monitor the key business risks and financial objectives, and progress towards financial plans set out for the year. During the financial year, regular management accounts are prepared promptly, providing relevant, reliable and up to date financial and other information. Significant variances from budgets are investigated as appropriate;

**REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT)  
FOR THE YEAR ENDED 31 MARCH 2021**

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**Statement on Internal Financial Controls (continued)**

- (d) All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the relevant sub-committees which are comprised of Management Committee members;
- (e) The Association has appointed a firm of accountants, on a consultancy basis, as internal auditor with the specific responsibility of assessing the adequacy and reliability of the system of internal financial controls. The results of such reviews are reported to the Audit Committee;
- (f) The Management Committee reviews reports from the external auditor to provide reasonable assurance that control procedures are in place and are being followed; and
- (g) Formal practices have been established for instituting appropriate action to correct weaknesses identified from the reports of the external auditor and the internal auditor.

The Management Committee have reviewed the effectiveness of the system of internal control in existence in the Association for the year ended 31 March 2021. 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 auditor's report on the financial statements.

**Statement of the Management Committee's Responsibilities**

Housing Association legislation requires the Management Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and Group and of the income and expenditure of the Association and Group for the year ended on that date. In preparing those financial statements the Management Committee are required to:-

- select suitable accounting policies and then 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 and Group will continue in business.

The Management Committee is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Association. The Management Committee must ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator. 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.

**FYNE HOMES LIMITED**

**REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT)  
FOR THE YEAR ENDED 31 MARCH 2021**

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**Disclosure of information to the auditor**

To the knowledge and belief of each of the persons who are members of the Management Committee at the time the report is approved:

- so far as the Association's Committee members are aware, there is no relevant audit information of which the auditor is unaware; and
- the Management Committee members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditor is aware of any such information.

**Auditor**

A resolution to re-appoint Azets Audit Services as auditor will be put to the members at the Annual General Meeting.

**By order of the Management Committee**

J McMillan  
Chairperson

Dated: 15 September 2021



## **FYNE HOMES LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FYNE HOMES LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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#### **Opinion**

We have audited the financial statements of Fyne Homes Limited (the "Parent Association") and its subsidiaries (the "Group") for the year ended 31 March 2021 which comprise the Consolidated and Association Statements of Comprehensive Income, the Consolidated and Association Statements of Changes in Capital and Reserves, the Consolidated and Association Statements of Financial Position, the Consolidated and Association Statements of Cash Flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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's and Parent Association's affairs as at 31 March 2021 and of the Group's and Parent 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 requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefits Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator.

#### **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 Group and Parent 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 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 Management Committee'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 Group's or Parent Association's 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 Management Committee with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Management Committee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

## FYNE HOMES LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FYNE HOMES LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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#### Other information

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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

We have nothing to report in respect of the following matters in relation to which 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 by the Parent Association; or
- the Parent Association has not kept proper accounting records; or
- the Parent Association's financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

#### Responsibilities of the Management Committee

As explained more fully in the Statement of the Management Committee's Responsibilities set out on page 4, the Management Committee is 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 Management Committee 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 Management Committee is responsible for assessing the Group's and the Parent 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 Management Committee either intend to liquidate the Group or the Parent Association or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities is available on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### ***The extent to which the audit was considered capable of detecting irregularities including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the FRC's website, to detect material misstatements in respect of irregularities, including fraud.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FYNE HOMES LIMITED ON THE  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**Auditor's responsibilities for the audit of the financial statements (continued)**

We obtain and update our understanding of the Group and the Parent Association, their activities, their control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the Group and the Parent Association are complying with that framework. Based on this understanding, we 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 a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, 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 engagement partner 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 Group and the Parent Association through discussions with the Management Committee members and the senior management team, and from our knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group and the Parent Association, including the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefits Societies (Group Accounts) Regulations 1969, Part 6 of the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of the senior management team and the Management Committee and inspecting legal correspondence; 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.

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 the Management Committee and relevant sub-committees;
- enquiring of the senior management team and the Management Committee as to actual and potential litigation and claims;
- reviewing legal and professional fees paid in the year for indication of any actual and potential litigation and claims; and
- reviewing correspondence with HMRC, the Scottish Housing Regulator, OSCR and the Group's and Parent Association's legal advisors.

## **FYNE HOMES LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FYNE HOMES LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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#### **Auditor's responsibilities for the audit of the financial statements (continued)**

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

- making enquiries of the senior management team and the Management Committee 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 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
- investigated the rationale behind significant or unusual transactions.

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 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.

#### **Use of our report**

This report is made solely to the Parent 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 Parent Association's members, as a body, 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 Parent Association and the Parent Association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Azets Audit Services Statutory Auditor Chartered Accountants**

Titanium 1  
King's Inch Place  
Renfrew  
PA4 8WF

Date: 15 September 2021

Azets Audit Services is eligible for appointment as auditor of the Group and Parent Association by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

## **FYNE HOMES LIMITED**

### **REPORT OF THE AUDITOR TO THE MANAGEMENT COMMITTEE OF FYNE HOMES LIMITED ON CORPORATE GOVERNANCE MATTERS FOR THE YEAR ENDED 31 MARCH 2021**

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In addition to our audit of the financial statements, we have reviewed your statement on pages 3 and 4 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

#### **Basis of Opinion**

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

#### **Opinion**

In our opinion the Statement on Internal Financial Controls on pages 3 and 4 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 our enquiry of certain members of the Management Committee and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Controls appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

#### **Azets Audit Services Limited**

Chartered Accountants  
Titanium 1  
King's Inch Place  
Renfrew  
PA4 8WF

Dated: 15 September 2021

**FYNE HOMES LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2021**

	<b>Notes</b>	<b>2021</b> £	<i>2020</i> £
<b>Turnover</b>	4	<b>9,746,680</b>	<i>10,003,131</i>
Less: Operating expenditure	4	<b>(7,032,456)</b>	<i>(7,429,067)</i>
<b>Operating surplus</b>	4	<b>2,714,224</b>	<i>2,574,064</i>
Loss on disposal of property, plant and equipment		<b>(67,869)</b>	<i>(566)</i>
Increase in Fair value of investment properties	14	<b>15,000</b>	<i>-</i>
Interest payable and similar charges	10	<b>(1,310,516)</b>	<i>(1,381,441)</i>
Interest receivable	9	<b>1,000</b>	<i>-</i>
<b>Surplus before taxation</b>		<b>1,351,839</b>	<i>1,192,057</i>
Taxation	11	<b>1,520</b>	<i>(156,350)</i>
<b>Surplus for the year</b>		<b>1,353,359</b>	<i>1,035,707</i>
<b>Other comprehensive income</b>			
Actuarial (loss)/gain on SHAPS Liability	26	<b>(1,319,000)</b>	<i>1,551,000</i>
Actuarial (loss)/gain on the Strathclyde Pension Fund Liability	27	<b>(347,000)</b>	<i>311,000</i>
<b>Total comprehensive income for the year</b>		<b>(312,641)</b>	<i>2,897,707</i>

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements.

**FYNE HOMES LIMITED****ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2021**

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	<b>Notes</b>	<b>2021</b> £	<b>2020</b> £
<b>Turnover</b>	4	<b>7,789,244</b>	7,516,594
Less: Operating expenditure	4	<b>(5,678,072)</b>	(6,011,267)
<b>Operating surplus</b>	4	<b>2,111,172</b>	1,505,327
Loss on disposal of property, plant and equipment		<b>(67,869)</b>	(566)
Interest receivable and other income	9	<b>18,106</b>	16,194
Interest payable and similar charges	10	<b>(552,808)</b>	(715,968)
Distribution from subsidiary – Gift aid		-	12,369
<b>Surplus for the year</b>		<b>1,508,601</b>	817,356
<b>Other comprehensive income</b>			
Actuarial (loss)/gain on SHAPS liability	26	<b>(1,319,000)</b>	1,551,000
Actuarial (loss)/gain on the Strathclyde Pension fund liability	27	<b>(347,000)</b>	311,000
<b>Total comprehensive income for the year</b>		<b>(157,399)</b>	2,679,356

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements.

**FYNE HOMES LIMITED****CONSOLIDATED STATEMENT OF CHANGES IN CAPITAL AND RESERVES  
FOR THE YEAR ENDED 31 MARCH 2021**

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	<b>Share Capital</b>	<b>Revenue Reserves</b>	<b>Total Reserves</b>
	£	£	£
Balance as at 1 April 2020	<b>105</b>	<b>28,818,111</b>	<b>28,818,216</b>
Total Comprehensive Income for the year	-	<b>(312,641)</b>	<b>(312,641)</b>
Share capital issued during the year	-	-	-
Share capital cancelled during the year	<b>(6)</b>	-	<b>(6)</b>
	<u>99</u>	<u>28,505,470</u>	<u>28,505,569</u>
Balance as at 31 March 2021	<u><u>99</u></u>	<u><u>28,505,470</u></u>	<u><u>28,505,569</u></u>

**CONSOLIDATED STATEMENT OF CHANGES IN CAPITAL AND RESERVES  
FOR THE YEAR ENDED 31 MARCH 2020**

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	<i>Share Capital</i>	<i>Revenue Reserves</i>	<i>Total Reserves</i>
	£	£	£
Balance as at 1 April 2019	106	25,920,404	25,920,510
Total Comprehensive Income for the year	-	2,897,707	2,897,707
Share capital issued during the year	10	-	10
Share capital cancelled during the year	(11)	-	(11)
	<u>105</u>	<u>28,818,111</u>	<u>28,818,216</u>
Balance as at 31 March 2020	<u><u>105</u></u>	<u><u>28,818,111</u></u>	<u><u>28,818,216</u></u>

The notes form part of the financial statements.



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

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	<b>Share Capital</b>	<b>Revenue Reserves</b>	<b>Total Reserves</b>
	£	£	£
Balance as at 1 April 2020	<b>105</b>	<b>28,101,480</b>	<b>28,101,585</b>
Total Comprehensive Income for the year	-	<b>(157,399)</b>	<b>(157,399)</b>
Share capital issued during the year	-	-	-
Share capital cancelled during the year	<b>(6)</b>	-	<b>(6)</b>
	<u>99</u>	<u>27,944,081</u>	<u>27,944,180</u>
Balance as at 31 March 2021	<u>99</u>	<u>27,944,081</u>	<u>27,944,180</u>

**ASSOCIATION STATEMENT OF CHANGES IN CAPITAL AND RESERVES  
FOR THE YEAR ENDED 31 MARCH 2020**

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	<i>Share Capital</i>	<i>Revenue Reserves</i>	<i>Total Reserves</i>
	£	£	£
Balance as at 1 April 2019	106	25,422,124	25,422,230
Total Comprehensive Income for the year	-	2,679,356	2,679,356
Share capital issued during the year	10	-	10
Share capital cancelled during the year	(11)	-	(11)
	<u>105</u>	<u>28,101,480</u>	<u>28,101,585</u>
Balance as at 31 March 2020	<u>105</u>	<u>28,101,480</u>	<u>28,101,585</u>

The notes form part of the financial statements.

**FYNE HOMES LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2021**

	Notes	2021 £	<i>Restated 2020 £</i>
<b>Tangible fixed assets</b>			
Housing properties	12	<b>60,871,489</b>	60,056,862
Other fixed assets	14	<b>14,148,096</b>	14,715,562
		<b>75,019,585</b>	74,772,424
<b>Current assets</b>			
Stock	16	<b>58,140</b>	121,210
Debtors (amounts falling due within one year)	17	<b>878,264</b>	1,629,024
Cash and cash equivalents	18	<b>1,786,278</b>	1,835,751
		<b>2,722,682</b>	3,585,985
<b>Creditors: amounts falling due within one year</b>	19	<b>(8,935,169)</b>	(4,438,334)
<b>Net current liabilities</b>		<b>(6,212,487)</b>	(852,349)
<b>Total assets less current liabilities</b>		<b>68,807,098</b>	73,920,075
<b>Creditors: amounts falling due after more than one year</b>	20	<b>(38,079,699)</b>	(44,301,509)
Pension – SHAPS defined benefit liability	26	<b>(1,155,000)</b>	(103,000)
Pension – Strathclyde Pension Fund defined benefit liability	27	<b>(912,000)</b>	(541,000)
Provision for liabilities	11	<b>(154,830)</b>	(156,350)
<b>Net assets</b>		<b>28,505,569</b>	28,818,216
<b>Capital and reserves</b>			
Share capital	22a	<b>99</b>	105
Revenue reserve	22b	<b>28,505,470</b>	28,818,111
		<b>28,505,569</b>	28,818,216

The financial statements were authorised for issue by the Management Committee on 15 September 2021 and were signed on its behalf by:

Chairperson – J McMillan

Secretary – D Wilkinson

Committee member

The notes form part of these financial statements.

**FYNE HOMES LIMITED**

**ASSOCIATION STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2021**

	Notes	2021 £	<i>Restated 2020 £</i>
<b>Tangible fixed assets</b>			
Housing properties	12	<b>60,871,489</b>	<i>60,056,862</i>
Other fixed assets	14	<b>378,737</b>	<i>407,227</i>
		<b>61,250,226</b>	<i>60,464,089</i>
Investments	15	<b>2</b>	<i>2</i>
		<b>61,250,228</b>	<i>60,464,091</i>
<b>Current assets</b>			
Debtors (amounts falling due after more than one year)	17	<b>180,000</b>	<i>180,000</i>
Debtors (amounts falling due within one year)	17	<b>1,008,956</b>	<i>1,437,778</i>
Cash and cash equivalents	18	<b>1,423,440</b>	<i>1,345,829</i>
		<b>2,612,396</b>	<i>2,963,607</i>
<b>Creditors: amounts falling due within one year</b>	19	<b>(7,866,835)</b>	<i>(2,981,642)</i>
<b>Net current liabilities</b>		<b>(5,254,439)</b>	<i>(18,035)</i>
<b>Total assets less current liabilities</b>		<b>55,995,789</b>	<i>60,446,056</i>
<b>Creditors: amounts falling due after more than one year</b>	20	<b>(25,984,609)</b>	<i>(31,700,471)</i>
Pension – SHAPS defined benefit liability	26	<b>(1,155,000)</b>	<i>(103,000)</i>
Pension – Strathclyde Pension Fund defined benefit liability	27	<b>(912,000)</b>	<i>(541,000)</i>
<b>Net assets</b>		<b>27,944,180</b>	<i>28,101,585</i>
<b>Capital and reserves</b>			
Share capital	22a	<b>99</b>	<i>105</i>
Revenue reserve	22b	<b>27,944,081</b>	<i>28,101,480</i>
		<b>27,944,180</b>	<i>28,101,585</i>

The financial statements were authorised for issue by the Management Committee on 15 September 2021 and were signed on its behalf by:

Chairperson – J McMillan

Secretary – D Wilkinson

Committee member

The notes form part of these financial statements.

FYNE HOMES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
<b>Net cash generated from operating activities</b>	23	4,775,090	4,116,147
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		(2,242,762)	(3,761,595)
Proceeds from disposal of property, plant and equipment		178,050	296,750
Deferred Government capital grants received		212,601	1,934,735
		<u>(1,852,111)</u>	<u>(1,530,110)</u>
<b>Cash flow from financing activities</b>			
Interest paid		(1,298,516)	(1,322,441)
New secured loan		1,748,083	1,001,502
Repayment of borrowings		(2,565,412)	(1,585,508)
Break costs and arrangement fees		(856,607)	-
Issue of share capital		-	10
		<u>(2,972,452)</u>	<u>(1,906,437)</u>
<b>Net changes in cash and cash equivalents</b>		<b>(49,473)</b>	679,600
<b>Cash and cash equivalents at 1 April</b>		<b>1,835,751</b>	1,156,151
<b>Cash and cash equivalents at 31 March</b>		<b>1,786,278</b>	1,835,751

(i) Analysis of changes in net debt

	At 1 April 2020 £	Cash flows £	Other non- cash changes £	At 31 March 2021 £
<b>Cash and cash equivalents</b>				
Cash	1,835,751	(49,473)	-	1,786,278
	<u>1,835,751</u>	<u>(49,473)</u>	-	<u>1,786,278</u>
<b>Borrowings</b>				
Debt due within one year	(2,162,992)	1,673,936	(6,253,121)	(6,742,177)
Debt due after one year	(32,287,476)	-	6,253,121	(26,034,355)
	<u>(34,450,468)</u>	<u>1,673,936</u>	-	<u>(32,776,532)</u>
<b>Total</b>	<b>(32,614,717)</b>	<b>1,624,463</b>	-	<b>(30,990,254)</b>

The notes form part of these financial statements

FYNE HOMES LIMITED

ASSOCIATION STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
<b>Net cash inflow from operating activities</b>	23	<b>3,066,717</b>	<b>2,700,850</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		(2,194,436)	(3,723,423)
Proceeds from disposal of property, plant and equipment		178,050	296,750
Deferred Government capital grants received		212,601	1,934,735
Interest received		17,106	16,194
		<b>(1,786,679)</b>	<b>(1,475,744)</b>
<b>Cash flow from financing activities</b>			
Interest paid		(540,808)	(656,968)
New secured loan		1,748,083	774,666
Repayment of borrowings		(1,553,095)	(880,246)
Break costs and arrangement fees		(856,607)	-
Issue of share capital		-	10
		<b>(1,202,427)</b>	<b>(762,538)</b>
<b>Net changes in cash and cash equivalents</b>		<b>77,611</b>	<b>462,568</b>
<b>Cash and cash equivalents at 1 April</b>		<b>1,345,829</b>	<b>883,261</b>
<b>Cash and cash equivalents at 31 March</b>		<b>1,423,440</b>	<b>1,345,829</b>

(j) Analysis of changes in net debt

	At 1 April 2020 £	Cash flows £	Other non- cash changes £	At 31 March 2021 £
<b>Cash and cash equivalents</b>				
Cash	1,345,829	77,611	-	1,423,440
	<b>1,345,829</b>	<b>77,611</b>	<b>-</b>	<b>1,423,440</b>
<b>Borrowings</b>				
Debt due within one year	(969,843)	661,619	(5,743,622)	(6,051,846)
Debt due after one year	(19,704,418)	-	5,743,622	(13,960,796)
	<b>(20,674,261)</b>	<b>661,619</b>	<b>-</b>	<b>(20,012,642)</b>
<b>Total</b>	<b>(19,328,432)</b>	<b>739,230</b>	<b>-</b>	<b>(18,589,202)</b>

The notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**1. General Information**

The Group is registered under The Co-operative & Community Benefit Societies Act 2014. The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and comply with the requirements of the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator and Statement of Recommended Practice for Social Housing Providers issued in 2018.

The presentation currency is pound sterling and the financial statements are rounded to the nearest whole number.

The Association is a registered social landlord in Scotland and its registered number is 321. The registered address is included in the front page of the financial statements.

The Association is defined as a public benefit entity and thus the Association complies with all disclosure requirements relating to public benefit entities.

**2. Accounting policies**

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and comply with the requirements of the Determination of Accounting Requirements 2019 as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2018. The principal accounting policies are set out below.

The preparation of these financial statements in compliance with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies (see note 3).

A summary of the principal accounting policies is set out below.

**Basis of preparation**

The financial statements are prepared on the historical cost basis of accounting subject to the revaluation of certain fixed assets and in accordance with applicable accounting standards.

The effect of events relating to the year ended 31 March 2021, which occurred before the date of approval of the financial statements by the Board of Management have been included in the statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2021 and of the results for the year ended on that date.

**Basis of consolidated accounting policy**

These financial statements consolidate those of Fyne Homes Limited and its subsidiary undertakings, Fyne Initiatives Limited, Fyne Energy Limited and Fyne Futures drawn up to 31 March 2021. Surpluses or deficits on intra-group transactions are eliminated in full.

**Going concern**

The Management Committee anticipate that a surplus will be generated by the Group and the Association in the year ended 31 March 2022 and the year ended 31 March 2023. The Group and the Association has a healthy cash position and thus the Management Committee is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus the Management Committee continue to adopt the going concern basis of accounting in preparing the annual financial statements. This assessment of going concern includes our consideration the expected impact of COVID-19 to the Group and the Association.

2. Accounting policies (continued)

**Turnover**

***Fyne Homes Limited***

Turnover represents rental and service charge income, factoring service income, and fees or revenue grants receivable from Argyll and Bute Council and from The Scottish Government. Also included is any income from first tranche shared ownership disposals.

***Fyne Initiatives Limited and Fyne Energy Limited***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue is recognised when all of the following conditions are satisfied:

- The amount of revenue can be reliably measured;
- It is probable that the company will receive the consideration due under the transaction; and
- The costs incurred in respect of the transaction can be reliably measured.

***Fyne Futures***

Income is recognised when the charitable company is entitled to the income, receipt is probable and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- Service Level Agreement (SLA) income is credited to income in the year in which the charitable company is entitled to the income, receipt is probable and the amount can be reliably measured.
- Donations and grants are recognised when the charitable company is entitled to the income, receipt is probable and the amount can be measured reliably. Where there are terms or performance related conditions attached, income is recognised to the extent that the conditions have been met. Income received in advance of conditions being met are deferred and released once those conditions are met. Where the grant or donation allows for the recovery by the donor of any unexpended grant, a liability is recognised when repayment becomes probable.
- Any other income from charitable trading activities are recognised when the charitable company becomes entitled to the income, receipt is probable and the amount can be reliably measured.

**Apportionment of management expenses**

Direct employee, administration and operating expenditure have been apportioned to the relevant sections of the Statement of Comprehensive Income on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

**Interest receivable and other income**

Interest income is recognised in the Statement of Comprehensive Income on an accruals basis.

**2. Accounting policies (continued)**

**Interest payable and similar charges**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Interest payable during the construction phase of the Windfarm project within Fyne Energy Limited has been capitalised.

**Fixed assets - Housing properties**

Housing properties are stated at cost, less accumulated depreciation. The development cost of housing properties includes:-

1. Cost of acquiring land and buildings; and
2. Development expenditure including administration costs.

These costs are either termed "qualifying costs" by The Scottish Government for approved social housing grant or are considered for mortgage loans by the relevant lending authorities or are met out of the Group and Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value are included in the financial statements for the year, provided that the dates of issue or valuation are prior to the year end.

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated.

Assets which are valued below the de minimus of £xxx are not capitalised.

**Depreciation**

(i) Housing properties

Each housing unit has been split between its major component parts. Each major component is depreciated on a straight line basis over its expected economic useful life. The following major components and useful lives have been identified by the Group and Association:

Land	-	not depreciated
Structure	-	over 60 years
Roofs	-	over 40 years
Windows	-	over 25 years
Bathrooms	-	over 20 years
Kitchen	-	over 20 years
Central Heating	-	over 33.3 years
Rewiring	-	over 25 years
Lifts	-	over 20 years
Boilers	-	over 60 years



**2. Accounting policies (continued)**

**Depreciation (continued)**

(ii) Other fixed assets

Depreciation is charged on other fixed assets so as to write off the asset cost less any recoverable value over its anticipated useful life.

The following rates have been used:-

Heritable Property	-	4% straight line
Office Equipment	-	10% reducing balance
Computer and Other Equipment	-	33.33% straight line
Motor Vehicles	-	25% reducing balance
Buildings	-	2% straight line
Plant and machinery	-	25% reducing balance
Fixtures and fittings	-	10% straight line
Land	-	Depreciation is not provided in respect of Land.

A full year's depreciation is charged in the year of purchase. No charge is made in the year of disposal.

**Shared equity housing units held**

On completion of construction, shared equity units are held in stock along with the grant received. On completion of the first tranche sale, the Group's obligation ceases and the cost and grant are derecognised.

**Commercial Properties**

Commercial properties are valued at their fair value (which is market value) with movement in value recognised in the Statement of Comprehensive Income.

**Windfarm project**

All direct costs relating to the Windfarm project have been capitalised.

The three wind turbines have been depreciated from 1 March 2019, the first month following the takeover certificate being issued. The assets are being depreciated over their expected useful lives of 25 years.

**Debtors**

Short term debtors are measured at transaction price, less any impairment.

**Rental Arrears**

Rental arrears are reviewed regularly by management and written down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in note 17.

**Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2. Accounting policies (continued)**

**Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**Loans**

Mortgage loans are advanced by Private Lenders under the terms of individual mortgage deeds in respect of each property or housing scheme. Security can only be provided in respect of these loans once approval by The Scottish Government has been obtained.

**Government Capital Grants**

Government Capital Grant at amounts approved by The Scottish Government, is paid directly to the Group and Association as required to meet its liabilities during the development process. This is treated as a deferred Government capital grant and is released to income over the useful life of the assets it relates to. The accrual model requires the Group and Association to recognise income on a systematic basis over the period in which the Group and Association recognises the related costs for which the grant is intended to compensate.

**Government Revenue Grants**

Government revenue grants are recognised using the accrual model which means the Group and Association recognises the grant in income on a systematic basis over the period in which the Group and Association recognises the related costs for which the grant is intended to compensate.

**Non-Government Grants**

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable.

A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

**Public benefit concessionary loan**

In line with FRS 102, the Association has made an accounting policy choice to recognise loans from public benefit entities that are being used to further the Association's core activities as public benefit concessionary loans meaning the loans are recognised at their principal value on initial recognition.

**Financial Instruments**

The Group and Association only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like rents and other accounts receivable and payable, loans from banks and related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest rate method.

2. Accounting policies (continued)

**Financial Instruments (continued)**

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a rental arrear deferred beyond normal Group and Association terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets are derecognised when contractual rights to the cash flows from the assets expire, or when the Group and Association has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

**Pensions**

***The Scottish Housing Association Defined Benefits Pension Scheme and the Strathclyde Pension Fund***

The Association participates in The Scottish Housing Associations' Defined Benefits Pension Scheme (SHAPS) and retirement benefits to employees of the Association 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. The Strathclyde Pension fund is accounted for as a defined benefit scheme and as such the amount charged to the Statement of Comprehensive Income in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost is included within other finance costs/income. Actuarial gains and losses arising from new valuations and from updating valuations to the reporting date are recognised in Other Comprehensive Income.

The amount charged to the Statement of Comprehensive Income in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost is included within other finance costs/income. Actuarial gains and losses arising from new valuations and from updating valuations to the reporting date are recognised in Other Comprehensive Income.

Defined benefit schemes are funded, with the assets held separately from the Association in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each reporting date.

The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the Statement of Financial Position only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the reporting date. A pension scheme liability is recognised to the extent that the Association has a legal or constructive obligation to settle the liability.

Defined benefit schemes are funded, with the assets held separately from the Association in separate trustee.

***Scottish Life 'top up' scheme and Royal London Auto Enrolment scheme***

The Group operates these two defined contribution schemes. Employer contributions are charged to the Statement of Comprehensive Income on the accruals basis.

**2. Accounting policies (continued)**

**Financial Commitments**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

**Consolidation**

The Association and its subsidiary undertakings comprise a Group. The accounts represent the results of the Group.

**3. Judgements in applying policies and key sources of estimation uncertainty**

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The members of the Management Committee consider the following to be critical judgements in preparing the financial statements:

- The categorisation of housing properties as property, plant and equipment in line with the requirements of the SORP.
- The amount disclosed as “operating surplus” is repetitive of activities that would normally be regarded as “operating”.

The Management Committee are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

**Estimate**

**Basis of estimation**

The valuation of investment properties

The investment properties were valued by an appropriately qualified valuer using market data at the date of valuation.

Useful lives of property, plant and equipment

The useful lives of property, plant and equipment are based on the knowledge of senior management of the Group, with reference to expected asset life cycles.

The main components of housing properties and their useful lives

The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and based on costing models.

Recoverable amount of rental and other trade receivables

Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.

The obligations under the SHAPS and Strathclyde pension schemes

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

FYNE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

4. Particulars of turnover, operating expenditure and operating surplus/(deficit)

Group	Notes	2021			2020		
		Turnover £	Operating Expenditure £	Operating Surplus/ (Deficit) £	Turnover £	Operating Expenditure £	Operating Surplus/ (Deficit) £
Affordable Lettings	5a	7,511,808	(5,410,636)	2,101,172	7,298,517	(5,799,850)	1,498,667
Other Activities	5b	275,686	(277,436)	(1,750)	215,577	(218,072)	(2,495)
Fyne Initiatives Limited		241,263	(153,588)	87,675	128,090	(117,155)	10,935
Fyne Futures		177,837	(242,320)	(64,483)	331,164	(384,197)	(53,033)
Fyne Energy Limited		1,540,086	(948,476)	591,610	2,029,783	(909,793)	1,119,990
<b>TOTAL</b>		<b>9,746,680</b>	<b>(7,032,456)</b>	<b>2,714,224</b>	<b>10,003,131</b>	<b>(7,429,067)</b>	<b>2,574,064</b>
<b>Association</b>							
	Notes	2021			2020		
		Turnover £	Operating Expenditure £	Operating Surplus £	Turnover £	Operating Expenditure £	Operating Surplus £
Affordable Lettings	5a	7,511,808	(5,400,636)	2,111,172	7,298,517	(5,793,195)	1,505,322
Other Activities	5b	277,436	(277,436)	-	218,077	(218,072)	5
<b>TOTAL</b>		<b>7,789,244</b>	<b>(5,678,072)</b>	<b>2,111,172</b>	<b>7,516,594</b>	<b>(6,011,267)</b>	<b>1,505,327</b>

FYNE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

5a. Particulars of turnover, operating expenditure and operating surplus from affordable lettings

Group	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Accommodation £	2021 Total £	2020 Total £
<b>Income from rent and service charges</b>					
Rent receivable net of service charges	7,161,688	121,765	91,999	7,375,452	7,178,533
Service charges	157,899	5,008	-	162,907	157,152
<b>Gross income from rents and service charges</b>	<b>7,319,587</b>	<b>126,773</b>	<b>91,999</b>	<b>7,538,359</b>	<b>7,335,685</b>
Less voids	(220,633)	-	-	(220,633)	(123,794)
<b>Net income from rents and service charges</b>	<b>7,098,954</b>	<b>126,773</b>	<b>91,999</b>	<b>7,317,726</b>	<b>7,211,891</b>
William Woodhouse Strain Trust	-	-	-	-	6,208
Grants released from deferred income	194,082	-	-	194,082	80,418
<b>Total turnover from affordable letting activities</b>	<b>7,293,036</b>	<b>126,773</b>	<b>91,999</b>	<b>7,511,808</b>	<b>7,298,517</b>
<b>Expenditure</b>					
Management and maintenance administration costs	(2,150,105)	(110,980)	(74,212)	(2,335,297)	(2,646,035)
Service charges	(123,039)	(5,008)	-	(128,047)	(199,130)
Planned cyclical maintenance including major repairs	(634,644)	-	-	(634,644)	(501,196)
Reactive maintenance costs	(1,043,933)	-	-	(1,043,933)	(1,068,710)
Bad debts – rents and service charges	(40,268)	-	-	(40,268)	(120,051)
Depreciation of social housing	(1,199,875)	(10,785)	(17,787)	(1,228,447)	(1,264,728)
<b>Operating expenditure for affordable letting activities</b>	<b>(5,191,864)</b>	<b>(126,773)</b>	<b>(91,999)</b>	<b>(5,410,636)</b>	<b>(5,799,850)</b>
<b>Operating surplus on letting activities, 2021</b>	<b>2,101,172</b>	<b>-</b>	<b>-</b>	<b>2,101,172</b>	
<b>Operating surplus on letting activities, 2020</b>	<b>1,498,667</b>	<b>-</b>	<b>-</b>		<b>1,498,667</b>

FYNE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

5a. Particulars of turnover, operating expenditure and operating surplus from affordable lettings

Association

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Accommodation £	2021 Total £	2020 Total £
<b>Income from rent and service charges</b>					
Rent receivable net of service charges	7,161,688	121,765	91,999	7,375,452	7,178,533
Service charges	157,899	5,008	-	162,907	157,152
<b>Gross income from rents and service charges</b>	<b>7,319,587</b>	<b>126,773</b>	<b>91,999</b>	<b>7,538,359</b>	<b>7,335,685</b>
Less voids	(220,633)	-	-	(220,633)	(123,794)
<b>Net income from rents and service charges</b>	<b>7,098,954</b>	<b>126,773</b>	<b>91,999</b>	<b>7,317,726</b>	<b>7,211,891</b>
William Woodhouse Strain Fund	-	-	-	-	6,208
Grants released from deferred income	194,082	-	-	194,082	80,418
<b>Total turnover from affordable letting activities</b>	<b>7,293,036</b>	<b>126,773</b>	<b>91,999</b>	<b>7,511,808</b>	<b>7,298,517</b>
<b>Expenditure</b>					
Management and maintenance administration costs	(2,140,105)	(110,980)	(74,212)	(2,325,297)	(2,639,380)
Service charges	(123,039)	(5,008)	-	(128,047)	(199,130)
Planned cyclical maintenance including major repairs	(634,644)	-	-	(634,644)	(501,196)
Reactive maintenance costs	(1,043,933)	-	-	(1,043,933)	(1,068,710)
Bad debts – rents and service charges	(40,268)	-	-	(40,268)	(120,051)
Depreciation of social housing	(1,199,875)	(10,785)	(17,787)	(1,228,447)	(1,264,728)
<b>Operating expenditure for affordable letting activities</b>	<b>(5,181,864)</b>	<b>(126,773)</b>	<b>(91,999)</b>	<b>(5,400,636)</b>	<b>(5,793,195)</b>
<b>Operating surplus on letting activities, 2021</b>	<b>2,111,172</b>	<b>-</b>	<b>-</b>	<b>2,111,172</b>	
<b>Operating surplus on letting activities, 2020</b>	<b>1,505,322</b>	<b>-</b>	<b>-</b>		<b>1,505,322</b>

FYNE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

5b – Particulars of turnover, operating expenditure and operating surplus or deficit from other activities

Group	Grants from Scottish Ministers 2021 £	Other revenue grants 2021 £	Supporting people income 2021 £	Other income 2021 £	Total Turnover 2021 £	Total Turnover 2020 £	Other Operating expenditure 2021 £	Other operating expenditure 2020 £	Operating Surplus/ (deficit) 2021 £	Operating Surplus/ (deficit) 2020 £
Stage 3 adaptations	167,992	-	-	-	167,992	62,320	(167,992)	(62,315)	-	5
Care and repair of property	-	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	47,300	47,300	44,426	(47,300)	(44,426)	-	-
Development and construction of property activities	-	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	-	-	-	-	-	-	-
Other agency / management services	-	-	-	7,016	7,016	11,527	(8,766)	(14,027)	(1,750)	(2,500)
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-	-
People and community grant	40,310	-	-	-	40,310	97,304	(40,310)	(97,304)	-	-
Other activities	-	13,068	-	-	13,068	-	(13,068)	-	-	-
Total from other activities, 2021	<u>208,302</u>	<u>13,068</u>	<u>-</u>	<u>54,316</u>	<u>275,686</u>		<u>(277,436)</u>		<u>(1,750)</u>	
Total from other activities, 2020	<u>159,624</u>	<u>-</u>	<u>-</u>	<u>55,953</u>		<u>215,577</u>		<u>(218,072)</u>		<u>(2,495)</u>



FYNE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

5b. Particulars of turnover, operating expenditure and operating surplus from other activities

Association	Grants from Scottish Ministers 2021 £	Other revenue grants 2021 £	Supporting people income 2021 £	Other income 2021 £	Total Turnover 2021 £	Total Turnover 2020 £	Other Operating Expenditure 2021 £	Other operating expenditure 2020 £	Operating Surplus/ (deficit) 2021 £	Operating Surplus/ (deficit) 2020 £
Stage 3 adaptations	167,992	-	-	-	167,992	62,320	(167,992)	(62,315)	-	5
Care and repair of property	-	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	47,300	47,300	44,426	(47,300)	(44,426)	-	-
Development and construction of property activities	-	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	-	-	-	-	-	-	-
Other agency / management services	-	-	-	8,766	8,766	14,027	(8,766)	(14,027)	-	-
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-	-
People and community grant	40,310	-	-	-	40,310	97,304	(40,310)	(97,304)	-	-
Other activities	-	13,068	-	-	13,068	-	(13,068)	-	-	-
Total from other activities, 2021	<u>208,302</u>	<u>13,068</u>	<u>-</u>	<u>56,066</u>	<u>277,436</u>		<u>(277,436)</u>		<u>-</u>	
Total from other activities, 2020	<u>159,624</u>	<u>-</u>	<u>-</u>	<u>58,453</u>		<u>218,077</u>		<u>(218,072)</u>		<u>5</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

6. Directors' emoluments – Group and Association

The directors are defined as the members of the Management Committee and the executive officers (as per the first page of the accounts). No emoluments were paid to any member of the Management Committee during the year. The Group and Association considers key management personnel to be the Management Committee and executive officers of the Association only.

	2021 £	2020 £
Chief Executive (excluding pension contributions) amounted to:	<b>92,828</b>	90,786

The Chief Executive is an ordinary member of the Association's pension scheme described in note 27. The Association's pension contribution for the Chief Executive in the year amounted to £9,828 (2020: £8,136).

Aggregate emoluments payable to key management (including employers national insurance but excluding pension contributions):	<b>386,231</b>	379,050
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The pension contributions paid in respect of key management in the year was £53,912 (2020: £48,143)

Total emoluments payable to the number of employees whose emoluments, excluding pension contributions, exceed £60,000 during the year are as follows:

£60,001 - £65,000	1	2
£65,001 - £70,000	1	-
£70,001 - £75,000	1	1
£75,001 - £80,000	-	-
£80,001 - £85,000	-	-
£85,001 - £90,000	-	-
£90,001 - £95,000	1	1

Total emoluments (excluding pension contributions and NI) to those earning more than £60,000	<b>294,361</b>	288,813
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Pension contributions to those earning (excluding pension contributions and NI) more than £60,000	<b>40,810</b>	35,743
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Total expenses reimbursed in so far as not chargeable to U.K. Income Tax	<b>2,806</b>	2,007
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

7. **Employee information**  
**Group**

The number of persons (head count) employed during the year was:

	<b>2021</b>	<i>2020</i>
	<b>Number</b>	<i>Number</i>
Maintenance Operatives	16	23
Administration Staff	40	41
Wardens and Cleaners	2	2
	<u>58</u>	<u>66</u>

The average number of persons (full time equivalent) employed by the Group during the year was:

<b>52</b>	<i>58</i>
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	<b>2021</b>	<i>2020</i>
	<b>£</b>	<i>£</i>
Staff costs (including directors' emoluments)	<b>1,665,188</b>	<i>1,725,718</i>
Social security costs	<b>162,220</b>	<i>164,678</i>
Pension costs	<b>235,122</b>	<i>218,150</i>
Defined benefit pension charge – SHAPS costs (note 26)	<b>17,397</b>	<i>42,247</i>
Defined benefit pension liability – Strathclyde Pension Fund (note 27)	<b>12,000</b>	<i>74,000</i>
	<u><b>2,091,927</b></u>	<u><i>2,224,793</i></u>

Included above is £213,098 (2020: £214,004) of maintenance staff costs which have been allocated to maintenance costs within note 5a.

**Association**

The number of persons (head count) employed during the year was:

	<b>2021</b>	<i>2020</i>
	<b>Number</b>	<i>Number</i>
Maintenance Operatives	7	8
Administration Staff	40	41
Wardens and Cleaners	2	2
	<u>49</u>	<u>51</u>

The average number of persons (full time equivalent) employed by the Association during the year was:

<b>48</b>	<i>48</i>
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	<b>2021</b>	<i>2020</i>
	<b>£</b>	<i>£</i>
Staff costs (including directors' emoluments)	<b>1,545,388</b>	<i>1,507,668</i>
Social security costs	<b>155,172</b>	<i>151,473</i>
Pension costs	<b>232,670</b>	<i>212,392</i>
Defined benefit pension charge – SHAPS (note 26)	<b>17,397</b>	<i>42,247</i>
Defined benefit pension liability – Strathclyde Pension Fund (note 27)	<b>12,000</b>	<i>74,000</i>
	<u><b>1,962,627</b></u>	<u><i>1,987,780</i></u>

Included above is £213,098 (2020: £214,004) of maintenance staff costs which have been allocated to maintenance costs within note 5a.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

8. Operating surplus

<b>Group</b>	<b>2021</b>	<b>2020</b>
	£	£
Operating surplus is stated after charging:		
Depreciation of housing properties (including loss on disposed components)	<b>1,228,447</b>	1,264,728
Depreciation of other fixed assets	<b>701,129</b>	705,680
Auditor's remuneration		
- In their capacity as auditors	<b>31,225</b>	29,530
- In respect of other services	<b>6,042</b>	9,456
- In respect of internal audit	<b>1,728</b>	13,720
	<u><u>1,969,671</u></u>	<u><u>2,027,504</u></u>

<b>Association</b>	<b>2021</b>	<b>2020</b>
	£	£
Operating surplus is stated after charging:		
Depreciation of housing properties (including loss on disposed components)	<b>1,228,447</b>	1,264,728
Depreciation of other fixed assets	<b>107,353</b>	108,470
Auditor's remuneration		
- In their capacity as auditors	<b>15,000</b>	13,558
- In respect of other services	<b>1,055</b>	6,860
- In respect of internal audit	<b>1,728</b>	13,720
	<u><u>1,355,308</u></u>	<u><u>1,417,236</u></u>

9. Interest receivable and other income

<b>Group</b>	<b>2021</b>	<b>2020</b>
	£	£
SHAPS defined benefit pension scheme – interest income (note 26)	<b>1,000</b>	-
	<u><u>1,000</u></u>	<u><u>-</u></u>

<b>Association</b>	<b>2021</b>	<b>2020</b>
	£	£
SHAPS defined benefit pension scheme – interest income (note 26)	<b>1,000</b>	-
Interest receivable on loan to subsidiary	<b>17,106</b>	16,194
	<u><u>18,106</u></u>	<u><u>16,194</u></u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**
**10. Interest payable and similar charges**

<b>Group</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
On private loans	<b>1,298,516</b>	1,322,441
SHAPs deficit benefit pension scheme – interest expense (note 26)	-	40,000
Strathclyde Pension Fund defined benefit pension finance scheme – interest expense (note 27)	<b>12,000</b>	19,000
	<b><u>1,310,516</u></b>	<b><u>1,381,441</u></b>
<b>Association</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
On private loans	<b>540,808</b>	656,968
SHAPs deficit benefit pension scheme– interest expense (note 26)	-	40,000
Strathclyde Pension fund defined benefit pension finance cost (note 27)	<b>12,000</b>	19,000
	<b><u>552,808</u></b>	<b><u>715,968</u></b>

**11. Taxation**

<b>Group</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Corporation tax</b>		
Corporation tax on surplus for the year	-	-
	<b><u>-</u></b>	<b><u>-</u></b>

No tax was due in 2021 or 2020 in respect of Fyne Homes Limited and Fyne Futures as both entities are registered charities. No tax was due in 2021 or 2020 in respect of Fyne Energy Limited due to the use of capital allowances. No tax was due in respect of Fyne Initiatives Limited due to the use of gift aid in 2021 and no tax was due in 2020 due to the loss incurred.

However, there was a deferred tax credit in respect of Fyne Energy Limited of £1,520 (2020: charge £156,350). This was fixed asset timing differences of £365,331 (2020: £366,851) less losses and other deductions of £210,501 (2020: £210,501).

The deferred tax provision at the year end was £154,830 (2020: £156,350).

**Association**

The Association is a Registered Charity and is therefore exempt from Corporation Tax on its charitable activities. No corporation tax was due on the non-charitable activities in the year (2020: *£nil*).

**Factors that may affect future tax charge**

There are no such factors.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

## 12. Tangible fixed assets – Group and Association

	Housing Properties Held for Letting £	Housing Properties In Course of Construction £	Shared Ownership Properties Held for Letting £	Total £
<b>Cost</b>				
At 1 April 2020	59,517,346	4,803,676	1,157,558	65,478,580
Additions in the year				
- units	-	1,529,037	-	1,529,037
- components	231,006	355,531	-	586,537
Transfers in the year	4,140,772	(4,140,772)	-	-
Disposals in the year				
- units	-	-	(80,474)	(80,474)
- components	(53,850)	-	-	(53,850)
At 31 March 2021	<u>63,835,274</u>	<u>2,547,472</u>	<u>1,077,084</u>	<u>67,459,830</u>
<b>Depreciation</b>				
At 1 April 2020	5,307,877	-	113,841	5,421,718
Charge for the year	1,163,478	-	17,787	1,181,265
Eliminated on disposal				
- units	-	-	(7,974)	(7,974)
- components	(6,668)	-	-	(6,668)
At 31 March 2021	<u>6,464,687</u>	<u>-</u>	<u>123,654</u>	<u>6,588,341</u>
<b>Net Book Value</b>				
At 31 March 2021	<u>57,370,587</u>	<u>2,547,472</u>	<u>953,430</u>	<u>60,871,489</u>
At 31 March 2020	<u>54,209,469</u>	<u>4,803,676</u>	<u>1,043,717</u>	<u>60,056,862</u>

The proceeds of property disposals in the year was £178,050 (2020: £296,750). These units cost £80,474 (2020: £171,547) and had accumulated depreciation of £7,974 (2020: £13,992). Government grant of £105,550 (2020: £139,195) is due to be repaid in respect of these disposals. HAG of £67,869 was paid in the year in respect of previous property disposals.

Additions to housing properties during the year included no capitalised interest (2020: £nil) and no capitalised administration costs (2020: £nil). All properties are freehold. The cost of new components capitalised in the year was £586,537 (2020: £1,370,150).

Components with a cost of £53,850 (2020: £185,621) and accumulated depreciation of £6,668 (2020: £30,377) were disposed of in the year.

The net book value of the properties which are secured is £40,248,468 (2020: £39,584,975). Included in housing properties held for letting is land with a carrying value of £11,597,464 (2020: £10,769,324)

**FYNE HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**13. Property Stock**

The number of units of accommodation owned by the Association was as follows:-

	<b>Units in Management 2021</b>	<i>Units in Management 2020</i>	<b>Units under Development 2021</b>	<i>Units under Development 2020</i>
Unimproved	2	2	-	-
New Build	864	844	6	26
Improved	683	684	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
General Needs Housing	1549	1,530	6	26
	<hr/>	<hr/>	<hr/>	<hr/>
Shared Ownership Accommodation	38	40	-	-
Supported Housing Accommodation	30	30	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Housing Stock</b>	<b>1,617</b>	<b>1,600</b>	<b>-</b>	<b>-</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b><u>Other Property</u></b>				
Commercial	1	1	-	-
Heritable – Association’s offices	5	5	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Other Property</b>	<b>6</b>	<b>6</b>	<b>-</b>	<b>-</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b><u>Group</u></b>				
Commercial	9	9	-	-
Heritable – Association’s offices	5	5	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b>14</b>	<b>14</b>	<b>-</b>	<b>-</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

FYNE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

14. Tangible Fixed Assets - Other Assets – Group

	Assets under Construction	Kintyre Wind Project £	Heritable Property £	Land and Buildings £	Commercial Properties £	Computer and Office Equipment £	Plant and Machinery £	Motor Vehicles £	Fixtures and Fittings £	Other Equipment £	Total £
<b>Cost</b>											
At 1 April 2020	-	14,229,611	573,645	165,440	583,500	990,765	239,019	236,559	17,973	23,472	17,059,984
Additions in the year	29,837	-	11,413	9,319	-	48,219	8,730	-	-	19,670	127,188
Disposals in the year –	-	(64)	-	-	-	-	(102,699)	(71,500)	-	-	(174,263)
Revaluations	-	-	-	-	15,000	-	-	-	-	-	15,000
Transfers	9,319	-	-	(9,319)	-	-	-	-	-	-	-
At 31 March 2021	<u>39,156</u>	<u>14,229,547</u>	<u>585,058</u>	<u>165,440</u>	<u>598,500</u>	<u>1,038,984</u>	<u>145,050</u>	<u>165,059</u>	<u>17,973</u>	<u>43,142</u>	<u>17,027,909</u>
<b>Depreciation</b>											
At 1 April 2020	-	618,817	425,606	52,900	-	850,987	196,976	160,563	17,973	20,600	2,344,422
Charge for the year	-	571,217	20,455	3,309	-	65,149	12,693	18,999	-	9,307	701,129
Eliminated on disposal	-	-	-	-	-	-	(101,515)	(64,223)	-	-	(165,738)
At 31 March 2021	<u>-</u>	<u>1,190,034</u>	<u>446,061</u>	<u>56,209</u>	<u>-</u>	<u>916,136</u>	<u>108,154</u>	<u>115,339</u>	<u>17,973</u>	<u>29,907</u>	<u>2,879,813</u>
<b>Net Book Value</b>											
At 31 March 2021	<u>39,156</u>	<u>13,039,513</u>	<u>138,997</u>	<u>109,231</u>	<u>598,500</u>	<u>122,848</u>	<u>36,896</u>	<u>49,720</u>	<u>-</u>	<u>13,235</u>	<u>14,148,096</u>
At 31 March 2020	<u>-</u>	<u>13,610,794</u>	<u>148,039</u>	<u>112,540</u>	<u>583,500</u>	<u>139,778</u>	<u>42,043</u>	<u>75,996</u>	<u>-</u>	<u>2,872</u>	<u>14,715,562</u>



FYNE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

14. Tangible Fixed Assets - Other Assets – Association

	Heritable Property £	Commercial Property £	Office Equipment £	Computer Equipment £	Motor Vans £	Other Equipment £	Total £
<b>Cost</b>							
At 1 April 2020	573,645	65,500	504,438	458,030	116,462	23,472	1,741,547
Additions in year	11,413	-	415	47,364	-	19,670	78,862
Disposals in year	-	-	-	-	-	-	-
At 31 March 2021	<u>585,058</u>	<u>65,500</u>	<u>504,853</u>	<u>505,394</u>	<u>116,462</u>	<u>43,142</u>	<u>1,820,409</u>
<b>Depreciation</b>							
At 1 April 2020	425,606	-	426,027	398,722	63,365	20,600	1,334,320
Charge for the year	20,455	-	7,883	56,433	13,274	9,307	107,352
Eliminated on disposal	-	-	-	-	-	-	-
At 31 March 2021	<u>446,061</u>	<u>-</u>	<u>433,910</u>	<u>455,155</u>	<u>76,639</u>	<u>29,907</u>	<u>1,441,672</u>
<b>Net Book Value</b>							
At 31 March 2021	<u>138,997</u>	<u>65,500</u>	<u>70,943</u>	<u>50,239</u>	<u>39,823</u>	<u>13,235</u>	<u>378,737</u>
At 31 March 2020	<u>148,039</u>	<u>65,500</u>	<u>78,411</u>	<u>59,308</u>	<u>53,097</u>	<u>2,872</u>	<u>407,227</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

15. Investments

<b>Association</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Investment in subsidiary undertakings	<b>2</b>	<b>2</b>

During 2005, Fyne Homes Limited acquired 1 ordinary £1 share in Fyne Initiatives Limited, at par. This represents a 100% shareholding in Fyne Initiatives Limited, a company registered in Scotland, whose principal activities are the provision of design and build services to Fyne Homes Limited and the rental of commercial property.

The profit on ordinary activities after taxation of Fyne Initiatives Limited for the year ended 31 March 2021 was £77,294 (2020: loss of £8,512). The net assets of Fyne Initiatives Limited as at 31 March 2021 was £97,661 (2020: £20,367).

Fyne Homes Limited controls Fyne Futures, a Scottish charity and company limited by guarantee, incorporated on 10 February 2005. Fyne Futures principal activities are focused on environmental sustainability, namely recycling, reuse, Local Produce and Car Club activities which provide employment and training opportunities. The charitable company also delivers a Carbon Reduction programme and performs wider role activities providing support to a range of community regeneration projects across the operational area. The charitable company has been involved in numerous projects during the year; these were mainly, but not exclusively Towards Zero Carbon Bute, Bute Produce and Employment Training.

The deficit on ordinary activities of Fyne Futures for the year ended 31 March 2021 was £77,062 (2020: deficit of £34,596). The capital and reserves of Fyne Futures as at 31 March 2021 was £165,277 (2020: £242,339).

On 1 April 2016 a new subsidiary, Fyne Energy Limited, was incorporated. Fyne Homes Limited acquired 1 ordinary £1 share in Fyne Energy Limited, at par. This represents a 100% shareholding in Fyne Energy Limited, a company registered in Scotland, whose principal activities are electricity generation.

The loss on ordinary activities after taxation of Fyne Energy Limited for the year ended 31 March 2021 was £174,828 (2020: profit of £246,924). The net assets of Fyne Energy Limited as at 31 March 2021 was £351,322 (2020: £526,150).

16. Stock: Shared equity housing units - Group

	£
<b>Cost</b>	
At 1 April 2020	607,839
Additions	-
Disposals : 1 <sup>st</sup> tranche sales	(283,658)
Disposals : derecognised	(121,568)
At 31 March 2021	202,613
<b>SHG and Other Grants</b>	
At 1 April 2020	486,629
Received during year	-
Disposals : 1 <sup>st</sup> tranche sales	(151,133)
Disposals : derecognised	(191,023)
At 31 March 2021	144,473
<b>Net book value</b>	
At 31 March 2021	58,140
At 31 March 2020	121,210

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

16. Stock: Shared equity housing units – Group (continued)

The stock represents the net book value (costs less grants) of 1 (2020: 3) NSSE (New Supply Shared Equity) housing units whose first tranches have still to be sold at Castle Street, Rothesay. Originally there were 25 shared equity units at Castle Street, Rothesay. The first tranche of 24 (2020: 22) of these shared equity units have now been sold and in line with the stated accounting policy the remaining cost and grant of these 24 (2020: 22) units has been derecognised. The final unit was sold in April 2021.

17. Debtors

Group	2021	Restated 2020
	£	£
Rental arrears	238,781	334,614
Less: provision for bad debts	(151,595)	(151,595)
	<u>87,186</u>	<u>183,019</u>
Amounts due from related parties	37,774	27,216
Trade debtors	1,520	19,840
Other debtors	119,270	97,941
Prepayments and accrued income	632,514	1,301,008
	<u>878,264</u>	<u>1,629,024</u>
Association	2021	Restated 2020
	£	£
Rental arrears	238,781	334,614
Less: provision for bad debts	(151,595)	(151,595)
	<u>87,186</u>	<u>183,019</u>
Amounts due from subsidiary undertakings	548,017	600,827
Amounts due from related parties	37,774	27,216
Other debtors	56,481	47,395
Prepayments and accrued income	279,498	579,321
	<u>1,008,956</u>	<u>1,437,778</u>
Debtors due in more than one year	2021	2021
	£	£
Amounts due from subsidiary undertakings	<u>180,000</u>	<u>180,000</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

18. Cash and cash equivalents

Group	2021 £	2020 £
Balances held in current accounts	1,632,467	1,680,484
Balances held in deposit accounts	153,811	155,267
	<u>1,786,278</u>	<u>1,835,751</u>
<b>Association</b>	<b>2021 £</b>	<b>2020 £</b>
Balances held in current accounts	1,269,629	1,190,562
Balances held in deposit accounts	153,811	155,267
	<u>1,423,440</u>	<u>1,345,829</u>

19. Creditors - amounts falling due within one year

Group	2021 £	Restated 2020 £
Bank loans	6,057,301	914,910
Break costs to be amortised	(60,388)	-
REIF loan	-	227,344
Triodos loan	617,611	733,788
Argyll & Bute loan	72,720	232,017
Trade creditors	458,450	829,332
Contract retentions	187,506	406,955
Accruals and deferred income	997,622	482,034
Rent in advance	199,593	160,975
PAYE/NIC creditor	44,195	42,584
Other creditors	105,550	139,192
Deferred Government capital grants (note 21)	194,082	203,323
Corporation tax	-	-
Deferred income	5,994	10,947
Public benefit concessionary loan - Scottish Government loan	54,933	54,933
	<u>8,935,169</u>	<u>4,438,334</u>

Outstanding retentions will be financed in due course either by further grants or additional loan funding. Included in accruals is £nil in respect of pension contributions to be paid to the various pension providers (2020: £nil).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

19. Creditors - amounts falling due within one year (continued)

Association	2021	Restated 2020
	£	£
Bank loans	6,057,301	914,910
Break costs to be amortised	(60,388)	-
Trade creditors	229,542	356,823
Contract retentions	187,506	406,955
Accruals and deferred income	657,805	239,860
Amounts owed to subsidiary undertakings	198,587	464,517
Rent in advance	199,593	160,975
PAYE/NIC creditor	42,324	40,154
HAG repayable	105,550	139,192
Deferred Government capital grants (note 21)	194,082	203,323
Public benefit concessionary loan - Scottish Government loan	54,933	54,933
	<u>7,866,835</u>	<u>2,981,642</u>

Outstanding retentions will be financed in due course either by further grants or additional loan funding. Included in accruals is £nil in respect of pension contributions to be paid to the various pension providers (2020: £nil).

The Scottish Government Loan is a public benefit concessionary loan and is repayable with no interest charged over the next 4 years. There is no security held against this loan.

20. Creditors - amounts falling due after more than one year

Group	2021	2020
	£	£
Bank loans	14,592,216	19,484,686
Break costs and arrangement fees to be amortised	(796,219)	-
Triodos loan	12,073,559	9,474,920
REIF loan	-	3,108,138
Deferred Government capital grants (note 21)	12,023,813	11,996,053
Deferred income	21,531	17,980
Public benefit concessionary loan - Scottish Government loan	164,799	219,732
	<u>38,079,699</u>	<u>44,301,509</u>
	<u>38,079,699</u>	<u>44,301,509</u>
Association	2021	2020
	£	£
Bank loans	14,592,216	19,484,686
Break costs and arrangements fees to be amortised	(796,219)	-
Deferred Government capital grants (note 21)	12,023,813	11,996,053
Public benefit concessionary loan - Scottish Government loan	164,799	219,732
	<u>25,984,609</u>	<u>31,700,471</u>
	<u>25,984,609</u>	<u>31,700,471</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**20. Creditors - amounts falling due after more than one year (continued)**

**Group and Association**

Bank loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest including LIBOR with margins of 0.2% to 2.6%, BASE with margins of 0.4% to 3% and fixed rate loans with rates between 3.14% to 6.63%. The above bank loans are due as follows:

	<b>2021</b>	<b>2020</b>
	£	£
<b>Bank loans (Association)</b>		
Between one and two years	<b>1,119,171</b>	6,140,720
Between two and five years	<b>3,488,053</b>	2,865,941
In five years or more	<b>9,984,992</b>	10,478,025
	<b><u>14,592,216</u></b>	<b><u>19,484,686</u></b>
<b>Triodos loan</b>		
Between one and two years	<b>1,248,830</b>	617,611
Between two and five years	<b>1,190,236</b>	1,839,202
Greater than five years	<b>9,634,493</b>	7,018,107
	<b><u>12,073,559</u></b>	<b><u>9,474,920</u></b>
<b>REIF loan</b>		
Between one and two years	-	227,344
Between two and five years	-	682,032
Greater than five years	-	2,198,762
	<b><u>-</u></b>	<b><u>3,108,138</u></b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

**21. Deferred Government capital grants – Group and Association**

	2021 £	2020 £
At 1 April 2020	12,199,376	10,345,059
Grants received in year	212,601	1,934,735
Released to income in year	(194,082)	(80,418)
	<u>12,217,895</u>	<u>12,199,376</u>
At 31 March 2021	<u>12,217,895</u>	<u>12,199,376</u>
	2021 £	2020 £
Due within one year	194,082	203,323
Between one and two years	194,082	203,323
Between two and five years	582,246	609,969
In five years or more	11,247,485	11,182,761
	<u>12,217,895</u>	<u>12,199,376</u>

**22a. Share Capital – Group and Association**

	2021 £	2020 £
Shares of £1 each issued and fully paid		
At 1 April 2020	105	106
Issued during year	-	10
Shares forfeited in year	(6)	(11)
	<u>99</u>	<u>105</u>
At 31 March 2021	<u>99</u>	<u>105</u>

Each share has the right to one vote. There is no right to receive any dividends or any distribution on wind up.

**22b. Revenue reserve**

The revenue reserve represents the cumulative surpluses and deficits.

FYNE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

23. Net cash flow from operating activities

Group	2021 £	<i>Restated</i> 2020 £
Surplus for the year	1,353,359	1,035,707
<u>Adjustments for non-cash items:</u>		
Depreciation of tangible fixed assets including loss on disposal of components	1,929,576	1,970,408
Carrying amount of housing property	72,500	158,421
Carrying amount of other fixed asset disposals	8,461	-
Revaluation of fixed assets	(15,000)	-
Shared equity housing unit disposed	63,070	140,904
Decrease in debtors	750,760	286,798
(Decrease) in creditors	(69,494)	(520,019)
SHAPS past service deficit liability movements	17,397	82,247
Strathclyde Pension Scheme pension liability	12,000	93,000
Taxation	(1,520)	156,350
Tax paid	-	(3,684)
Release of deferred Government Capital Grant	(194,082)	(80,418)
<u>Adjustments for investing and financing activities:</u>		
Proceeds from disposal of tangible fixed assets	(178,050)	(296,750)
Interest receivable	(1,000)	-
Interest payable	1,310,516	1,322,441
SHAPS past service deficit payments	(283,397)	(229,247)
Cancelled share capital	(6)	(11)
Net cash generated from operating activities	<u>4,775,090</u>	<u>4,116,147</u>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

23. Net cash flow from operating activities (continued)

	2021	<i>Restated</i> 2020
<b>Association</b>	£	£
Surplus for the year	1,508,601	817,356
<u>Adjustments for non cash items:</u>		
Depreciation of tangible fixed assets including loss on disposal of components	1,335,799	1,373,206
Carrying amount of housing property disposals	72,500	158,421
Decrease in debtors	428,822	412,606
Decrease in creditors	(187,569)	(270,334)
SHAPS past service deficit liability movements	17,397	82,247
Strathclyde Pension Scheme pension liability	12,000	93,000
Release of deferred Government Capital Grant	(194,082)	(80,418)
<u>Adjustments for investing and financing activities:</u>		
Proceeds from disposal of tangible fixed assets	(178,050)	(296,750)
Interest payable	552,808	656,968
Interest received	(18,106)	(16,194)
SHAPS past service deficit payments	(283,397)	(229,247)
Cancelled share capital	(6)	(11)
	<u>3,066,717</u>	<u>2,700,850</u>

24. Revenue Commitments

At 31 March 2021 the group had outstanding commitments for the future minimum lease payments under non-cancellable operating leases, which fall due as follows:

<b>Group</b>	2021 <b>Premises</b> £	2020 <i>Premises</i> £
Not later than one year	149,769	144,106
Later than one year and not later than five years	512,776	507,501
Later than five years	2,017,957	1,997,179
	<u>2,680,502</u>	<u>2,648,786</u>
 <b>Association</b>	 2021 <b>Premises</b> £	 2020 <i>Premises</i> £
Not later than one year	32,530	33,450
Later than one year and not later than five years	67,260	94,557
Later than five years	28,435	35,695
	<u>128,225</u>	<u>163,702</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

25. Capital Commitments – Group and Association

	2021 £	2020 £
Capital expenditure which has been contracted for but has not been provided for in the financial statements	<b>205,289</b>	<b>1,127,575</b>
This is to be funded by:		
Funding from the Scottish Government	-	126,963
Other grants	-	72,000
Private finance	<b>205,289</b>	<b>928,612</b>
	<b>205,289</b>	<b>1,127,575</b>

26. Scottish Housing Association Pension Scheme (continued)

**Scottish Housing Association Pension Scheme (SHAPS)**

**General**

Fyne Homes Limited participates in the Scottish Housing Association Pension Scheme (the “Scheme”). The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state pension scheme.

The Scheme offers six benefit structures to employers, namely:

- Final salary with a 1/60<sup>th</sup> accrual rate;
- Career average revalued earnings with a 1/60<sup>th</sup> accrual rate;
- Career average revalued earnings with a 1/70<sup>th</sup> accrual rate;
- Career average revalued earnings with a 1/80<sup>th</sup> accrual rate;
- Career average revalued earnings with a 1/120<sup>th</sup> accrual rate, contracted in; and
- Defined Contribution (DC) option.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months prior notice.

From 1 April 2011, Fyne Homes Limited has operated the career average revalued earnings with a 1/120<sup>th</sup> accrual rate benefit.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme’s assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period, Fyne Homes Limited paid contributions at the rate of 7.1% of pensionable salaries. Employee contributions were 5%.

**26. Scottish Housing Association Pension Scheme (continued)****General (continued)**

In addition to these contributions, £283,397 (2020: £229,247) was paid in the year.

As at the Statement of Financial Position date there were 34 (2020: 34) active members of the Scheme employed by Fyne Homes Limited. Fyne Homes Limited continues to offer membership of the Scheme to its employees.

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 which runs to 28 February 2022 for the majority of employers, although certain employers have different arrangements.

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

The key valuation assumptions used to determine the assets and liabilities of the Scheme as at 30 September 2018 are detailed below:

Investment return pre retirement	3.12% per annum
Investment return post retirement - Non-pensioners	3.12% per annum
Investment return post retirement - Pensioners	3.12% per annum
Rate of salary increases	3.35% per annum
Rate of pension increases - pension accrued pre 6 April 2005	2.00% per annum
pension accrued from 6 April 2005 (for leavers before 1 October 1993 pension increases are 5% )	1.70% per annum
Rate of price inflation	3.35% per annum

The SHAPS is accounted for as a defined benefit pension scheme from 1 April 2018 onwards. In accordance with FRS 102 section 28, the operating and financing costs of pension and post retirement schemes (determined by TPT) are recognised separately in the Statement of Comprehensive Income. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise. The difference between actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

26. Scottish Housing Association Pension Scheme (continued)

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	31 March 2021 £000	31 March 2020 £000
Fair value of plan assets	10,995	9,567
Present value of defined benefit obligations	(12,150)	(9,670)
<b>Defined benefit liability to be recognised</b>	<b>(1,155)</b>	<b>(103)</b>

Reconciliation of opening and closing balances of the defined benefit obligation

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Defined benefit obligation at start of period	(9,670)	(10,262)
Current service cost	(103)	(141)
Expenses	(9)	(7)
Interest cost	(230)	(241)
Contribution by plan participants	(72)	(56)
Actuarial gains/(losses) due to scheme experience	37	(249)
Actuarial gains due to changes in demographic assumptions	-	59
Actuarial (losses)/gains due to changes in financial assumptions	(2,174)	1,159
Benefits paid and expenses	71	68
<b>Defined benefit liability at the end of the period</b>	<b>(12,150)</b>	<b>(9,670)</b>

Reconciliation of opening and closing balances of the fair value of plan assets

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Fair value of plan assets at start of the period	9,567	8,461
Interest income	231	201
Experience on plan assets (excluding amounts included in interest income)	818	582
Contributions by the employer	378	335
Contributions by participants	72	56
Benefits paid and expenses	(71)	(68)
<b>Fair value of plan assets at end of period</b>	<b>10,995</b>	<b>9,567</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

26. Scottish Housing Association Pension Scheme (continued)

Defined benefit costs recognised in Statement of Comprehensive Income

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Current service cost	103	141
Admin expenses	9	7
Net interest expense	(1)	40
	<u>111</u>	<u>188</u>

Defined benefit costs recognised in Statement of  
Comprehensive Income

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Experience on plan assets (excluding amounts included in net interest cost – gain)	818	582
Experience gains and losses arising on the plan liabilities – gain	37	(249)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – (loss)	-	59
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – (loss)	(2,174)	1,159
<b>Total amount recognised in other comprehensive income – (loss)</b>	<u>(1,319)</u>	<u>1,551</u>

	31 March 2021 £'000	31 March 2020 £'000
Fund allocation for employer's calculated share of assets		
Global Equity	1,701	1,316
Absolute Return	542	587
Distressed Opportunities	376	175
Credit Relative Value	317	230
Alternative Risk Premia	441	767
Emerging Markets Debt	443	340
Risk Sharing	393	303
Insurance-Linked Securities	230	257
Property	197	178
Infrastructure	614	564
Private Debt	259	190
Opportunistic Illiquid Credit	282	233
Corporate Bond Fund	829	699
Liquid credit	190	251
Long Lease Property	255	234
Secured Income	604	531
Over 15 Year Gilts	5	121
Liability Driven Investment	2,643	2,519
Net Current Assets	82	72
High Yield	288	50
Opportunistic Credit	300	-
Cash	4	-
<b>Total Assets</b>	<u>10,995</u>	<u>9,567</u>

NOTES TO THE FINANCIAL STATEMENTS  
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**26. Scottish Housing Association Pension Scheme (continued)**

The main financial assumptions used by the Scheme Actuary, TPT, in their FRS 102 calculations are as follows:

<b>Assumptions as at</b>	<b>31 March 2021 % per annum</b>
Discount rate	2.18
Inflation (RPI)	3.27
Inflation (CPI)	2.87
Salary growth	3.87
Allowance for commutation of pension for cash at retirement	75% of maximum allowance

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

	<b>Life expectancy at age 65 (years)</b>
Male retiring in 2021	21.5
Female retiring in 2021	23.4
Male retiring in 2041	22.8
Female retiring in 2041	25.0

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2017 model with an allowance for smoothing of recent mortality experience and long term rates of 1.25% p.a. for males and 1% p.a. for females.

**Member data summary**

**Active members**

	<b>Number</b>	<b>Total earnings (£'000s p.a.)</b>	<b>Average age (unweighted)</b>
Males	11	368	47
Females	23	717	49
<b>Total</b>	<b>34</b>	<b>1,085</b>	<b>48</b>

**Deferred members**

	<b>Number</b>	<b>Deferred pensions (£'000s p.a.)</b>	<b>Average age (unweighted)</b>
Males	4	38	54
Females	13	50	51
<b>Total</b>	<b>17</b>	<b>87</b>	<b>52</b>

**Pensioners**

	<b>Number</b>	<b>Pensions (£'000s p.a.)</b>	<b>Average age (unweighted)</b>
Males	8	46	70
Females	12	28	68
<b>Total</b>	<b>20</b>	<b>73</b>	<b>69</b>

**26. Scottish Housing Association Pension Scheme (continued)**

**Employers debt on withdrawal**

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2020. As of this date the estimated employer debt for the Association was £8,275,849 (2019: £7,865,092).

**27. Pensions - other**

Scottish Life

From 1 April 2011, members of the SHAPS scheme have the option to join the "top up" scheme Fyne Homes Limited has with Scottish Life. Employee contribution is their choice and the employer contribution is 2%.

Royal London Auto Enrolment scheme

The group operate a defined contribution auto enrolment pension scheme. For 2020/21, the employee contribution was 5% and the employer contribution was 3%. This will remain the same for 2021/22.

**Strathclyde Pension Fund**

Fyne Homes Limited participates in the Strathclyde Pension Fund which is a statutory multi-employer defined benefit scheme. It is administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998, as amended.

From 1 April 2015, the scheme changed from a 1/60<sup>th</sup> annual scheme to a care 1/45<sup>th</sup> annual scheme.

27. Pensions - other (continued)

**Strathclyde Pension Fund**

The main financial assumptions used by the Council's Actuary, Hymans Robertson, in their FRS 102 calculations are as follows:

<b>Assumptions as at</b>	<b>31 March 2021</b>	<i>31 March 2020</i>
Inflation / Pension Increase Rate	<b>2.85%</b>	1.9%
Salary increases	<b>3.55%</b>	3.0%
Discount rate	<b>1.95%</b>	2.3%

**Mortality**

Life expectancy is based on the Fund's VitaCurves with improvements in line with CMI 2020 Model, with a 0% weighting of 2020 data, standard smoothing (Sk7), initial adjustment of 0.5% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	<b>Males</b>	<b>Females</b>
Current Pensioners	<b>19.8 years</b>	<b>22.6 years</b>
Future Pensioners	<b>21.2 years</b>	<b>24.7 years</b>

The following details relate to Fyne Homes Limited and show the fair value of the assets, analysed over the main asset classes, together with the expected returns for each asset class.

**Scheme assets**

The assets in the scheme and the expected rate of return were:-

	<b>Value at 31 March 2021 £000</b>	<i>Value at 31 March 2020 £000</i>
Fair value of plan assets	<b>3,928</b>	3,094
Present value of funded liabilities	<b>(4,840)</b>	(3,635)
Net pension liability	<b>(912)</b>	(541)



NOTES TO THE FINANCIAL STATEMENTS  
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27. Pensions - other (continued)

Reconciliation of defined benefit obligation

	As at 31 Mar 2021 (£'000)	As at 31 Mar 2020 (£'000)
<b>Opening Defined Benefit Obligation</b>	<b>3,635</b>	<b>3,939</b>
Current Service Cost	134	167
Past service cost	-	27
Interest Cost	84	96
Plan participants' contributions	25	24
Changes in financial assumptions	1,072	(524)
Benefits Paid	(110)	(94)
	<u>4,840</u>	<u>3,635</u>

Reconciliation of fair value of employer assets

	As at 31 Mar 2021 (£'000)	As at 31 Mar 2020 (£'000)
<b>Opening Fair Value of Employer Assets</b>	<b>3,094</b>	<b>3,180</b>
Interest income on plan assets	72	77
Plan participants contributions	25	24
Contributions by the Employer	122	120
Return on assets excluding amounts included in net interest	725	(213)
Benefits Paid	(110)	(94)
	<u>3,928</u>	<u>3,094</u>
<b>Net pension liability</b>	<b>(912)</b>	<b>(541)</b>

	Value at 31 March 2021 £000	Value at 31 March 2020 £000
Experience on plan assets (excluding amounts included in net interest cost – gain/(loss))	709	(213)
Other experience gains and losses – (loss)/gain	(243)	26
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	97	141
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – (loss)/gain	(910)	357
	<u>(347)</u>	<u>311</u>
<b>Total amount recognised in other comprehensive income – (loss)/gain</b>	<b>(347)</b>	<b>311</b>

NOTES TO THE FINANCIAL STATEMENTS  
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27. Pensions (continued)

Analysis of amounts included in Statement of Comprehensive Income

	As at 31 Mar 2021 (£'000)	As at 31 Mar 2020 (£'000)
Current service cost	134	167
Contributions	(122)	(120)
Past service cost	-	27
	<u>12</u>	<u>74</u>
Total operating charge		
	<u>12</u>	<u>19</u>
Net Interest cost		

28. Related party transactions

**InspirAlba Limited**

InspirAlba Limited is a related party as the Chief Executive of the Association is a Board member of InspirAlba Limited. InspirAlba Limited is a company limited by guarantee.

At the Statement of Financial Position date the Group and Association was owed £37,774 (2020: £27,216) by InspirAlba Limited in respect of salary costs. This is included in debtors.

During the year £5,433 (2020: £8,000) was charged to InspirAlba Limited for office rental costs.

**Board members**

The Association has Board members who are also tenants. The total rent received in the year relating to tenant Board members is £10,328 (2020: £14,270). The total rent arrears relating to tenant Board members included within debtors at the year-end is £82 (2020: £221). There is £nil (2020: £33) of rents in advance included in creditors.

29. Legislative Provisions

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014.

Fyne Futures, Fyne Initiatives Limited and Fyne Energy Limited are incorporated under the Companies Act 2006.

30. Prior year adjustment

In the prior year an invoice for £106,000 was received which related to the 2021 financial year. No entry was made in the financial statements for this. A prior year adjustment has been made to increase prepayments and trade creditors by this amount. This has no impact on the 2020 profit.