



**FYNE HOMES LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 March 2012**

**FYNE HOMES LIMITED**

**Report and Financial Statements  
For the year ended 31 March 2012**

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**Registration information**

Financial Services Authority

Industrial and Provident Societies Act 1965  
Registered number 1454 R (S)

The Scottish Housing Regulator

Housing (Scotland) Act 2001  
Registered number 321

Recognised Scottish Charity

SC009152

**Members, Executives and Advisers**

**Management Committee**

P Lingard, Chairperson  
T McKay, Vice Chairperson  
R R Reid, Secretary  
J L Bulloch (resigned 3/8/11)  
S Davies (resigned 5/10/11)  
I Dunn (appointed 7/9/11)  
R Harding (resigned 17/7/12)  
H Kirk (appointed 5/10/11)  
F McCowan  
J McMillan  
J McKerral (resigned 12/9/11)  
J Pemble  
P Wallace  
D O Williams (resigned 3/8/11)  
T Harrison (co-opted 25/01/12)  
M Lang (co-opted 25/01/12)  
D Anderson (co-opted 30/05/12)  
L Scoullar (co-opted 30/05/12)

**Executive Officers**

C Renfrew, Chief Executive  
J McAlister, Technical Services Director  
P McDonald, New Business Director (resigned 31/3/12)  
M Bowie, Housing Director

**Bankers**

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

**Registered Office**

81 Victoria Street  
Rothesay  
Isle of Bute  
PA20 0AP

**Auditors**

Scott-Moncrieff  
Chartered Accountants  
25 Bothwell Street  
Glasgow  
G2 6NL

**Solicitors**

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

**Report of the Management Committee  
For the year ended 31 March 2012**

The Committee of Management present their report and the audited financial statements for the year ended 31 March 2012.

**Principal activities**

The principal activity of the Association is the provision of rented accommodation.

**Review of business and future developments**

Two schemes are currently on site at Lochgilphead which will provide 65 rented units on completion in 2012/13.

A further scheme of 18 rented units at Lochgilphead has received Scottish Government Grant Funding approval.

The Association made satisfactory progress on its planned and cyclical programme of repairs and renewals to its existing stock, and also the improvement programme to properties in Campbeltown which were acquired by Stock Transfer in 1999.

The Management Committee is satisfied with the progress of the Association over the past year and looks forward to the completion of future planned developments.

**Changes in fixed assets**

Details of fixed assets are set out in Notes 9 and 10.

**The committee of management and executive officers**

The committee of management and executive officers of the Association are listed on page 1.

Each member of the committee of management 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.

**Related Party Transactions**

Some members of the Management Committee are tenants. Their tenancies are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

**Internal Financial Controls**

The Management Committee is responsible for the Association's system of internal financial control, and has reviewed its effectiveness from information provided by management staff.

Any system can only provide reasonable and not absolute assurance against material mis-statement or loss.

The financial control system within the Association is fundamentally simple and appropriate to the size and complexity of the organisation. It includes a combination of regular review of financial results compared with an agreed budget and authorisation of all expenditure by senior staff and the Management Committee.

**Report of the Management Committee  
For the year ended 31 March 2012**

**Component accounting**

In accordance with the Statement of Recommended Practice (SORP) – Accounting by registered social housing providers, 2010, the Association has implemented component accounting for the first time this year. As this is a change in accounting policy the impact of component accounting has resulted in a restatement of the prior year figures via a prior year adjustment which is detailed at note 8. The introduction of component accounting ensures the major components of the Association's housing stock are identified and depreciated over their estimated economic life. The cost of any subsequent replacement of a major component will be capitalised in the balance sheet with the item replaced being disposed of from the balance sheet. This enables the financial statements to better reflect the use of the component over its life cycle.

**Auditors**

A resolution to re-appoint Scott-Moncrieff, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

**By order of the committee**



R R Reid  
Secretary  
Dated: 5<sup>th</sup> September 2012

**Statement of Committee's Responsibilities**

Housing Association legislation requires the 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 of the income and expenditure of the Association for the year ended on that date. In preparing those financial statements the 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;
- \* Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business.

The committee is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Association.

The committee is 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.

**Report of the Independent Auditors  
To the members of Fyne Homes Limited**

We have audited the financial statements of Fyne Homes Limited for the year ended 31 March 2012 which comprise the Income and Expenditure Account, Balance Sheet, Statement of Total Recognised Gains and Losses, Cash Flow Statement and related notes. The financial reporting framework that has been applied is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice - Accounting by registered social housing providers issued in 2010.

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

**Respective responsibilities of Management Committee and auditors**

As explained more fully in the Management Committee Responsibilities statement set out on page 4, the committee members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices' Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

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

**Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2012 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice - Accounting by registered social housing providers issued in 2010;
- have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002, Part 6 of the Housing (Scotland) Act 2010 and the Registered Social Landlords Accounting Requirements (Scotland) Order 2007.

**Report of the Independent Auditors  
To the members of Fyne Homes Limited**

**Matters on which we are required to report by exception**

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

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



Scott-Moncrieff  
Chartered Accountants  
Statutory Auditor  
25 Bothwell Street  
Glasgow  
G2 6NL

Dated: 5<sup>th</sup> September 2012



**Report of the Auditors to the Management Committee of Fyne Homes Limited  
on Corporate Governance Matters**

In addition to our audit of the Financial Statements, we have reviewed your Statement in the Report of the Management Committee concerning the Association's compliance with the paragraphs of the Internal Financial Control section within the SFHA's publication "Raising Standards in Housing". The objective of our review is to draw attention to non-compliance with those paragraphs of the Code, if not otherwise disclosed.

**Basis of Opinion**

We carried out our review having regard to Bulletin 2009/4 issued by the Auditing Practices Board. The Bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Association's system of internal financial control or its corporate governance procedures.

**Opinion**

In our opinion, your statement on internal financial control in the Report of the Management Committee has provided the disclosures required by the Internal Financial Control section within the SFHA's publication "Raising Standards in Housing" and is not inconsistent with the information which came to our attention as a result of our audit work on the Financial Statements.



Scott-Moncrieff  
Chartered Accountants  
Statutory Auditor  
25 Bothwell Street  
Glasgow  
G2 6NL

Dated: 5<sup>th</sup> September 2012

**Income and Expenditure Account  
For the year ended 31 March 2012**

	Notes	2012 £	2011 restated £
Turnover	2	5,118,845	4,805,744
Less: Operating costs	2	(3,844,503)	(3,124,406)
<b>Operating surplus</b>	2	<u>1,274,342</u>	<u>1,681,338</u>
Net gain on disposal of fixed assets		38,824	30,664
Interest receivable and other income	5	28,954	20,776
Interest payable and similar charges	6	(620,169)	(597,710)
<b>Surplus for the year</b>		<u><u>721,951</u></u>	<u><u>1,135,068</u></u>

The results for the year relate wholly to continuing activities.

There is no material difference between the surplus for the year stated above and the historical cost equivalent.

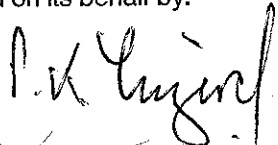

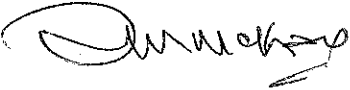
**Statement of Total Recognised Gains and Losses  
For the year ended 31 March 2012**

	<b>Note</b>	<b>2012 £</b>	<b>2011 restated £</b>
Surplus for the year		721,951	1,135,068
Actuarial gain/(loss) recognised in the retirement benefit pension scheme	21	(495,000)	200,000
Total recognised gains and losses relating to the year		<u>226,951</u>	<u>1,335,068</u>
Prior year adjustment	8	647,336	-
		<u>874,287</u>	<u>1,335,068</u>

**Balance Sheet**  
As at 31st March 2012

	Notes	2012 £	2011 restated £
<b>Tangible fixed assets</b>			
Housing properties – cost less depreciation	9	104,816,906	101,317,506
Less SHG and other grants	9	(82,327,675)	(79,946,290)
	9	22,489,231	21,371,216
Other fixed assets	10	507,619	617,969
		22,996,850	21,989,185
Investments	11	1	1
		22,996,851	21,989,186
<b>Current assets</b>			
Debtors	12	1,660,962	965,695
Cash at bank and in hand		393,397	1,586,733
		2,054,359	2,552,428
<b>Creditors:</b> amounts falling due within one year	13	(1,895,233)	(1,815,987)
<b>Net current assets</b>		159,126	736,441
<b>Total assets less current liabilities</b>		23,155,977	22,725,627
<b>Creditors:</b> amounts falling due after more than one year	14	(16,623,532)	(16,901,116)
Retirement benefit pension scheme deficit	21	(663,000)	(182,000)
<b>Net assets</b>		5,869,445	5,642,511
<b>Capital and reserves</b>			
Share capital	15	164	181
Designated reserves	7	2,105,675	2,105,675
Revenue reserve	8	4,426,606	3,718,655
Pension reserve	8	(663,000)	(182,000)
		5,869,445	5,642,511

The financial statements were authorised for issue by the Management Committee on 5<sup>th</sup> September 2012 and were signed on its behalf by:

  
 Chairperson – P Lingard  
  
 Secretary – R R Reid  
  
 Vice Chairperson – T McKay

The notes form part of these financial statements.

Cash Flow Statement  
For the year ended 31 March 2012

	Notes	2012 £	2011 restated £
Net cash inflow from Operating activities	1	1,407,065	1,793,742
Returns on investments and servicing of finance	2	(591,215)	(576,934)
Investing activities	2	<u>(1,590,900)</u>	<u>(2,391,150)</u>
Net cash outflow from Operating activities		(775,050)	(1,174,342)
Financing	2	<u>(418,286)</u>	<u>1,540,029</u>
(Decrease)/increase in cash	4	<u><u>(1,193,336)</u></u>	<u><u>365,687</u></u>

Notes to the Cash Flow Statements  
For the year ended 31st March 2012

1) Reconciliation of surplus for year to net cash inflow from operating activities

	2012	Restated 2011
	£	£
Operating surplus	1,274,342	1,681,338
Depreciation	622,059	473,661
Increase in debtors	(695,267)	(314,859)
Increase in creditors	219,931	135,602
Non cash movement relating to pension liability	(14,000)	(182,000)
	<u>1,407,065</u>	<u>1,793,742</u>

2) Gross cash flows

	2012	2011
	£	£
<b>Returns on investments and servicing of Finance</b>		
Interest received	28,954	20,776
Interest paid	(620,169)	(597,710)
	<u>(591,215)</u>	<u>(576,934)</u>
<b>Investing activities</b>		
Purchase and development of housing properties (excluding of transfers)	(4,174,412)	(4,410,339)
SHG received (excluding of transfers)	2,532,699	1,807,525
Payments for other tangible fixed assets	(30,442)	(34,001)
Sale of housing properties	106,602	58,320
SHG to be repaid	(44,847)	-
Sale of other fixed assets	19,500	187,345
	<u>(1,590,900)</u>	<u>(2,391,150)</u>
<b>Financing</b>		
Net (forfeiture)/ Issue of ordinary share capital	(17)	(6)
Loan finance received	350,000	2,084,255
Loans repaid	(768,269)	(544,220)
	<u>(418,286)</u>	<u>1,540,029</u>

Notes to the Cash Flow Statements  
For the year ended 31st March 2012

3) Analysis of Changes in Net Debt	At 1 April 2011 £	Cash Flow £	Other Changes £	At 31 March 2012 £
Cash in hand, at bank	1,586,733	(1,193,336)	-	393,397
Debt due within 1 year	(767,557)	140,685	-	(626,872)
Debt due after 1 year	(16,901,116)	277,584	-	(16,623,532)
	<u>(16,081,940)</u>	<u>(775,067)</u>	<u>-</u>	<u>(16,857,007)</u>

4) Reconciliation of Net Cash Flow to Movement in Net Debt (Note 3)

	2012 £	2011 £
(Decrease)/increase for the year	(1,193,336)	365,687
Loans received	(350,000)	(2,084,255)
Loans repaid	768,269	544,220
Change in net debt	<u>(775,067)</u>	<u>(1,174,348)</u>
<b>Net debt at 1 April 2011</b>	<u>(16,081,940)</u>	<u>(14,907,592)</u>
<b>Net debt at 31 March 2012</b>	<u><u>(16,857,007)</u></u>	<u><u>(16,081,940)</u></u>

**Notes to the Financial Statements  
For the year ended 31st March 2012**

**1. Accounting policies**

**(a) Introduction and accounting basis**

The principal accounting policies of the Association are set out in paragraphs (b) to (k) below.

These financial statements are prepared in accordance with applicable accounting standards and comply with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Part 6 of the Housing (Scotland) Act 2010, the Registered Social Landlords Accounting Requirements (Scotland) Order 2007 and the Statement of Recommended Practice (SORP) Accounting by registered social housing providers issued in 2010.

**(b) Going concern**

The Management Committee anticipate that a surplus will be generated in the years to 31 March 2013 and 2014. 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.

**(c) Turnover**

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

**(d) Loans**

Mortgage loans are advanced by Private Lenders or The Scottish Government under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval by The Scottish Government.

**(e) Social Housing Grant (SHG)**

Social Housing Grant, at amounts approved by The Scottish Government, is paid directly to the Association as required to meet its liabilities during the development process.

SHG is repayable under certain circumstances primarily following sale of property, but will normally be restricted to net proceeds of sale.

SHG received as a contribution towards the capital cost of housing development is deducted from the cost of those developments. SHG received as a contribution towards revenue expenditure is included in turnover.



**Notes to the Financial Statements  
For the year ended 31st March 2012**

**1. Accounting policies (continued)**

**(f) Fixed assets - Housing properties**

Housing properties are stated at cost, less social housing grants (SHG) and other public grants and less accumulated depreciation. The development cost of housing properties includes:-

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

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

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value before retentions 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.

**(g) Depreciation**

**1. 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 Association:

Land - not depreciated  
 Structure – over 50 years  
 Roofs – over 40 years  
 Windows – over 25 years  
 Bathrooms – over 25 years  
 Kitchen – over 20 years  
 Central Heating – over 20 years  
 Rewiring – over 20 years  
 Lifts – over 20 years

**2. 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% per annum on cost
Commercial Property	- 4% per annum on cost
Office Equipment	- 10% per annum, reducing balance
Computer and Other Equipment	- 33.33% per annum on cost
Motor Vehicles	- 25% per annum, reducing balance

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

**Notes to the Financial Statements  
For the year ended 31st March 2012**

**1. Accounting policies (continued)**

**(h) Designated Reserves (Note 7)**

**(i) Cyclical maintenance**

The reserve is based on the Association's liability to maintain the properties in accordance with a planned programme of works, provided it will not be met from revenue in the year in which it is incurred.

**(ii) Major Repairs**

The reserve is based on the Association's requirement to maintain housing properties in a state of repair which at least maintains their residual value in prices prevailing at the time of acquisition and construction. The reserve represents amounts set aside in respect of future costs, and will be transferred to General Reserves, as appropriate, as actual costs are incurred.

**(i) Apportionment of management expenses**

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

**(i) Pensions (note 21)**

The Association contributes to two defined benefit schemes, namely the Scottish Housing Association Pension Scheme (SHAPS) and the Strathclyde Pension Fund. The assets of the schemes are held separately from those of the Association in an independently administered fund.

Both of these schemes are multi employer schemes. It is possible to identify the assets relating to Fyne Homes in relation to the Strathclyde Pension Fund and as such the following treatment has been adopted for this scheme: -

- In accordance with 'FRS 17 – Retirement Benefits', the operating and financing costs of pension and post retirement schemes (determined by a qualified actuary) are recognised separately in the Income and Expenditure Account. 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, are recognised in the Statement of Total Recognised Gains and Losses.

With regard to the Scottish Housing Association Pension Scheme, the assets of the scheme relating to a specific employer cannot be separately identified and as such only contributions paid in respect of employees is charged to the Income and Expenditure Account.

**(k) Consolidation**

The Association and its subsidiary undertakings comprise a group. The accounts represent the results of the Association and not of the group. Consolidated group accounts have been prepared and are publicly available.

Notes to the Financial Statements  
For the year ended 31st March 2012

2. Particulars of Turnover, Operating Costs and Operating Surplus

	2012		Restated 2011	
	Turnover £	Operating Costs £	Operating Costs £	Operating Surplus £
<b>Income and Expenditure From lettings</b>				
Social Lettings (Note 3)	4,916,474	(3,642,132)	(3,000,047)	1,681,338
Other activities (Note 4)	202,371	(202,371)	(124,359)	-
	<u>5,118,845</u>	<u>(3,844,503)</u>	<u>(3,124,406)</u>	<u>1,681,338</u>

Notes to the Financial Statements  
For the year ended 31 March 2012

3. Particulars of turnover, operating costs and operating surplus from social letting activities

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Accommodation £	2012 Total £	Restated 2011 Total £
<b>Income from rent and service charges</b>					
Rent receivable net of service charges	4,667,094	88,733	97,514	4,853,341	4,636,374
Service charges	100,297	4,482	-	104,779	99,507
<b>Gross income from rents and service charges</b>	<b>4,767,391</b>	<b>93,215</b>	<b>97,514</b>	<b>4,958,120</b>	<b>4,735,881</b>
<b>Less voids</b>	<b>(41,646)</b>	<b>-</b>	<b>-</b>	<b>(41,646)</b>	<b>(54,496)</b>
<b>Net income from rents and service charges</b>	<b>4,725,745</b>	<b>93,215</b>	<b>97,514</b>	<b>4,916,474</b>	<b>4,681,385</b>
Grants from the Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
<b>Total turnover from social letting activities</b>	<b>4,725,745</b>	<b>93,215</b>	<b>97,514</b>	<b>4,916,474</b>	<b>4,681,385</b>
<b>Expenditure</b>					
Management and maintenance administration costs	(1,508,380)	(81,263)	(80,434)	(1,670,077)	(1,221,851)
Service charges	(100,297)	(4,482)	-	(104,779)	(99,507)
Planned cyclical maintenance including major repairs	(674,192)	-	-	(674,192)	(620,992)
Reactive maintenance costs	(602,376)	-	-	(602,376)	(630,198)
Bad debts – rents and service charges	(24,468)	-	-	(24,468)	(11,460)
Depreciation of social housing	(541,690)	(7,470)	(17,080)	(566,240)	(416,039)
Impairment of social housing	-	-	-	-	-
<b>Operating costs for social letting activities</b>	<b>(3,451,403)</b>	<b>(93,215)</b>	<b>(97,514)</b>	<b>(3,642,132)</b>	<b>(3,000,047)</b>
<b>Operating Surplus on letting activities, 2012</b>	<b>1,274,342</b>	<b>-</b>	<b>-</b>	<b>1,274,342</b>	
<b>Operating Surplus on letting activities, 2011</b>	<b>1,681,338</b>	<b>-</b>	<b>-</b>	<b>1,681,338</b>	

## Notes to the Financial Statements for the year ended 31 March 2012

## 4. Particulars of turnover, operating costs and operating surplus from other activities

	Grants from Scottish Ministers 2012 £	Other revenue grants 2012 £	Supporting people income 2012 £	Other income 2012 £	Total Turnover 2012 £	Total Turnover 2011 £	Other Operating costs 2012 £	Other operating costs 2011 £	Operating surplus or (deficit) 2012 £	Operating surplus or (deficit) 2011 £
Stage 3 adaptations	109,845	-	-	-	109,845	36,362	(109,845)	(36,362)	-	-
Care and repair of property	-	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	33,114	33,114	34,124	(33,114)	(34,124)	-	-
Development and construction of property activities	-	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-	-
Care activities	-	-	3,120	-	3,120	6,240	(3,120)	(6,240)	-	-
Agency/management services for RSLs	-	-	-	-	-	-	-	-	-	-
Other agency / management services	-	-	-	27,178	27,178	28,327	(27,178)	(28,327)	-	-
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	29,114	29,114	19,306	(29,114)	(19,306)	-	-
<b>Total from other activities, 2012</b>	<b>109,845</b>	<b>-</b>	<b>3,120</b>	<b>89,406</b>	<b>202,371</b>	<b>202,371</b>	<b>202,371</b>	<b>(124,359)</b>	<b>-</b>	<b>-</b>
<b>Total from other activities, 2011</b>					<b>124,359</b>	<b>124,359</b>		<b>(124,359)</b>		

Notes to the Financial Statements  
For the year ended 31st March 2012

<b>5. Interest receivable and other income</b>		<b>2012</b>		<b>2011</b>
		£		£
Interest receivable on deposits		8,519		3,680
Interest receivable on loan to subsidiary		20,435		17,096
		<u>28,954</u>		<u>20,776</u>
<b>6. Interest payable and similar charges</b>		<b>2012</b>		<b>2011</b>
		£		£
On loans from the Scottish Government		27,473		45,093
On private loans		592,696		552,617
		<u>620,169</u>		<u>597,710</u>
<b>7. Designated Reserves</b>	<b>Opening Balance</b>		<b>Transfer to reserves</b>	
	£		£	<b>Transfer from reserves</b>
				£
	£			£
Cyclical maintenance	64,600	-	-	64,600
Major repairs reserve	2,041,075	-	-	2,041,075
	<u>2,105,675</u>	<u>-</u>	<u>-</u>	<u>2,105,675</u>
<b>8. Revenue Reserves</b>		<b>2012</b>		<b>2011 restated</b>
		£		£
At 1 April 2011		3,536,655		1,777,839
Prior year adjustment		-		423,748
As restated		3,536,655		2,201,587
Statement of Total Recognised Gains and Losses		226,951		1,335,068
As at 31 March 2012		<u>3,763,606</u>		<u>3,536,655</u>
<b>Split as follows:</b>				
Revenue reserve		4,426,606		3,718,655
Pension reserve		(663,000)		(182,000)
		<u>3,763,606</u>		<u>3,536,655</u>

**Notes to the Financial Statements  
For the year ended 31st March 2012**

**Prior year adjustment**

In accordance with the Statement of Recommended Practice (SORP) – Accounting by registered social housing providers, 2010, the Association has implemented component accounting for the first time this year. As this is a change in accounting policy the impact of component accounting has resulted in a restatement of the prior year figures via a prior year adjustment.

The principle of component accounting is to treat major components of an asset as if each component is a separate asset in its own right and depreciate the components over their individual useful economic lives. It follows therefore, that when a component is replaced, the old component is written off, in order to avoid double counting, with the new component capitalised and then amortised over its expected useful life.

The effect of this change in accounting policy on the 2011 financial statements is shown below. The 2011 opening reserves have increased by £423,748 of which £78,905 relates to increased depreciation and £502,653 relates to major repairs previously written off to the Income and Expenditure account now capitalised as components.

The change in accounting policy has also increased the 2010/11 surplus by £223,558 due to the capitalisation of previously expensed repairs of £258,847 offset by an increase in depreciation of £35,259.

	£
Increase in 2011 opening reserves	423,748
Increase in 2010/11 surplus	223,588
	<hr/>
Increase in income and Expenditure reserve	647,336
	<hr/> <hr/>

Notes to the Financial Statements  
For the year ended 31st March 2012

9. Tangible Fixed Assets	Housing Properties Held for Letting £	Housing Properties In Course of Construction £	Shared Ownership Properties Held for Letting	Total £
<b>Cost</b>				
At start of year	93,627,265	6,833,970	2,716,839	103,178,074
Prior year restatement	706,606	-	-	706,606
As restated	94,333,871	6,833,970	2,716,839	103,884,680
Additions during year	934,725	3,239,687	-	4,174,412
Transfers in year	206,491	-	-	206,491
Disposals	(281,435)	(1,000)	-	(282,435)
At end of year	95,193,652	10,072,657	2,716,839	107,983,148
<b>Depreciation</b>				
At start of year	2,403,653	-	104,251	2,507,904
Prior year restatement	58,283	-	987	59,270
As restated	2,461,936	-	105,238	2,567,174
Transfers in year	39,984	-	-	39,984
Provided during year	549,160	-	17,080	566,240
Eliminated on disposal	(7,156)	-	-	(7,156)
At end of year	3,043,924	-	122,318	3,166,242
<b>Housing properties cost less depreciation</b>	92,149,728	10,072,657	2,594,521	104,816,906
<b>SHG and Other Grants</b>				
At start of year	72,135,701	5,849,850	1,960,739	79,946,290
Received during year	-	2,532,699	-	2,532,699
Transfers in year	81,534	-	-	81,534
Disposals	(232,848)	-	-	(232,848)
At end of year	71,984,387	8,382,549	1,960,739	82,327,675
<b>Net Book Value</b>				
At end of year	20,165,341	1,690,108	633,782	22,489,231
At start of year	19,736,234	984,120	650,862	21,371,216

Development administration costs capitalised amounted to £137,518 (2011 - £92,029) for which Social Housing Grants amounting to £29,114 (2011 - £15,670) were received in the year.

Included within Housing Properties in Course of Construction are 3 units from Lochgilphead High School Phase 1 which were completed in October 2011. The entire scheme will be moved to Housing Properties Held for Letting when the remaining units of the development are completed. Accordingly, Note 22 includes these 3 units within Units under development.



Notes to the Financial Statements  
For the year ended 31st March 2012

10. Tangible Fixed Assets - Other Assets	Heritable Property £	Commercial Property £	Office Equipment £	Computer Equipment £	Motor Vans £	Other Equipment £	Total £
<b>Cost</b>							
At start of year	550,410	266,747	457,161	152,278	78,511	18,305	1,523,412
Additions in year	6,235	-	6,794	14,907	-	2,506	30,442
Transfers in year	-	(206,491)	-	-	(35,000)	-	(241,491)
Disposals in year	-	-	-	-	-	-	-
At end of year	556,645	60,256	463,955	167,185	43,511	20,811	1,312,363
<b>Depreciation</b>							
At start of year	225,645	56,815	318,888	136,363	32,893	2,215	772,819
Provided in year	22,266	2,410	14,507	13,147	2,654	835	55,819
Transfers in year	-	(39,984)	-	-	-	-	(39,984)
Disposals in year	-	-	-	-	-	-	-
At end of year	247,911	19,241	333,395	149,510	35,547	3,050	788,654
<b>SHG and Other Grants</b>							
At start of year	-	81,534	-	-	35,000	16,090	132,624
Added in Year	-	-	-	-	-	-	-
Transfers in year	-	(81,534)	-	-	(35,000)	-	(116,534)
Disposals in year	-	-	-	-	-	-	-
At end of year	-	-	-	-	-	16,090	16,090
<b>Net Book Value</b>							
At end of year	308,734	41,015	130,560	17,675	7,964	1,671	507,619
At start of year	324,765	128,398	138,273	15,915	10,618	-	617,969

**Notes to the Financial Statements**  
**For the year ended 31st March 2012**

**11. Investments**

	2012 £	2011 £
Investment in subsidiary undertaking	1	1

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

The profit on ordinary activities after taxation of Fyne Initiatives Limited as at 31 March 2012 was £1,074. The capital and reserves of Fyne Initiatives Limited as at 31 March 2012 was £129,059.

Fyne Homes Limited controls Fyne Futures Limited, a Scottish charity and company limited by guarantee, incorporated on 10 February 2005. The principal activity of the charity is the recycling of metal waste and scrap. The charity also performs wider role activities that were previously carried out by Fyne Homes Ltd.

The net outgoing resources of Fyne Futures Limited as at 31 March 2012 was £7,946. The capital and reserves of Fyne Futures Limited as at 31 March 2012 was £64,941

Fyne Homes Limited controls InspirAlba Limited. InspirAlba Limited is a company limited by guarantee and was incorporated on 26 May 2009. The company's financial statements for the period ended 31<sup>st</sup> August 2011 showed net incoming resources of £9,982. The capital and reserves of InspirAlba Limited as at 31<sup>st</sup> August 2011 was £37,760. The financial statements for the year to 31<sup>st</sup> August 2012 are not yet available.

Details of transactions during the year with the above companies can be found at note 24.

**12. Debtors**

	2012 £	2011 £
Amounts falling due within one year:		
Rental arrears	104,302	95,422
Less: provision for bad debts	(50,000)	(50,000)
	54,302	45,422
Amounts owed by subsidiary undertakings	989,532	743,193
Amounts owed by related parties	10,576	10,571
Other debtors	120,936	132,329
Prepayments and accrued income	485,616	34,180
	1,660,962	965,695

**13. Creditors – amounts falling due within one year**

	2012 £	2011 £
Bank loans and overdrafts	626,872	767,557
Trade creditors	152,712	69,862
Contract retentions	230,706	178,685
Accruals and deferred income	533,437	658,945
Amounts owed to subsidiary undertakings	187,992	-
Rent in advance	122,681	116,654
PAYE/NIC creditor	40,833	24,284
	1,895,233	1,815,987

Outstanding retentions will be financed in due course either by further grants or additional loan funding. Included in accruals is £19,988 in respect of pension contributions to be paid to the various pension providers (2011: £15,430).

Notes to the Financial Statements  
For the year ended 31st March 2012

14. Creditors – amounts falling due after more than one year	2012 £	2011 £
Bank term loans	16,623,532	16,901,116
Bank term loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest. The above creditors are due as follows:		
	£	£
Between one and two years	643,391	794,584
Between two and five years	2,049,355	1,952,390
In five years or more	13,930,786	14,154,142
	<u>16,623,532</u>	<u>16,901,116</u>
15. Share Capital	2012 £	2011 £
Shares of £1 each issued and fully paid		
At beginning of year	181	187
Issued during year	8	5
Shares forfeited in year	(25)	(11)
At end of year	<u>164</u>	<u>181</u>
16. Directors' emoluments		
The directors are defined as the members of the Management Committee, the executive officers and any other person reporting directly to the Chief Executive or the Management Committee. No emoluments were paid to any member of the Management Committee during the year.		
	2012 £	2011 £
Emoluments (excluding pension contributions) of:		
Chief Executive	<u>74,030</u>	<u>74,030</u>
Number of employees whose emoluments exceed £60,000 during the year were as follows (excluding pension contributions):-		
£60,000 - £70,000	-	-
£70,001 - £80,000	1	1
£90,001 - £100,000	-	-
£100,001 - £110,000	-	-
£110,001 - £120,000	1	-
	<u>1</u>	<u>-</u>
Total expenses reimbursed in so far as not chargeable to U.K. Income Tax	<u>1,809</u>	<u>977</u>
The total paid to employees whose emoluments, excluding pension contributions, exceeded £60,000 during the year was £184,169 (2011: £74,030). This included a redundancy payment of £52,645 (2011: £nil).		
The Chief Executive is an ordinary member of the Association's pension scheme described in note 21. The Association's contribution for the Chief Executive in the year amounted to £11,887 (2011: £12,156).		

**Notes to the Financial Statements  
For the year ended 31st March 2012**

**17. Employee Information**

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

	<b>2012 Number</b>	<b>2011 Number</b>
Maintenance Operatives	4	4
Administration Staff	34	34
Wardens and Cleaners	2	3
	<u>40</u>	<u>41</u>

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

<u>35</u>	<u>34</u>
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	<b>2012 £</b>	<b>2011 £</b>
Staff costs (including directors' emoluments):	853,205	959,075
Social security costs	106,300	78,227
Pension costs	164,080	140,441
FRS 17 pension adjustment (Note 21)	(14,000)	(182,000)
	<u>1,109,585</u>	<u>995,743</u>

Not included above is £137,518 of development staff costs that have been capitalised in the year and £78,334 of maintenance staff costs which have been allocated to maintenance costs.

**18. Operating Surplus**

	<b>2012 £</b>	<b>2011 £</b>
Operating surplus is stated after charging:		
Depreciation	622,059	473,661
Repairs: cyclical, major, day to day	1,371,061	1,418,780
Auditor's remuneration		
- In their capacity as auditors	14,000	13,000
- In respect of other services	3,000	3,000
(Loss)/gain on disposal of fixed assets	(19,500)	265
	<u></u>	<u></u>

**19. Taxation**

The Association is a Registered Charity and is therefore exempt from Corporation Tax on its charitable activities.

**Notes to the Financial Statements  
For the year ended 31st March 2012**

20. Capital Commitments	2012 £	2011 £
Capital expenditure which has been contracted for but has not been provided for in the financial statements	3,174,179	3,985,670
Capital expenditure which has been authorised by Committee of Management but is not contracted	-	-
	<u>3,174,179</u>	<u>3,985,670</u>
This is to be funded by:		
Funding from the Scottish Government	574,464	2,496,421
Other grants	210,365	66,264
Private Finance	2,389,350	1,422,985
	<u>3,174,179</u>	<u>3,985,670</u>

**21. Pensions**

**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 scheme.

The Scheme offers five 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.

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. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

From the 1st April 2011 Fyne Homes has operated the career average revalued earnings with a 1/120th 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.

**Notes to the Financial Statements  
For the year ended 31st March 2012**

**21. Pensions (continued)**

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 4.7% of pensionable salaries. Member contributions were 4.7%.

In addition to these contributions, £95,844 was paid in the year as a past deficit contribution.

As at the balance sheet date there were 31 active members of the Scheme employed by Fyne Homes Limited. Fyne Homes Limited continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employer. As the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2009 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £295 million. The valuation revealed a shortfall of assets compared to liabilities of £160 million, equivalent to a past service funding level of 64.8%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the scheme as at 30 September 2011. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%. Annual funding updates of the SFHA Pension Scheme are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the scheme since the last full valuation.

Since the contribution rates payable to the Scheme have been determined by reference to the last full actuarial valuation the following notes relate to the formal actuarial valuation as at 30 September 2009.

**Financial Assumptions**

The financial assumptions underlying the valuation were as follows:-

	% pa
- Investment return pre retirement	7.4
- Investment return post retirement – non-pensioners	4.6
- Investment return post retirement – pensioners	4.8
- Rate of salary increases	4.5
- Rate of pension increases	
Pension accrued pre 6 April 2005	2.9
Pension accrued from 6 April 2005	2.2
(for leavers before 1 October 1993 pension increases are 5.0% pa)	
- Rate of price inflation	3.0

**Notes to the Financial Statements  
For the year ended 31st March 2012**

**21. Pensions (continued)**

**Valuation results**

The valuation was carried out using the PA92C2025 short cohort mortality table for non-pensioners and PA92C2013 short cohort mortality table for pensioners. The table below illustrates the assumed life expectancy in years for pension scheme members at age 65 using these mortality assumptions.

Non-pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. Minimum improvement
Pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. Minimum improvement

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed as:

Benefit structure	Long-term joint contribution rate (% of pensionable salaries)
Final salary 60ths	19.2
Career average 60ths	17.1
Career average 70ths	14.9
Career average 80 <sup>ths</sup>	13.2
Career average 120ths	9.4
Additional rate for deficit contributions	10.4

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 would be 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 buyout 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 currently participating 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.

Fyne Homes Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the SHAPS based on the financial position of the Scheme as at 30 September 2011. As of this date the estimated employer debt for Fyne Homes Limited was £5,813,419.

The Association does not intend to withdraw from the scheme and the trustee has confirmed that there is no intention to wind up the Scheme.

**Scottish Life**

From 1<sup>st</sup> 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%.

**Notes to the Financial Statements  
For the year ended 31st March 2012**

**21. Pensions (continued)**

**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.

The main financial assumptions used by the Council's Actuary, Hymans Robertson, in their FRS 17 calculations are as follows:

<b>Assumptions as at</b>	<b>31 March 2012</b>	<b>31 March 2011</b>
Inflation / Pension Increase Rate	2.5%	2.8%
Salary increases	4.8%	5.1%
Expected Return on Assets	5.8%	6.9%
Discount rate	4.8%	5.5%

**Mortality**

Life expectancy is based on 110% of the PFA92 and PMA92 tables. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	<b>Males</b>	<b>Females</b>
Current Pensioners	21.0 years	23.4 years
Future Pensioners	23.3 years	25.3 years

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>Long term rate of return 31 March 2012</b>	<b>Value at 31 March 2012 £000</b>	<b>Long term rate of return 31 March 2011</b>	<b>Value at 31 March 2011 £000</b>
Equities	6.3%	1,096	7.5%	1,229
Government securities	3.9%	157	4.9%	208
Property	4.4%	100	5.5%	96
Cash	3.5%	71	4.6%	64
<b>Total</b>		<b>1,424</b>		<b>1,597</b>
Present value of scheme liabilities		(2,087)		(1,779)
<b>Net pension liability</b>		<b>(663)</b>		<b>(182)</b>



Notes to the Financial Statements  
For the year ended 31st March 2012

## 21. Pensions (continued)

## Reconciliation of defined benefit obligation

	31 Mar 2012 (£'000)	31 Mar 2011 (£'000)
<b>Opening Defined Benefit Obligation</b>	1,779	2,029
Current Service Cost	20	26
Interest Cost	97	105
Contributions by Members	10	10
Actuarial Losses / (Gains)	254	(189)
Past Service Costs / (Gains)	-	(190)
Liabilities Extinguished on Settlements	-	-
Liabilities Assumed in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	-	-
Estimated Benefits Paid	(73)	(12)
	<hr/>	<hr/>
<b>Closing Defined Benefit Obligation</b>	2,087	1,779
	<hr/> <hr/>	<hr/> <hr/>

## Reconciliation of fair value of employer assets

	31 Mar 2012 £(000)	31 Mar 2011 £(000)
<b>Opening Fair Value of Employer Assets</b>	1,597	1,465
Expected Return on Assets	109	106
Contributions by Members	10	10
Contributions by the Employer	22	17
Contributions in respect of Unfunded Benefits	-	-
Actuarial Gains / (Losses)	(241)	11
Assets Distributed on Settlements	-	-
Assets Acquired in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	-	-
Estimated Benefits Paid	(73)	(12)
	<hr/>	<hr/>
<b>Closing Fair Value of Employer Assets</b>	1,424	1,597
	<hr/> <hr/>	<hr/> <hr/>
<b>Net pension liability</b>	(663)	(182)
	<hr/> <hr/>	<hr/> <hr/>

## Analysis of amount recognised in Statement of Total Recognised Gains and Losses

	2012 £	2011 £
Actual return less expected return on scheme assets	(241,000)	11,000
Changes in assumptions underlying the present value of scheme liabilities	(254,000)	189,000
	<hr/>	<hr/>
<b>Actuarial (loss)/gain recognised in statement of recognised gains and losses</b>	(495,000)	200,000
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements  
For the year ended 31st March 2012

## 21. Pensions (continued)

## Analysis of amounts included in Income &amp; Expenditure Account

	2012	2011
	£000	£000
Expected return on pension scheme assets	109	106
Interest on pension scheme liabilities	(97)	(105)
Current service cost	(20)	(26)
Past service cost	-	190
Contribution by employers	22	17
	<hr/>	<hr/>
<b>Credit to staff costs</b>	<b>14</b>	<b>182</b>
	<hr/> <hr/>	<hr/> <hr/>

## 22. Property Stock

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

	Units in Management		Units under Development	
	2012	2011	2012	2011
Unimproved	2	2	-	-
New Build	684	680	83	43
Improved	679	683	-	-
General Needs Housing	1,365	1,365	83	43
<b>Shared Ownership Accommodation</b>	53	53	-	-
<b>Supported Housing Accommodation</b>	30	30	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Housing Stock</b>	<b>1,448</b>	<b>1,448</b>	<b>83</b>	<b>43</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b><u>Other Property</u></b>				
Commercial	1	2	-	-
Heritable – Association's offices	4	4	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Other Property</b>	<b>5</b>	<b>6</b>	<b>-</b>	<b>-</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes to the Financial Statements  
For the year ended 31st March 2012**

**23. Revenue Commitments**

<b>Operating Leases which expire:</b>	<b>2012 Premises £</b>	<b>2011 Premises £</b>
Within one year	19,560	3,500
Within two to five years	27,480	17,560
After 5 years	-	-
	<u>47,040</u>	<u>21,060</u>

**24. Related party transactions**

**Fyne Futures Limited**

Fyne Futures Limited is a subsidiary undertaking of Fyne Homes Limited.

During the year Fyne Homes Limited charged management fees of £9,000 (2011: £9,000) to Fyne Futures Limited.

During the year, Fyne Homes Limited charged £1,500 (2011: £3,500), for the rental of storage space to Fyne Futures Limited (Bio-Fuel Section).

During the year payroll costs and other costs were paid on behalf of Fyne Futures Limited by Fyne Homes Limited. These costs were recharged in full to Fyne Futures Limited.

At the balance sheet date the Association was owed £32,398 (2011: £16,725) by Fyne Futures Limited.

**Fyne Initiatives Limited**

Fyne Initiatives Limited is a subsidiary undertaking of Fyne Homes Limited.

During the year Fyne Homes Limited charged management fees of £9,000 (2011: £9,000) to Fyne Initiatives Limited.

During the year, housing properties under the course of construction, with cost of £nil (2011: £351,002) and related HAG of £nil (2011: £351,002) were transferred from Fyne Homes Limited to Fyne Initiatives Limited.

Fyne Homes Limited entered into a design and build contract with Fyne Initiatives Limited regarding the development at Lochgilphead High School. £3,752,522 (2011: £2,905,094) was invoiced to Fyne Homes Limited by Fyne Initiatives Limited in respect of work carried out in the year. An arrangement fee of £6,940 (2011: £12,500) was charged by Fyne Initiatives Limited to Fyne Homes Limited with regards this contract. £187,992 (2011: £nil) is included within creditors in respect of recharged invoices outstanding.

During the year expenditure was incurred by Fyne Homes Limited on behalf of Fyne Initiatives Limited. These costs were recharged in full to Fyne Initiatives Limited.

The amount due to Fyne Homes Limited from Fyne Initiatives Limited in respect of the above transactions, at the balance sheet date, was £544,212 (2011: £ 290,681).

**Notes to the Financial Statements**  
**For the year ended 31st March 2012**

**24. Related party transactions (continued)**

**Fyne Initiatives Limited (continued)**

In 2005, Fyne Homes Limited made a commercial loan to Fyne Initiatives Limited for £370,556. The loan is to be repaid over 15 years and the balance outstanding at the balance sheet date was £232,922 (2011: £255,787). £24,088 (2011: £22,865) of this balance is due within one year, with the remainder of the balance, £208,834 (2011: £232,922), due after more than one year. Interest of £13,685 (2011: £14,846) was paid by Fyne Initiatives Limited in respect of this loan.

In December 2010, Fyne Homes made a commercial loan to Fyne Initiatives Limited for £180,000. The loan is to be repaid over 10 years and the balance outstanding at the balance sheet date was £180,000 (2011: £180,000). Interest of £6,750 (2011: £2,250) was paid by Fyne Initiatives Limited in respect of this loan.

**InspirAlba Limited**

InspirAlba Limited is a related party by common control. InspirAlba Limited is a company limited by guarantee and incorporated on 26 May 2009.

During the year, Fyne Homes Limited received funding of £nil (2011: £ nil) on behalf of InspirAlba Limited and incurred costs of £10,576 (2011: £10,571) on behalf of InspirAlba Limited which were recharged.

At the balance sheet date the Association was owed £10,576 (2011: £10,571) by InspirAlba Limited. This is included within amounts owed by related parties in debtors

At the balance sheet date the Association owed £nil (2011: £ nil) to InspirAlba Limited.

**25. Legislative Provisions**

The Association is incorporated under the Industrial and Provident Societies Act 1965.