

Hillcrest Housing Association Limited

**FCA No. 1603 R (S)
Charity No. SC006809
RSL No. 125**

**Report and Group Financial Statements for the Year Ended
31st March 2015**

HILLCREST HOUSING ASSOCIATION LIMITED

Report and Group Financial Statements
for the year ended 31st March 2015

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HILLCREST HOUSING ASSOCIATION LIMITED

Members, Executives and Advisers

Committee of Management

Ms. V. Howard	Chairperson
Ms. M. Dwarshuis	Vice-Chair
Mr. A. Russell	Audit & General Purposes Convenor
Mrs. L. Graham	(Resigned 28 December 2014)
Mr. H. Gow	(Resigned 24 February 2015)
Mr. D. Scott	(Elected)
Ms. A. MacDonald	(Elected)
Mr. D. Hogg	(Elected)
Mr. D. Noble	(Elected)
Mr. M. Hussain	(Elected)
Mr. T. Waters	(Elected)
Ms. E. McCurrich	(Co-opted)

Executive Officers

Group Chief Executive	Mrs. A. Linton (Company Secretary – Resigned 2 March 2015)
Deputy Chief Executive	Ms. F. Morrisson
Director of Finance & IT	Mrs. L. Dryden
Director of Corporate Services	Mr. A. McGonigle
Managing Director of Gowrie Care	Mr. D. McGowan
Director of Development & New Business	Mr. D. Zwirlein
Director of Property	Mr. M. Percival
Managing Director of Craigowl Communities	Ms. L. Cunningham
Thorntons Law LLP	Company Secretary (Appointed 2 March 2015)

Registered Office

1 Explorer Road
Dundee
DD2 1EG

Auditors

Findlay & Company
Chartered Accountants &
Statutory Auditors
11 Dudhope Terrace
Dundee
DD3 6TS

HILLCREST HOUSING ASSOCIATION LIMITED

Members, Executives and Advisers

Bankers

Royal Bank of Scotland
3 High Street
Dundee
DD1 9LY

Barclays Commercial Bank
Aurora
1st Floor
120 Bothwell Street
Glasgow
G2 7TJ

Lloyds TSB Plc
Henry Duncan House
120 George Street
Edinburgh
EH2 4LH

GB Social Housing
35 Great St Helens
London
EC3A 6AP

Solicitors

Thorntons WS
Whitehall House
33 Yeaman Shore
Dundee
DD1 4BJ

Miller Hendry
13 Ward Road
Dundee
DD1 1LU

HILLCREST HOUSING ASSOCIATION LIMITED

Report of the Committee of Management for the year ended 31st March 2015

The Committee of Management presents their report and the audited Financial Statements for the year ended 31st March 2015.

Incorporation

Hillcrest Housing Association is a Registered Social Landlord, a registered Scottish Charity and registered with the FCA under the Co-operative and Community Benefit Societies Act 2014. The relevant registration numbers are as follows:

Financial Conduct Authority	1603R (S)
Charity Number	SC006809
Communities Scotland No	HAL 125

Accounting Compliance

The financial statements of the group have been prepared in accordance with applicable Accounting Standards, The Statement of Recommended Practice: Accounting for Registered Social Landlords 2010 and comply with the Registered Social Landlords Accounting Determination 2012.

Committee of Management and Executive Officers

The Committee of Management and Executive Officers and Advisers of Hillcrest Housing Association are set out in pages 2 and 3.

Each Member of the Committee of Management holds one fully paid share of £1 in the Group. The Directors of the Group hold no interest in the Group's share capital and although not having the legal status of Directors act as Executives within the authority delegated by the Committee.

Election to the Committee of Management is contained within the rules. All committee Members must be members of the Association. The maximum number of Committee Members is 15. Committee Members are elected at the Annual General Meeting. One-third of the Committee of Members must retire annually; they can put themselves up for re-election together with any nominated member of the Association.

Sustainability and Corporate Responsibility

The management, directors and staff at Hillcrest are committed to improving Hillcrest's performance in the development of housing and all other activities with regard to environmental, social and economic sustainability. We aim to implement all reasonably practicable measures to prevent pollution to the environment and comply with all current environmental regulations, legislation and 'other' requirements. Hillcrest Housing Association Ltd and Hillcrest Maintenance Services Limited have achieved the environmental accreditation standard – BS EN ISO 14001. The organisation will continue to work with the other subsidiaries in the Group to extend the limit of this accreditation over the forthcoming financial years.

The Hillcrest Group of Companies also recognises its role in achieving sustainable communities through its involvement in social enterprise projects. We do this through a mixture of initiatives including our apprenticeship training programme, toolbox project, making money work, job brokers project, tenancy support which includes having a dedicated resource to review energy efficiency for our tenants, and pre-tenancy services.

HILLCREST HOUSING ASSOCIATION LIMITED

Report of the Committee of Management (continued) **for the year ended 31st March 2015**

Risk Management

Risk Management is an essential element of best practice corporate governance. The Hillcrest Group of Companies has an effective approach to risk management, embedding the process into the day to day activities carried out. All individuals have access to the risk register and are aware of the actions required to add to or amend risks.

The organisation has had a continued focus to risk management in identifying, mitigating and managing the risk processes throughout the Group and in particular within the Subsidiary reporting. The risk register is continually reviewed and updated to ensure all risks are noted and the risks quantified.

The Group ensures that structures and governance continually evolve and adapt to a fast changing and challenging operating environment and that where key risks are identified, strategies are put in place to manage the risk. The Committee of Management is satisfied that there are systems in place to mitigate the company's exposure to risk.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENT

Financial Review

Results

The Group has made a surplus of £5.9M in the year to 31st March 2015 which represents an increase of surplus of £3.0M from the previous year. During the year Hillcrest Housing Association became a member of Leith Links NHT 2011 LLP. The gain on acquisition on the consolidation of Leith Links is the main contributor to this increase. The Association has made a surplus of £957K in the year to 31st March 2015 which represents a decrease of £1.6M surplus from the previous year of which £634K related to the increased contributions in the year towards the pension deficit. Annual surpluses are required to cover long term maintenance obligations, repayment of loans and future risks.

Balance Sheet

Following the acquisition of Leith Links and the trading activities during the financial year, there was a £5.7M increase in the group net assets from £66.2M to £71.9M as at 31 March 2015.

The Group's liquidity remains strong with a significant number of unencumbered properties available as security if required.

The increase in the group's net asset value is attributable to the continued financial contribution to development. A further £19M was invested in property development during the financial year.

Growth

During the financial year to March 2015, Hillcrest Housing Association took into management a further 103 units. These were a mixture of traditional social rented and mid-market rented property. Hillcrest continues to have a healthy development programme with over 700 units planned for development in the forthcoming 3-year period.

A detailed housing stock analysis is provided in Note 12.

HILLCREST HOUSING ASSOCIATION LIMITED

Report of the Committee of Management (continued) **For the year ended 31st March 2015**

Transfers to and from Designated Reserves

The Restricted designated reserve reflects the gift aid donations from the subsidiary companies which will be distributed to wider role projects within the group of companies during the financial year ended 31st March 2016.

Revenue Reserves

This reflects past years' activities and has to provide for the issues of the future financial health of the Group which are long term maintenance, loan repayments and future risk. General reserves are required to ensure the future financial stability of the group. The total revenue reserves amount to almost £68M which the Board of Management believes to be adequate but not excessive as the level of Revenue Reserves held will be reduced following the introduction of the FRS 102 reporting requirements which will require to be disclosed in the financial statements ending 31 March 2016.

Additional information about the reserves is provided in Notes 24 to 26.

Employee Involvement

The Group has continued its practice of keeping the employees informed about the matters affecting them as employees and the financial and economic factors affecting the Group and its tenants. This is achieved through consultations with employee representatives and staff meetings, newsletters, presentation of the Internal Management Plan to all staff and representation by staff at various working parties set up to review particular areas of work. The Hillcrest Group of Companies has achieved the Investors in People Gold Award.

Learning and Development

The Hillcrest Group of Companies has a comprehensive Learning and Development Policy, a dedicated Learning and Development Team who undertake a variety of internal training courses including organisational introduction, manual handling, non-crisis intervention and autism training.

Operational Policies

Hillcrest Housing Association has a comprehensive Policy and Procedures Manual covering all of its major areas of operation. All policies are reviewed regularly in line with guidance provided by Scottish Ministers, Best Practice Guidance and any other relevant statutory body.

HILLCREST HOUSING ASSOCIATION LIMITED

Report of the Committee of Management (continued) **For the year ended 31st March 2015**

Equal Opportunities & Disabled Persons

The Hillcrest Group of Companies has an Equality & Diversity Policy to ensure that there are no discrimination or less favourable treatment on the grounds of any protected characteristic, this being sex, marital status, age, race, colour, nationality, ethnic or national origin, religion, or disability, or is disadvantaged by conditions or requirements which cannot be justifiable. The Group has achieved the Disability 2 Tick Accreditation and is committed to making all reasonable adjustments if required to those within its employment.

Health and Safety

The Health and Safety Committee continue to meet regularly to ensure that the organisation complies with the relevant Health and Safety legislation and will continue to improve Health and Safety measures throughout Hillcrest Housing Association.

Donations

The Group made aggregate donations of £6,711 in the year to 31st March 2015 to various organisations.

Treasury Management

Hillcrest Housing Association Treasury function operates within a framework of clearly defined Committee of Management approved policies and procedures. These serve to control the use of financial instruments and the Committee receives regular reports on relevant treasury matters. The overall aim of the Treasury function is to ensure sufficient liquidity is available to meet foreseeable needs, surplus cash is invested prudently and financial risk is minimised.

The investment activity undertaken by Hillcrest is prudent to try to maximise the returns on free funds.

Auditors

Findlay & Company, Chartered Accountants were appointed auditors of the company and are deemed to be reappointed.

By Order of the Committee



V. HOWARD
CHAIRPERSON
21st July 2015

HILLCREST HOUSING ASSOCIATION LIMITED

Strategic Report For the year ended 31st March 2015

The Committee of Management present their strategic report for the year ended 31st March 2015.

Principal Activities

The principal activities of the Group are the provision of high quality rented accommodation at affordable rents for those in housing need and the provision of care and support services for those in need due to age, infirmity, disablement or handicap.

Hillcrest Housing Association has evolved a group structure to deliver this range of services and activities. The key operating Companies within The Hillcrest Group are as follows;

Hillcrest Housing Association Ltd (HHA) the ultimate Group parent company, sets the overall strategic direction and policy framework for the Group, provides administrative support services to other Group members and is the provider of social housing through which the majority of housing for rent and sale is developed and managed.

Gowrie Care (GC) is a company limited by guarantee with charitable status and a wholly controlled subsidiary of HHA. GC focuses on providing care and support to individuals with a variety of different needs

Hillcrest Maintenance Services (HMS) is a company limited by guarantee and a wholly controlled subsidiary of HHA. HMS provides maintenance services to HHA as well as other companies within the group and external organisations.

Northern Housing Company Limited (NHCL) is a company limited by guarantee with charitable status and a wholly controlled subsidiary of HHA. NHCL provides mid-market rental accommodation throughout Dundee, Perth and more recently Edinburgh.

Hillcrest Enterprises (HEL) is a company limited by guarantee and a wholly controlled subsidiary of HHA. HEL has a small property portfolio aimed at people with special support needs. The company also provides recruitment of permanent and temporary relief staff for the care sector and provides agency services to other 3rd party organisations.

Craigowl Communities (CC) is a company limited by guarantee with charitable status and a wholly controlled subsidiary of HHA. Craigowl aims to address disadvantage and enable people to reach their personal and career potential by providing learning and employment opportunities.

Explorer Heat (EH) is a company limited by shares and wholly controlled by HHA. This company is dormant and set out to undertake the maintenance and servicing of the district heating system which is part of the Sailmaker development.

The Hillcrest Group (HG) is a company limited by guarantee and wholly controlled by HHA. This company is dormant and was registered simply to capture the name.

Explorer Housing (EH) is a company limited by guarantee and wholly controlled by HHA. The company was initially set up to undertake development activities and remained dormant until it was wound up on 25 April 2014.

Leith Links NHT 2011 LLP (LL) is a Limited Liability Partnership of which Hillcrest Housing Association is the controlling member. The company provides mid-market rented accommodation in Edinburgh and was set up under the National Housing Trust initiative.

HILLCREST HOUSING ASSOCIATION LIMITED
Strategic Report
For the year ended 31st March 2015

Vision and Strategic Objectives

Vision

The Hillcrest group aims to remain a strong, effective Scottish organisation making an impact on increasing people's quality of life, contributing to sustainable communities and reducing social exclusion in our areas of operation.

Housing, care and social enterprise will remain our core activities but we will diversify and use our expertise to provide a wide range of products and services.

We will be seen as a learning organisation that invests in people both within the group and in the wider community.

We will adapt to changing needs, expectations and opportunities and have a culture of continuous improvement and we will be efficient in procurement and the provision of services and provide value for money in all that we do.

The Hillcrest Group of Companies Business Plan is designed to ensure that its strategy, products and services are delivered in accordance with its overall purpose and vision. As such, the Business Plan focuses on fulfilling the following strategic objectives;

- Provide good quality, well maintained housing at affordable rents
- Contribute to building sustainable communities
- Provide quality, creative, responsive care and support services.
- Contribute to social, economic and environmental activities.
- Ensure resources, skills and structure to meet objectives

3 Year Business Plan

Hillcrest Housing Association has prepared a detailed 3 year Business Plan to March 2018. The key aims and objectives of this plan are to capture the key short-term activities and targets for 2015-16 to reflect the overall strategic objectives and to build in, where appropriate, longer term objectives. The activities and targets are assigned to Directors and further delegated within departments where applicable.

Future Development and Initiatives

Hillcrest Housing Association is on site with a number of projects within Edinburgh, Perth & Kinross and in Dundee. This will increase the social rented stock by 205 and the properties available through mid-market rent by 134. A further 378 units are planned to be developed by 2018 including new developments in Monifieth, the Alexander Street site in Dundee and our first development in South Queensferry. Hillcrest secured a further revolving facility for £25 million in May 2015 which will allow the development programme to be delivered. Hillcrest are also hoping to be on site for our first development in the Aberdeen area in the 2015/16 financial year.

As part of the organisations focus on achieving excellent customer service, Hillcrest is establishing a bespoke customer services team to deliver "resolution at first point of contact" for the majority of enquiries to the Hillcrest Group of Companies.

HILLCREST HOUSING ASSOCIATION LIMITED
Strategic Report
For the year ended 31st March 2015

Financial Review

Turnover

Increased by £2.0M, (8.0%) to £26.9M for the Association and increased by £2.6M, (6.9%) to £40.4M for the Group. Additional information on the breakdown of turnover is provided in the Notes 2 and 3 of the Financial Statements.

Turnover has continued to increase due to the current development programme. Rental income increased by almost 7% for the Association and will continue to increase as the development programme is rolled out. Void levels remain below 2%.

Overheads

Bad debts are an ongoing area of review and focus for the Association. Following the implementation of the enhanced tenancy sustainment team, bad debts have been maintained at less than 1% of turnover. This area of focus will continue as external factors such as universal credit and welfare reform will be anticipated to have an adverse effect on the levels of rent collection.

Balance Sheet

Treasury management is an area of ongoing review. Funds held in bank are reviewed for maximum return. The new loan facility of £35M was received in April 2014 and is being utilised to fund the current development programme. During the financial year £27.5M was repaid towards loan facilities and a new loan facility for £25M was approved in May 2015. At the financial year end £14.6M was held in the bank.

Principal risks and uncertainties

The Committee of Management monitor the overall risk profile of the Company. In addition, the Committee of Management are responsible for determining clear policies as to what the Company considers to be acceptable levels of risk. These policies seek to enable people throughout the Company to use their expertise to identify risks that could undermine performance and to devise ways of bringing them to within acceptable levels. Where the Committee of Management identify risks that are not acceptable, they develop action plans to mitigate them with clear allocation of responsibilities and timescales for completion and ensure that progress towards implementing these plans is monitored and reported upon.

Provision of Pensions

Risk

The increasing costs of the Association having a defined benefit pension scheme and the repayment of the pension deficit could result long term in a financial commitment that could restrict the operational activities of the Association. Changes in the Accounting Standards will require the full disclosure of the pension deficit within the Balance Sheet. This will result in a substantial impact on the Net Asset value of the Association. The introduction of Auto Enrolment pension provision, could also put further financial restraints on the Association.

HILLCREST HOUSING ASSOCIATION LIMITED
Strategic Report
For the year ended 31st March 2015

Provision of Pensions

Mitigation

To mitigate the risk of future financial commitment relating to pension deficits for defined benefit schemes, the Association agreed to change to a defined contributions scheme with effect from 1 April 2014. A pension deficit repayment plan has been agreed with the pension provider, to ensure the Association will contribute towards the deficit at an affordable level and is included within the budgets. The uptake of auto enrolment is monitored and full provision is also included within the budgeting process.

Impact of Welfare Reform & Universal Credit

Risk

The introduction of Universal Credit and the impact of Welfare Reform could adversely affect the level of rent arrears and voids which could lead to further scrutiny from the Scottish Housing Regulator and the lenders.

Mitigation

The potential impact on the financial outturns has been counteracted by the continuing work of the tenancy sustainment team who work alongside the Housing staff to ensure the tenant is fully supported in managing their financial commitments.

Impact of reinstatement works at Gardner Street

Risk

A delay in the finalisation of the reinstatement works at Gardner Street following the landslide in December 2013 may result in financial losses and reputational damage to the Association.

Mitigation

The loss adjusters are fully involved in the process to limit the cost to the Association. Discussions are on-going with Dundee City Council.

Impact of maintaining experienced board members

Risk

The board currently consists of experienced board members, who ensure the Association achieves its strategic objectives. New guidance has brought in a "nine-year" rule for Board Members with more stringent requirements on appointment after nine years and the introduction of annual appraisals for all Board Members.

Mitigation

The Group currently has an annual advertising campaign for the recruitment of group board members. This has proven to be successful with 7 new Group Board Member over the last 2 years. The latest group recruitment exercise undertaken resulted in a further 4 new Board Members being allocated to 4 company boards. The organisation reviews the skills matrix required for each Board and ensures that the recruitment exercises undertaken target areas where there is an identified need for specific skills or experience.

HILLCREST HOUSING ASSOCIATION LIMITED
Strategic Report
For the year ended 31st March 2015

Management controls for Asbestos & Legionella

Risk

The Group requires to have sufficient management controls in place to ensure Asbestos and Legionella are dealt with in line with current legislation.

Mitigation

An Asbestos and Legionella Co-ordinator has been appointed to oversee the Group's compliance. A recent internal audit has also been undertaken and an action plan to be implemented to address the recommendations in their report.

Impact of reliance on IT

Risk

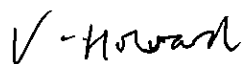
The group of companies require to work with a variety of technologies. Should there be a situation that results in a loss of IT systems and subsequently key services, there is a potential that the business will suffer and would not be able to provide a continued level of services to the tenants or service users.

Mitigation

There are a number of key procedures in place to safeguard the IT systems should an event of failure arise. The Group currently have double take software in place which ensures there is a continual replica of the information held within the IT system. This should result with a reduced time of setting up the disaster recovery site.

The Business Continuity Plan will also fully outline the tasks that will require to be performed by key staff in the event of system failure. Interim manual methods can then be introduced to minimise any potential disruption to the tenant or service user before the IT systems are fully operational.

By Order of the Committee



V. HOWARD
CHAIRPERSON
21st July 2015

HILLCREST HOUSING ASSOCIATION LIMITED
Statement of Committee's Responsibilities
for the year ended 31st March 2015

Housing Association legislation requires the Committee to prepare Financial Statements for each financial year which gives a true and fair view of the state of affairs of the Group and of the Income and Expenditure of the Group 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 Group 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 Group and for maintaining a satisfactory system of control over the Group's accounting records and transactions. The Committee is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Committee of Management are aware, there is no relevant audit information (information needed by the Association's auditors, in connection with preparing the report) of which the Association's auditors are unaware.

The Committee of Management have taken all the steps that they ought to have taken to make themselves aware of that information.

Statement of Internal Financial Control

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

1. The reliability of financial information whether used within the Group or provided for external users;
2. The maintenance of proper accounting records; and
3. The safeguarding of assets against unauthorised use or disposition.

Such systems of internal financial control can only provide reasonable and not absolute assurance against material misstatement or loss.

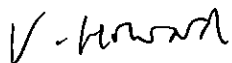
HILLCREST HOUSING ASSOCIATION LIMITED

Statement of Committee's Responsibilities
for the year ended 31st March 2015 (continued)

Key procedures which the Committee has established and which are designed to provide effective financial control include the following:-

- (1) Formal policies and procedures are in place for the appointment of suitably qualified and experienced senior staff members and consultants. These policies and procedures also detail duties and levels of authority for Committee Members, staff and agents.
- (2) A system of budgetary control is implemented with investigation of variances and reporting to the Committee on a quarterly basis.
- (3) A strategic plan and medium-term projections have been prepared and approved by the Committee. These are reviewed annually.
- (4) The Committee reviews reports from Management Agents and from the auditors to provide reasonable assurance that control procedures are in place and are being followed.
- (5) All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedure at full Committee level.
- (6) The internal auditor undertakes a rolling programme of internal audit assignments. The independent professional internal auditor has direct access to the Audit Committee which receives the reports and agrees the appropriate action plan.

The Committee has reviewed the effectiveness of the system of internal financial controls in existence for the year ended 31st March 2015 and until 21st July 2015. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.



V. HOWARD
CHAIRPERSON
21st July 2015

HILLCREST HOUSING ASSOCIATION LIMITED

Independent Auditors report to the members of Hillcrest Housing Association Limited

We have audited the financial statements of Hillcrest Housing Association Limited for the year ended 31 March 2015 which comprise the Group and Association Income and Expenditure Account, the Group and Association Balance Sheet, the Group and Association Cash Flow Statement, the Group and Association Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, the Scottish Housing Regulator's Determination of Accounting Requirements 2012 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the committee and the auditor

As explained more fully in the Statement of Committee's Responsibilities set out on pages 13 & 14, the committee is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with relevant legal and regulatory requirements 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 group and association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the 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 on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the association's affairs as at 31 March 2013 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Co-operative and Communities Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010, and the Scottish Regulator's Determination of Accounting Requirements 2012.

HILLCREST HOUSING ASSOCIATION LIMITED

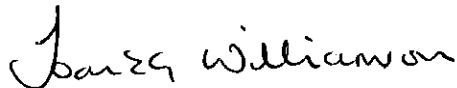
**Independent Auditor's Report to the Members of
Hillcrest Housing Association Limited**

Matters on which we are required to report by exception

We are required 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.

We have nothing to report in respect of these matters.



Joan Williamson, CA (Senior Statutory Auditor)
For and on behalf of Findlay & Company
Chartered Accountants and Statutory Auditor
11 Dudhope Terrace
Dundee
DD3 6TS

21st July 2015

HILLCREST HOUSING ASSOCIATION LIMITED
Report of the Auditors

To Hillcrest Housing Association Limited
on Corporate Governance Matters

In addition to our audit of the financial statements, we have reviewed your statement on pages 13 and 14 concerning the Association's compliance with the information required by the Regulatory Standards for systemically important RSLs in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator.

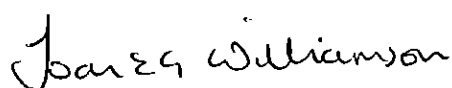
Basis of opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 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 Control on pages 13 and 14 has provided the disclosures required by the relevant Regulatory Standards for systemically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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



Joan Williamson, CA (Senior Statutory Auditor)
For and on behalf of Findlay & Company
Chartered Accountants and Statutory Auditor
11 Dudhope Terrace
Dundee
DD3 6TS

21st July 2015

HILLCREST HOUSING ASSOCIATION LIMITED

Group Income and Expenditure Account
for the year ended 31st March 2015

	<u>Notes</u>	2015 £	2014 £
Turnover			
- Continuing Operations	2(a)	40,403,778	37,772,887
Less : Operating Costs			
- Continuing Operations	2(a)	(33,673,832)	(31,530,898)
Operating Surplus	9	6,729,946	6,241,989
Gain on Sale of Fixed Assets	4	314,470	435,660
Gain on Business Acquisitions	35	3,979,503	-
		11,023,919	6,677,649
Exceptional item	34	-	(320,465)
Interest Receivable & Similar Income	5	157,611	91,656
Interest Payable	6	(5,246,854)	(3,499,143)
Surplus on ordinary activities before Taxation		£5,934,676	£2,949,697
Taxation	10	(23,318)	(37,983)
Surplus on ordinary activities after Taxation	26	£5,911,358	£2,911,714

Statement of Total Recognised Surpluses and Deficit
For the year ended 31st March 2015

	2015 £	2014 £
Surplus for the year after taxation	5,911,358	2,911,714
Unrealised surplus / (deficit) on revaluation of investments (Note 25)	-	(206,787)
Total surpluses recognised since last reporting period	£5,911,358	£2,704,927

Total recognised surpluses relate wholly to continuing activities
The notes on pages 26 to 67 form part of the Financial Statements

HILLCREST HOUSING ASSOCIATION LIMITED

Association Income and Expenditure Account
for the year ended 31st March 2015

	Notes	2015 £	2014 £
Turnover			
-Continuing operations	2(a)	26,904,197	24,871,791
Less: Operating costs			
- Continuing operations	2(a)	(21,582,104)	(19,430,456)
Operating Surplus	9	5,322,093	5,441,335
Gain on sale of fixed assets	4	315,270	433,533
		5,637,363	5,874,868
Exceptional item	35	-	-
Interest receivable & Similar income	5	188,694	95,282
Interest Payable	6	(4,869,117)	(3,346,334)
Surplus on ordinary activities before and after taxation	26	£956,940	£2,623,816

Statement of Total Recognised Surpluses and Deficits
for the year ended 31st March 2015

	2015 £	2014 £
Surplus for the year after taxation	956,940	2,623,816
Unrealised surplus / (deficit) on revaluation of investments (Note 25)	-	41,290
Total surpluses recognised since last reporting period	£956,940	£2,665,106

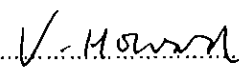
Total recognised surpluses relate wholly to continuing activities


The notes on pages 26 to 67 form part of the financial statements

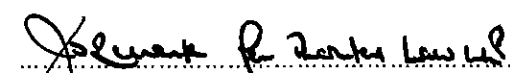
HILLCREST HOUSING ASSOCIATION LIMITED
Group Balance Sheet as at 31st March 2015

<u>Tangible Fixed Assets</u>	Notes	2015 £	2014 £
Housing properties – depreciated cost or valuation	13	386,307,784	370,704,964
LESS: Housing Associations & other public grants	14	(237,623,821)	(228,303,494)
		148,683,963	142,401,470
Other fixed assets	15	12,399,173	12,753,668
Investments	16	-	-
Investments – Homestake		826,385	826,385
- Housing Association Grants		(826,385)	(826,385)
		161,083,136	155,155,138
 <u>Current assets</u>			
Investments	16	-	756,693
Debtors	17	5,709,383	4,596,039
Stock & Work in progress	18	22,106,633	213,164
Cash at bank and in hand		21,737,537	20,688,838
		49,553,553	26,254,734
<u>Current Liabilities</u>		49,553,553	26,254,734
Creditor amounts failing due within one year	19	(11,479,056)	(26,021,799)
		38,074,497	232,935
Net current assets		38,074,497	232,935
Total Assets Less Current Liabilities		199,157,633	155,388,073
<u>Creditors</u>			
Amounts falling due after more than one year	20	(124,107,941)	(86,393,103)
Provision for liabilities and charges	21	(3,115,778)	(2,764,981)
		(127,223,719)	(89,158,084)
Net Assets		£71,933,914	£66,229,989
 <u>Capital and Reserves</u>			
Share Capital	23	73	84
Designated Reserves	24	752,446	586,833
Revaluation Reserve	25	-	207,424
Revenue Surplus	26	71,181,393	65,435,648
Minority Interest		2	-
		£71,933,914	£66,229,989

The Financial statements on pages 18 to 67 were approved by the Committee of Management on 21st July 2015 and were signed on its behalf by:

Val Howard  CHAIRPERSON

Tom Waters  COMMITTEE MEMBER

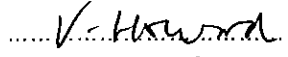
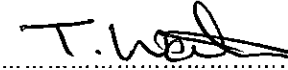

Thorntons Law LLP  SECRETARY

The notes on pages 26 to 67 form part of these financial statements

HILLCREST HOUSING ASSOCIATION LIMITED
Association Balance Sheet As at 31st March 2015

		2015 £	2014 £
<u>Tangible Fixed Assets</u>	<u>Notes</u>		
Housing Properties – depreciated cost	13	353,736,934	338,052,786
LESS: Housing Associations and other public grants	14	(235,801,342)	(226,481,015)
		117,935,592	111,571,771
Other fixed assets	15	11,283,193	11,650,372
Investments	16	2,562,366	-
Investments - Homestake		826,385	826,385
Housing Assoc Grants		(826,385)	(826,385)
		131,781,151	123,222,143
<u>Current Assets</u>			
Investments	16	-	756,693
Debtors	17	5,807,057	4,742,544
Stock & work in progress	18	109,373	85,625
Cash at Bank and in Hand		14,554,122	14,315,844
		20,470,552	19,900,706
<u>Current Liabilities</u>			
Creditors amounts falling due within one year	19	(9,369,907)	(23,716,518)
Net current Assets		11,100,645	(3,815,812)
Total Assets Less Current Liabilities		142,881,796	119,406,331
<u>Creditors</u>			
Amounts falling due after more than one year	20	(106,240,318)	(83,740,318)
Provision for liabilities and charges	21	(2,310,906)	(2,084,946)
		(108,551,224)	(85,825,264)
Net Assets		£34,330,572	£33,581,067
<u>Capital and Reserves</u>			
Share Capital	23	73	84
Designated Reserves	24	258,749	214,800
Revaluation Reserve	25	-	207,424
Revenue Surplus	26	34,071,750	33,158,759
		£34,330,572	£33,581,067

The Financial Statements on pages 18 to 67 were approved by the Committee of Management on 21st July 2015 and were signed on its behalf by:

Val Howard 	CHAIRPERSON
Tom Waters 	COMMITTEE MEMBER
Thorntons Law LLP 	SECRETARY

The notes on pages 26 to 67 form part of these financial statements

HILLCREST HOUSING ASSOCIATION LIMITED
Group Cashflow Statement
for the year ended 31st March 2015

	Notes	2015 £	2014 £
Net Cash Inflow from operating activities	(Note i)	8,928,743	9,458,563
Returns on Investment and Servicing of Finance			
Interest Received		113,621	91,656
Interest Paid		(5,053,317)	(3,476,481)
		-----	-----
		(4,939,696)	(3,384,825)
Capital Expenditure	(Note ii)	(10,806,037)	(9,097,569)
		-----	-----
Net Cash Inflow/(Outflow) Before Financing		(6,816,989)	(3,023,831)
		-----	-----
Taxation			
Corporation tax paid		(33,933)	(35,940)
Financing			
Net cash flow from financing		7,179,460	4,756,838
		-----	-----
(Decrease)/Increase in Cash		£328,537	£1,697,067
		=====	=====
Reconciliation of net cash flow to movement In net debt	(Note iii)		
(Decrease)/Increase in cash in the year		328,537	1,697,067
Cash flow from (increase) / decrease in debt		(7,179,457)	(4,756,835)
Acquisitions and disposals		(14,830,759)	-
		-----	-----
Movement in net debt		(21,681,679)	(3,059,768)
Net Debt at 1 st April 2014		(81,027,403)	(77,967,635)
		-----	-----
Net Debt at 31 st March 2015		£(102,709,082)	£(81,027,403)
		=====	=====

HILLCREST HOUSING ASSOCIATION LIMITED
Notes to the Group Cashflow Statement
for the year ended 31st March 2015

(i) Reconciliation of operating surplus for the year to net cash flow from operating activities

	2015	2014
	£	£
Operating Surplus	6,729,946	6,241,989
Abortive costs	-	-
Depreciation	3,949,372	3,727,589
Amortisation	-	-
Shares cancelled	(13)	(1)
Decrease/(Increase) in debtors	178,127	129,645
Decrease/(Increase) in stock & work in progress	(17,244)	298,662
Increase/(Decrease) in creditors	(1,911,445)	(969,321)
	<u>£8,928,743</u>	<u>£9,458,563</u>
	=====	=====

(ii) Analysis of Cash Flows for headings netted in the Cash Flow Statements

Capital Expenditure	2015	2014
	£	£
Payments to acquire and develop housing properties	(17,212,900)	(16,870,259)
Abortive costs	-	-
Grants received	8,182,379	8,141,133
Payments to acquire other fixed assets	(337,227)	(962,059)
Payments to acquire investments	(2,562,365)	-
Receipts from sales of other fixed assets	747,607	2,700
Receipts from sales of housing properties	432,515	826,996
HAG repaid	(56,046)	(236,080)
	<u>£(10,806,037)</u>	<u>£(9,097,569)</u>
	=====	=====

Financing:

Debt due within one year		
Repayment of secured loan	(14,984,461)	19,204
Debt due after one year	(12,836,081)	(262,369)
Loan drawn down in year	35,000,000	5,000,000
	<u>7,179,458</u>	<u>4,756,835</u>
Share capital issued	2	3
	<u>£7,179,460</u>	<u>£4,756,838</u>
	=====	=====

(iii) Analysis of changes in net debt

	At 1 April 2014	Cash Flows	Other changes	At 31 March 2015
	£	£	£	£
Cash at bank & in Hand	20,688,839	328,537	720,161	21,737,537
Debt due within one year	(15,323,139)	14,984,461	-	(338,678)
Debt due after one year	(86,393,103)	(22,163,918)	(15,550,920)	(124,107,941)
	<u>£(81,027,403)</u>	<u>£(6,850,920)</u>	<u>£(14,830,759)</u>	<u>£(102,709,082)</u>
	=====	=====	=====	=====

HILLCREST HOUSING ASSOCIATION LIMITED

Association Cashflow Statement
for the year ended 31st March 2015

	Notes	2015 £	2014 £
Net Cash Inflow from operating activities	(Note i)	7,756,199	7,642,833
<u>Returns on Investment and Servicing of Finance</u>			
Interest Received		146,774	93,212
Interest Paid		(4,676,888)	(3,339,043)
		(4,530,114)	(3,245,831)
Capital Expenditure	(Note ii)	(10,487,809)	(8,725,423)
Net Cash Inflow/(Outflow) Before Financing		(7,261,723)	(4,328,421)
Financing			
Net cash flow from financing		7,500,002	5,000,000
(Decrease)/Increase in Cash		£238,279	£671,582
Reconciliation of net cash flow to movement In net debt	(Note iii)		
(Decrease)/Increase in cash in the year		238,279	671,582
Cash flow from (increase) / decrease in debt		(7,500,000)	(5,000,000)
Movement in net debt		(7,261,721)	(4,328,418)
Net Debt at 1 st April 2014		(84,424,475)	(80,096,057)
Net Debt at 31 st March 2015		£(91,686,196)	£(84,424,475)

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Association Cashflow Statement
for the year ended 31st March 2015

(i) Reconciliation of operating surplus for the year to net cash flow from operating activities

	2015 £	2014 £
Operating Surplus	5,322,093	5,441,335
Abortive costs	-	-
Depreciation	3,560,280	3,379,886
Shares Cancelled	(13)	(1)
Decrease/(Increase) in debtors	198,521	(155,498)
Decrease/(Increase) in stock & work in progress	38,557	290,043
Increase/(Decrease) in creditors	(1,363,239)	(1,312,932)
	£7,756,199	£7,642,833
	=====	=====

(ii) Analysis of Cash Flows for headings netted in the Cash Flow Statement Capital Expenditure

Capital Expenditure	2015 £	2014 £
Payments to acquire and develop housing properties	(17,035,585)	(16,696,348)
Grants received	8,179,379	8,144,133
Payments to acquire other fixed assets	(158,593)	(764,524)
Payments to acquire investments	(2,562,365)	-
Receipts from sales of other fixed assets	747,607	400
Receipts from sales of housing properties	397,794	826,996
HAG repaid	(56,046)	(236,080)
	£(10,487,809)	£(8,725,423)
	=====	=====

Financing

Debt due within one year:		
Repayment of secured loan	(15,000,000)	-
Debt due after one year:		
Repayment of secured loan	(12,500,000)	-
Loan drawn down in year	35,000,000	5,000,000
	-----	-----
	7,500,000	5,000,000
Share capital issued	-	-
	-----	-----
	£7,500,000	£5,000,000
	=====	=====

(iii) Analysis of changes in net debt

	At 1 April 2014 £	Cash Flows £	Other changes £	At 31 March 2015 £
Cash at bank & in Hand	14,315,843	238,279	-	14,554,122
Debt due within one year	(15,000,000)	15,000,000	-	-
Debt due after one year	(83,740,318)	(22,500,000)	-	(106,240,318)
	-----	-----	-----	-----
	£(84,424,475)	£(7,261,722)	£ -	£(91,686,196)
	=====	=====	=====	=====

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements for the year ended 31st March 2015

(1) **(a) Principal Accounting Policies**

The financial statements have been prepared in accordance with the historical cost convention and in accordance with the requirements of the Statement of Recommended Practice: Accounting for Registered Social Landlords 2010 and applicable accounting standards, and comply with the Registered Social Landlords Accounting Determination 2012. A summary of the more important accounting policies which have been applied consistently is set out below.

For consolidation, the charitable subsidiaries have been prepared in accordance with applicable Accounting Standards, the Companies Act 2006 and the Charities Accounts (Scotland) Regulations. They also follow the recommendations in the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) and Statement of Recommended Practice "Accounting by Limited Liability Partnerships" (SORP 2010). Other subsidiaries have been prepared in accordance with Financial Reporting Standards for Smaller Entities (effective April 2008).

(b) Basis of Accounting

The financial statements are prepared under the historical cost convention modified to include the valuation of certain investments.

(c) Basis of Consolidation

The group accounts consolidate the accounts of Hillcrest Housing Association Limited and its subsidiary companies. Profits or losses on intra-group transactions are eliminated in full and all inter company debts are eliminated in full.

(d) Investments

Listed investments are recorded in the balance sheet at market value. Any gain above initial cost is recorded in a revaluation reserve. Any permanent diminution in value is debited to the Income and Expenditure Account in the year it occurs.

Homestake investments – refer to note 1 (j).

(e) Turnover

Turnover represents rental and service charge income, fees and revenue based grants receivable from local authorities, commercial rental income and house factoring income.

(f) Fixed Assets – Housing Properties (Note 13)

Housing properties including developments in progress, with the exception of mid-market properties which are held at valuation, are stated at cost less aggregate depreciation. Mid-market properties are stated at a subject to tenancy market value, and a formal valuation undertaken a minimum once every 5 years. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the period.

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.

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements (continued)
for the year ended 31st March 2015

(1) **(g) Social Housing Grant**

Housing Association Grant (HAG) is receivable in respect of qualifying development costs as determined by Scottish Ministers from time to time. The Grant is paid direct to the Association and is shown as a deduction from housing property cost in the period in which it is receivable. HAG is allocated to the land and structure property components. HAG is allocated against 100% of the land cost with the balance against the structure cost. Costs not funded by HAG are financed by long term loans or internal funding.

HAG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

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

(h) Housing Properties

(i) Depreciation and Impairment of Fixed Assets

For most categories of housing property, there is a commitment to a long-term programme of planned maintenance. This commitment has been made in the belief that the expected useful economic life of these properties will be substantially extended as a result. The amount of depreciation required to write off the cost less HAG of the buildings to their estimated residual values is therefore considered to be as follows:-

New build properties	– 90 years straight line
Tenement properties	– 100 years straight line

Where properties are deemed to be less structurally sound or are unpopular with potential tenants due to age, condition or type, they are subject to a less rigorous planned maintenance programme. Depreciation is provided on this category of property in order to write off the cost less HAG to their residual value over their expected useful economic life as follows:

“Difficult to let” properties	-	20 years straight line
-------------------------------	---	------------------------

In the case of properties with an expected useful economic life of more than 50 years or where depreciation is deemed to be immaterial, impairment reviews are carried out on an annual basis in accordance with FRS11. Where impairment reduces the economic value of a group of properties to an amount less than the net book value, the impairment is charged to the Income and Expenditure Account.

In accordance with the Statement of Recommended Practice: Accounting for Registered Social Landlords 2010, which became effective for accounting periods beginning on or after 1 April 2011, component accounting has been applied to both the housing properties of the Association and the Group.

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements (continued) for the year ended 31st March 2015

(1) (h) Housing Properties
(i) Depreciation and Impairment of Fixed Assets (continued)

Each major property component is treated as separate asset and depreciated over its expected useful economic life on a straight line basis at the following annual rates:

Structure	- 20, 90 or 100 years as noted above
Kitchens	- 15 years
Bathrooms	- 30 years
Rewiring	- 45 years
Windows	- 30 or 50 years
Heating systems	- 20 years
Gas boilers	- 15 years

Land is not depreciated.

Where the above assets are replaced, the cost is no longer written off to the Income and Expenditure Account, but capitalised and the previously capitalised component disposed of. Any gain or loss on the disposal of the individual components of a property will be reflected through the depreciation charge for the year.

When considering impairment the properties are viewed as classes as a whole according to income streams generated. This is in accordance with the way the properties are managed in practice. Furthermore in accordance with FRS 11 head office costs are allocated to each class of housing properties in proportion to their net assets as part of the annual impairment review.

(ii) Works to Existing Housing Properties

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that are of such a substantial nature that they will increase the expected useful life of the properties, are capitalised as improvements. The cost of all other works to existing housing properties is written off to the Income and Expenditure Account in the year in which it is incurred

(iii) Capitalisation of Development Overheads

Costs which are directly attributable to bringing housing properties into working condition are included in housing properties costs. Directly attributable costs include direct labour costs of the Association and the incremental costs which would have been avoided only if the property had not been constructed or acquired. All other development overheads are written off to the Income and Expenditure Account. Overheads are not capitalised on component replacements.

(iv) Development Interest

Interest on borrowings specifically financing a development programme is capitalised to the extent that it accrues in respect of the period during which development activities are in progress. All other interest is written off to the Income and Expenditure Account in the period in which it accrues.

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements (continued)
for the year ended 31st March 2015

(1) (h) **Housing Properties (continued)**

(v) Sales of Housing Properties

The surplus or deficit is accounted for in the period the disposal occurs and represents the difference between the net sale proceeds and the net carrying value. Abated HAG has been treated as a component of the surplus or deficit on disposal. Abated HAG represents the difference between recycled/repaid HAG and the HAG relating to the disposal where the latter is the greater amount.

The surplus/deficit amount arising from the sale of housing properties is disclosed separately in the group income and expenditure account.

(vi) Shared Ownership

In accordance with the Statement of Recommended Practice: Accounting for Registered Social Landlords 2010, shared ownership properties are reflected within Fixed Assets. Proceeds from first tranche disposals are no longer credited against fixed assets but allocated to Turnover. Costs relating to expected first tranche sales are reflected in current assets and released to the Income and Expenditure Account on sale.

The surplus or deficit on the disposal of second and subsequent tranches of shared ownership properties are accounted for in the Income and Expenditure account within the Gain/ (loss) on sale of Fixed Assets.

(i) Other Tangible Fixed Assets

Depreciation is provided on all other tangible fixed assets at rates calculated to write off the cost less residual value of such assets over their expected useful life as follows:-

Commercial properties – modernised	-	20 to 30 years straight line
Commercial properties – new build	-	20 to 50 years straight line
Office premises	-	50 years straight line
Tenant's improvements	-	3 or 10 years straight line
Housing furniture & fittings	-	20% reducing balance
Office furniture & fittings	-	3 to 20 years straight line
	-	20% reducing balance
Computer Equipment	-	3 or 5 years straight line
Computer Software	-	10 years straight line
Motor Vehicles	-	4 years straight line

(j) Homestake

During the financial year ending 31 March 2008, Grants were received from the Scottish Ministers for the construction of properties under the Homestake scheme. The costs during the construction of the properties and up to the point of sale are reflected as work in progress within the Current Assets and the grants in Other Creditors. Upon sale of the Homestake properties to eligible beneficiaries the cost and grants relating to such properties are accounted for in the Income and Expenditure Account within Other Income and Other Operating Expenditure respectively.

The Association upon sale of the Homestake Properties retains an equity stake of the property. As full title of the property passes to the Homestake owner upon sale, the equity stake is accounted for as a Fixed Asset Investment on the historical cost basis reflecting receipts potentially receivable from sales of subsequent residual stakes. The cost is offset by a grant of the same amount reflecting monies repayable by the Association to the Scottish Ministers on sale of subsequent residual stakes.

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements (continued)
for the year ended 31st March 2015

(1) (j) Homestake (continued)

For all sales made from 1 April 2008, the Scottish Ministers upon sale of the Homestake retains an equity stake of the property and therefore no disclosure of investments will be required. Closing stock is valued at lower than cost and net realisable value. Net realisable values are based on the market values on the completed schemes as at the financial year end.

(k) Designated Reserves

(i) Restricted Reserve

Restricted reserves are those reserves which are subject to external restrictions governing their use.

(l) Provisions

The Association only provides for contractual liabilities that exist at the balance sheet date.

(m) Pensions

The Association operates a defined contribution Pension Scheme, the cost of which is written off on an accruals basis. Pre-April 2014 the Association operated a defined contribution scheme, the assets of this Scheme are held separately from those of the Association in an independently administered fund (Note 27).

Gowrie Care also operates a defined contribution Pension Scheme, the cost of which is written off on an accruals basis.

The pension cost charged in the financial statements for Hillcrest Enterprises Limited represents the contribution payable by the company during the year.

Craigowl Communities operates a defined contribution scheme in respect of staff. The scheme and its assets are held by independent managers.

(n) Stock & Work in Progress

Trading stock – stock and working progress is valued at the lower of cost and net realisable value.

HILLCREST HOUSING ASSOCIATION LIMITED
Notes to the Group Financial Statements (continued)
for the year ended 31st March 2015

(1) (o) Taxation

The Association has charitable status which affects its liability to tax. All activities of the Group falling outwith the scope of charitable purposes are conducted by Hillcrest Enterprises Limited a subsidiary Company, which does not have charitable status. Hillcrest Maintenance Services Limited also does not have charitable status and is liable to corporation tax.

Gift Aid has been in existence in previous years, whereby taxable profits of the subsidiary company are covenanted to the Charitable Association thus reducing the charge to Corporation Tax. In 2014/15 Hillcrest Maintenance Services Limited will gift aid £169,010 (2014 - £90,000) and Hillcrest Enterprises Limited £45,000 (2014 - £85,000) to Hillcrest Housing Association Limited. These amounts have both been provided for.

For non charitable companies, the charge for taxation is based on the results for the period and takes into account the taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes. Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

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

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

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

(p) Service Equalisation

Surpluses of service revenue over service costs have been equalised in the Income and Expenditure Account and have been set aside as a debtor or creditor for expected future increases in service costs.

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements (continued)
for the year ended 31st March 2015

2 (a) Group Particulars of Turnover, Cost of Sales, Operating Costs and Operating Surplus

	Turnover £	Operating Costs £	2015 Operating Surplus £	2014 Operating Surplus £
Social Lettings	26,409,982	14,243,235	12,166,747	10,910,306
Other activities	13,993,796	19,430,597	(5,436,801)	(4,668,317)
2015 - Total	£40,403,778	£33,673,832	£6,729,946	£6,241,989
2014 - Total	£37,772,887	£31,530,898		

2 (a) Association Particulars of Turnover, Cost of Sales, Operating Costs and Operating Surplus

	Turnover £	Operating Costs £	2015 Operating Surplus £	2014 Operating Surplus £
Social Lettings	23,866,873	17,926,894	5,939,979	5,575,398
Other activities	3,037,324	3,655,210	(617,886)	(134,064)
2015 - Total	£26,904,197	£21,582,104	£5,322,093	£5,441,335
2014 - Total	£24,871,791	£19,430,456		

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements (continued)
for the year ended 31st March 2015

2 (b) Group Particulars of Turnover, Operating Costs and Operating Surplus from Social Letting Activities

	General Needs Housing £	Supported Housing Accomm. £	Shared Ownership £	Held for Lease £	Mid-market £	2015 Total £	2014 Total £
Income from Lettings							
Rent receivable net of identifiable service charge	19,200,376	13,887	570,928	919,763	3,443,133	24,148,087	22,286,853
Service charges	2,457,069	15,341	32,237	35,116	-	2,539,763	2,290,768
Gross income from rents and Service charges	21,657,445	29,228	603,165	954,879	3,443,133	26,687,850	24,577,621
LESS: Rent losses from voids	(293,357)	-	(736)	(3,931)	(155,039)	(453,063)	(769,421)
Net income from rents and Service charges	21,364,088	29,228	602,429	950,948	3,288,094	26,234,787	23,808,200
Revenue grants from the Scottish Ministers	175,195	-	-	-	-	175,195	245,570
Other revenue grants	-	-	-	-	-	-	-
Total turnover from social letting activities	21,539,283	29,228	602,429	950,948	3,288,094	26,409,982	24,053,770
Expenditure on letting activities							
Management & maintenance administration costs	6,102,706	47,507	153,893	336,950	105,277	6,746,333	6,148,385
Service costs	1,886,359	14,300	32,237	157,169	138,867	2,228,932	1,864,986
Reactive & Void maintenance costs	711,197	1,985	7,866	98,056	69,041	888,145	812,960
Planned, cyclical & major repairs costs	512,726	1,567	2,466	218,870	40,845	776,474	939,039
Bad debts – rents and service charges	139,447	-	-	(156)	42,231	181,522	257,925
Depreciation of social housing	2,807,776	-	65,156	326,132	222,765	3,421,829	3,130,169
Impairment of social housing	-	-	-	-	-	-	-
Operating costs for social letting activities	12,160,211	65,359	261,618	1,137,021	619,026	14,243,235	13,143,464
OPERATING SURPLUS / (deficit) 2015	£9,379,072	£(36,131)	£340,811	£(186,073)	£2,269,068	£12,166,747	£10,910,306
OPERATING SURPLUS / (deficit) 2014	£8,840,087	£(68,272)	£341,321	£168,268	£1,628,902		

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements (continued)
for the year ended 31st March 2015

2 (b) Association Particulars of Turnover, Operating Costs and Operating Surplus from Social Letting Activities

	General Needs Housing £	Supported Housing Accomm. £	Shared Ownership £	Held for Lease £	Mid- Market £	2015 Total £	2014 Total £
Income from Lettings							
Rent receivable net of identifiable service charge	19,200,376	125,064	570,928	1,560,042	-	21,456,410	20,098,688
Service charges	2,457,069	15,341	32,237	24,714	-	2,529,361	2,277,287
Gross income from rents and Service charges	21,657,445	140,405	603,165	1,584,756		23,985,771	22,375,975
LESS: Rent losses from voids	(293,357)	-	(736)	-		(294,093)	(415,464)
Net income from rents and Service charges	21,364,088	140,405	602,429	1,584,756		23,691,678	21,960,511
Revenue grants from Scottish Ministers	175,195	-	-	-	-	175,195	245,570
Other revenue grants	-	-	-	-	-	-	-
Total turnover from social letting activities	21,539,283	140,405	602,429	1,584,756		23,866,873	22,206,081
Expenditure on letting activities							
Management & maintenance administration costs	6,164,736	47,716	153,893	325,631	-	6,691,976	5,975,020
Service costs	2,372,906	14,300	32,237	152,108	-	2,571,551	2,235,952
Reactive & Void maintenance costs	3,063,947	1,985	7,866	97,963	-	3,171,761	3,094,994
Planned, cyclical & major repairs costs	2,021,387	1,567	2,466	163,573	-	2,188,993	2,193,454
Bad debts – rents and service charges	139,447	-	-	-	-	139,447	227,981
Depreciation of social housing	2,807,776	-	65,156	290,234	-	3,163,166	2,903,281
Impairment of social housing	-	-	-	-	-	-	-
Operating costs for social letting activities	16,570,199	65,568	261,618	1,029,509		17,926,894	16,630,682
OPERATING SURPLUS / (deficit) for social lettings	£4,969,084	£74,837	£340,811	£555,247	£	£5,939,979	£5,575,399
2015							
OPERATING SURPLUS / (deficit) for social lettings 2014	£4,687,242	£41,050	£340,137	£506,970	£		

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements (continued)
for the year ended 31st March 2015

	(3) Group Particulars of Turnover, Operating Costs and Operating Surplus from Other Activities								
	Grants From Scottish Ministers	Other Revenue Grants	Supporting People Income	Other Income	Total Turnover	Bad Debts	Other Operating Costs	Operating Surplus/ (deficit) 2015	Operating Surplus/ (deficit) 2014
	£	£	£	£	£	£	£	£	£
Wider Role	-	928	-	-	928	-	2,157	(1,229)	(1,905)
Care and Repair	-	108,214	-	-	108,214	-	152,806	(44,592)	-
Factoring	-	-	-	92,056	92,056	(11,956)	117,873	(13,861)	(5,471)
Development activities	343,600	-	-	98,543	442,143	-	524,689	(82,546)	(76,439)
Support activities	-	-	229,433	378,728	608,161	-	716,378	(108,217)	(66,456)
Care activities	-	2,643,740	7,324,526	617,351	10,585,617	-	10,008,332	577,285	497,118
Agency /mgt services to RSL's	-	-	-	-	-	-	-	-	-
Other agency/ mgt services	-	-	-	129,511	129,511	-	77,320	52,191	7,156
Homestake	-	-	-	630	630	-	-	630	-
Shared Ownership 1 st tranche	-	-	-	38,625	38,625	-	38,716	(91)	(1,549)
Development for sale to RSL's	-	-	-	-	-	-	-	-	-
Development and improvement for Sale to non registered RSL's	-	-	-	-	-	-	-	-	-
Commercials	-	-	-	504,359	504,359	(8,137)	164,468	348,028	278,988
Central Charges	-	-	-	-	-	-	1,135,343	(1,135,343)	(824,431)
Other activities	-	799,380	-	684,172	1,483,552	-	6,512,608	(5,029,056)	(4,475,328)
2015 Total	£343,600	£3,552,262	£7,553,959	£2,543,975	£13,993,796	£(20,093)	£19,450,690	£(5,436,801)	£(4,668,317)
2014 Total	£301,161	£4,796,127	£6,785,194	£1,836,635	£13,719,117	£15,834	£18,371,600		

HILLCREST HOUSING ASSOCIATION LIMITED
Notes to the Group Financial Statements (continued)
For the year ended 31st March 2015

	<u>(3) Association Particulars of Turnover, Operating Costs and Operating Surplus or deficit from Other Activities</u>									
	Grants From Scottish Ministers £	Other Revenue /Grants £	Supporting People Income £	Other Income £	Total Turnover £	Bad Debts £	Other Operating Costs £	Operating Surplus/ (deficit) 2015 £	Operating Surplus/ (deficit) 2014 £	
Wider Role	-	928	-	-	928	-	2,157	(1,229)	(1,905)	
Care and Repair	-	108,214	-	-	108,214	-	152,806	(44,592)	-	
Factoring	-	-	-	92,056	92,056	(11,956)	117,873	(13,861)	(5,471)	
Development activities	343,600	-	-	-	343,600	-	524,689	(181,089)	(111,256)	
Support activities	-	-	229,433	378,728	608,161	-	718,920	(110,759)	(74,570)	
Care activities	-	-	-	-	-	-	-	-	-	
Agency /mgt services to RSL's	-	-	-	-	-	-	-	-	-	
Other agency/ mgt services	-	-	-	-	-	-	-	-	-	
Homestake	-	-	-	630	630	-	-	630	-	
Shared Ownership 1 st tranche	-	-	-	38,625	38,625	-	38,716	(91)	(1,549)	
Development for sale to RSL's	-	-	-	-	-	-	-	-	-	
Development and improvement for Sale to non registered RSL's	-	-	-	-	-	-	-	-	-	
Commercials	-	-	-	475,958	475,958	(8,137)	153,872	330,223	277,665	
Central Charges	-	-	-	1,135,343	1,135,343	-	1,135,343	-	-	
Other activities	-	-	-	233,809	233,809	-	830,927	(597,118)	(216,978)	
2015 Total	£343,600	£109,142	£229,433	£2,355,149	£3,037,324	£(20,093)	£3,675,303	£(617,886)	£(134,064)	
2014 Total	£301,161	£124,478	£189,040	£2,051,031	£2,665,710	£15,834	£2,783,939			

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements (continued)
for the year ended 31st March 2015

(4) **Group and Association Sale of Fixed Assets**

ASSOCIATION	Proceeds from sales £	Cost of Sales £	2015 Profit / (Loss) on Sales £	Proceeds from sales £	2014 Profit / (Loss) on Sales £
Housing Association – Right to purchase	155,700	92,360	63,340	96,870	(19,118)
One off Sales	-	(6,206)	6,206	647,438	371,360
Shared Ownership	193,000	145,614	47,386	273,949	94,942
Sale of Investment	756,693	558,355	198,338	-	-
Sale of other fixed assets	-	-	-	400	(13,621)
	1,105,393	790,123	315,270	1,018,657	433,533
GROUP					
One off sales	-	-	-	-	-
Sale of other fixed assets	-	800	(800)	2,300	2,127
	£1,105,393	£790,923	£314,470	£1,020,957	£435,660
	=====	=====	=====	=====	=====

(5) **Investment Income**

	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
Interest receivable	153,781	71,822	184,864	75,448
Dividends	3,830	19,834	3,830	19,834
	£157,611	£91,656	£188,694	£95,282
	=====	=====	=====	=====

(6) **Interest Payable**

	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
Mainstream	3,830,155	2,674,520	3,830,155	2,674,520
Supported Accommodation	71,582	70,364	14,399	10,675
Shared Ownership	272,221	205,114	272,221	205,113
Other	1,072,896	549,145	752,342	456,026
	£5,246,854	£3,499,143	£4,869,117	£3,346,334
	=====	=====	=====	=====

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements (continued)
for the year ended 31st March 2015

(7) Officers Emoluments

Under The Registered Social Landlords Accounting Determination 2012, disclosure of officer's emoluments exceeding £60,000 (excluding pension contributions) is disclosed below. No emoluments were paid to any member of the Committee of Management.

	Group		Association	
	2015 £	2014 £	2015 £	2014 £
(a) Aggregate emoluments payable to Officers or former Officers including pension contributions AND benefits in kind	<u>277,793</u>	<u>534,219</u>	<u>195,129</u>	<u>392,610</u>

The emoluments (excluding pension contributions) of the highest paid Officer (Group Chief Executive) amount to:-

Gross pay	<u>95,430</u>	<u>115,615</u>	<u>95,430</u>	<u>115,615</u>
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(b) The emolument of the Officers and former Officers (excluding pension contributions and severance payment to past director) were within the following ranges

£60,001 - £70,000	-	3	-	2
£70,001 - £80,000	-	-	-	-
£80,001 - £90,000	2	1	1	1
£90,001 - £100,000	1	1	1	-
£100,001 - £110,000	-	1	-	1
£110,001 - £120,000	-	-	-	-

(c) Total expenses reimbursed to Officers in so far as not chargeable to United Kingdom Income Tax for the Association is £4,122 (2014 - £6,272) and the Group £4,369 (2014 - £6,729).

(d) During the year 5 Officers participated in the Association's defined contribution pension scheme.

The Chief Executive is an ordinary member of the Association's pension scheme described in Note 29. No enhanced or special terms apply to membership and she has no other pension arrangements to which the Association contributes. The Association's contributions for the Chief Executive in the year amounted to £8,112 (2014 - £8,950). No lump sum is payable except as part of the pension.

No loans were made to the Committee of Management during the year and none were outstanding at 31st March 2015.

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements (continued)
for the year ended 31st March 2015

(8) Employee Information

The average number of persons employed during the year was:-

	Group		Association	
	2015	2014	2015	2014
Office Staff	152	143	123	118
Wardens, Caretakers & Cleaners	42	53	42	50
Support Staff	620	657	-	-
Maintenance	131	106	21	23
	-----	-----	-----	-----
	945	959	186	191
	====	====	====	====
The average number of full time equivalent	669	656	165	168
	====	====	====	====

Staff Costs (including directors Emoluments):

	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
Wages and Salaries	16,795,869	16,650,920	4,901,640	4,621,728
Social Security Costs	1,392,226	1,290,216	464,490	371,586
Pension Costs	1,718,045	706,578	1,301,771	653,565
	-----	-----	-----	-----
	£19,906,140	£16,847,714	£6,667,901	£5,646,879
	=====	=====	=====	=====

The pension costs noted above includes past service deficit contributions of £1,026,787 (2014 - £392,470) for the Association and £1,243,998 (2014 - £668,674) for the Group.

(9) Operating Surplus

	Group		Association	
	2015	2014	2015	2014
	£	£	£	£
Operating surplus is stated after charging:				
Depreciation – Housing property	3,258,450	2,934,902	3,034,508	2,718,697
Depreciation – Disposals	163,379	195,267	128,658	184,584
Depreciation – Other fixed assets	609,922	627,423	525,772	476,608
Operating lease – plant & Machinery	17,785	19,031	-	-
- other	229,254	189,871	229,254	189,871
Auditor's remuneration for all group companies (including VAT)				
- In their capacity as				
External auditors	44,053	39,796	18,220	17,870
Internal auditors	15,786	9,004	15,786	9,004
- In respect of other services				
External auditors	2,760	1,950	2,760	1,950
Internal auditors	-	1,154	-	1,154

(10) Tax on Profit On Ordinary Activities – Group

	2015	2014
	£	£
Corporation tax at 20%/20.38% (2014 – 20%/21.65%)	17,540	27,589
Deferred tax	5,778	10,394
	-----	-----
	£23,318	£37,983
	=====	=====

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements (continued)
for the year ended 31st March 2015

(11) **Service Charge Equalisation Account**

	Group		Association	
	2015 £	2014 £	2015 £	2014 £
Balance at beginning of Year	(215,263)	(149,589)	(215,263)	(149,589)
Transfer of Property Revenue to Account	(45,157)	(65,674)	(45,157)	(65,674)
Irrecoverable Deficit /write offs	-	-	-	-
Balance at End of Year	(260,420)	(215,263)	(260,420)	(215,263)
Being:- Debtor Balance (see Note 17)	(712,903)	(603,796)	(712,903)	(603,796)
Creditors Balance (see Note 19)	452,483	388,533	452,483	388,533
Balance at End of Year	£(260,420)	£(215,263)	£(260,420)	£(215,263)

(12) **Housing Stock Analysis**

	Group		Association	
	2015 £	2014 £	2015 £	2014 £
General Housing Needs	5,761	5,666	5,723	5,628
Supported Housing Accommodation	192	192	188	188
Shared Ownership	249	252	249	252
Mid-Market	574	429	-	-
	6,776	6,539	6,160	6,068
Other Units				
Factored	494	493	494	493
Feu Superior for Landscaping	864	834	864	834
	1,358	1,327	1,358	1,327
Total Units	8,134	7,866	7,518	7,395

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements (continued) for the year ended 31st March 2015

(13) Group Tangible Fixed Assets

	Housing Properties Held for Letting	Housing Properties Under Construction	Shared Ownership Letting	Shared Ownership Construction	Held for Letting Supported	Held for Letting For Lease	Held under Lease Construction	Mid-Market Held for Letting	Total
	£	£	£	£	£	£	£	£	£
Cost or valuation									
At 1 st April 2014	310,340,807	9,951,500	15,818,980	-	1,798,146	25,350,202	5,593,390	32,522,210	401,375,235
Schemes completed	5,679,534	(5,679,534)	-	-	5,667,939	(5,667,939)	(88,489)	-	-
Reclassification	-	88,489	-	-	-	-	-	-	(88,654)
Transfer to current assets	(68,654)	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Additions	1,984,268	9,678,096	-	-	39,490	7,369,690	167,614	19,239,158	19,239,158
Disposals	(1,019,086)	-	(84,430)	-	(19,120)	-	-	(67,152)	(1,189,788)
At 31st March 2015	316,916,869	14,038,551	15,734,550	-	1,798,146	31,038,511	7,206,652	32,622,672	419,355,951
Depreciation									
At 1 st April 2014	26,067,358	-	436,414	-	114,246	694,043	-	3,358,210	30,670,271
Reclassification	-	-	-	-	-	-	-	-	-
Transfer to current assets	(6,349)	-	-	-	-	-	-	-	(6,349)
Charge for the year	2,702,790	-	65,156	-	11,593	290,071	-	188,840	3,258,450
Disposals	(818,371)	-	(3,651)	-	-	(18,956)	-	(33,227)	(874,205)
At 31st March 2015	27,945,428	-	497,919	-	125,839	965,158	-	3,513,823	33,048,167
Net Book Value									
At 31 st March 2015	288,971,441	14,038,551	15,236,631	-	1,672,307	30,073,353	7,206,652	29,108,849	386,307,784
Less: Grants (note 14)	194,763,905	11,952,365	9,044,222	-	495,753	8,148,252	4,547,716	-	228,952,213
Other grants (note 14)	7,566,963	144,000	-	-	628,600	332,045	-	-	8,671,608
At 31st March 2015	£86,640,573	£1,942,186	£6,192,409	£	£547,954	£21,593,056	£2,658,936	£29,108,849	£148,683,963
Net Book Value									
At 31 st March 2014	284,273,449	9,951,500	15,382,566	-	1,683,900	24,656,159	5,593,390	29,164,000	370,704,964
Less: Grants (note 14)	191,933,766	8,114,549	9,094,173	-	495,753	6,552,771	3,440,873	-	219,631,885
Other grants (note 14)	7,465,872	245,092	-	-	628,600	332,045	-	-	8,671,609
At 31st March 2014	£84,873,811	£1,591,859	£6,288,393	£	£559,547	£17,771,343	£2,152,517	£ 29,164,000	£142,401,470

Total expenditure on works to existing properties amounted to £3,855,991 for which no Social Housing Grants were received during the year, of this, £2,191,372 was capitalised in the year. During the year £282,614 of development administration costs were capitalised.

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements (continued) for the year ended 31st March 2015

(13) Association Tangible Fixed Assets

Housing Properties

	Housing Properties Held for letting £	Housing Properties Under construction £	Shared Ownership Held for letting £	Shared Ownership Under Construction £	Held for Letting Supported £	Held for Letting for lease £	Held for Lease under construction £	Mid-market held for letting £	Total £
Cost									
At 1 st April 2014	308,299,576	9,951,500	15,818,980	-	-	25,350,202	5,593,390	-	365,013,648
Schemes completed	5,679,534	(5,679,534)	-	-	-	5,667,939	(5,667,939)	-	-
Reclassification	-	88,489	-	-	-	-	(88,489)	-	-
Transfer to current assets	(68,654)	-	-	-	-	-	-	-	(68,654)
Additions	1,974,547	9,678,096	-	-	39,490	39,490	7,369,690	-	19,061,823
Disposals	(1,013,643)	-	(84,430)	-	-	(19,120)	-	-	(1,117,193)
At 31st March 2015	314,871,360	14,038,551	15,734,550	-	-	31,038,511	7,206,652	-	382,889,624
Depreciation									
At 1 st April 2014	25,830,408	-	436,411	-	-	694,043	-	-	26,960,862
Reclassification	-	-	-	-	-	-	-	-	-
Transfer to current assets	(6,349)	-	-	-	-	-	-	-	(6,349)
Charge for the year	2,679,281	-	65,156	-	-	290,071	-	-	3,034,508
Disposals	(813,724)	-	(3,651)	-	-	(18,956)	-	-	(836,331)
At 31st March 2015	27,689,616	-	497,916	-	-	965,158	-	-	29,152,690
Net Book Value									
At 31 st March 2015	287,181,744	14,038,551	15,236,634	-	-	30,073,353	7,206,652	-	353,736,934
Less: Grants (note 14)	194,092,829	11,952,365	9,044,222	-	-	8,148,252	4,547,716	-	227,785,384
Other grants (note 14)	7,539,913	144,000	-	-	-	332,045	-	-	8,015,958
	£85,549,002	£1,942,186	£6,192,412	£	£	£21,593,056	£2,658,936	£	£117,935,592
Net Book Value									
At 31 st March 2014	282,469,168	9,951,500	15,382,569	-	-	24,656,159	5,593,390	-	338,052,786
Less: Grants (note 14)	191,262,690	8,114,549	9,094,173	-	-	6,552,771	3,440,873	-	218,465,056
Other grants (note 14)	7,438,822	245,092	-	-	-	332,045	-	-	8,015,959
	£83,767,658	£1,591,859	£6,288,396	£	£	£17,771,343	£2,152,517	£	£111,571,771

Total expenditure on works to existing properties amounted to £7,374,791 for which no Social Housing Grants were received during the year, of this £2,014,037 was capitalised in the year. During the year £282,614 of development administration costs were capitalised.

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements (continued) for the year ended 31st March 2015

(14) Group Housing Association Grants

	Housing Properties held for letting £	Housing Properties under construction £	S/Ownership Housing Props held for Letting £	S/Ownership Housing Props under Construction £	Held for Letting Supported £	Held for Letting for lease £	Held for Lease under construction £	Mid-Market held for letting £	Total £
Cost									
At 1st April 2014	191,933,766	8,114,549	9,094,173	-	495,753	6,552,771	3,440,873	-	219,631,885
Schemes completed	2,854,258	(2,854,258)	-	-	-	1,595,481	(1,595,481)	-	-
Transfer to stock	(24,119)	-	-	-	-	-	-	-	(24,119)
Received	-	6,692,074	-	-	-	-	2,702,324	-	9,394,398
Repaid	-	-	(49,951)	-	-	-	-	-	(49,951)
At 31st March 2015	£194,763,905	£11,952,365	£9,044,222	£ -	£495,753	£8,148,252	£4,547,716	£ -	£228,952,213

Group Other Grants

	Housing Properties held for letting £	Housing Properties under construction £	S / Ownership Housing Props held for Letting £	S / Ownership Housing Props under Construction £	Held for Letting Supported £	Held for Letting for lease £	Held for Lease under construction £	Mid-Market held for letting £	Total £
Cost									
At 1st April 2014	7,465,872	245,091	-	-	628,600	332,045	-	-	8,671,608
Schemes completed	101,091	(101,091)	-	-	-	-	-	-	-
Received	-	-	-	-	-	-	-	-	-
Repaid	-	-	-	-	-	-	-	-	-
At 31st March 2015	£7,566,963	£144,000	£ -	£ -	£628,600	£332,045	£ -	£ -	£8,671,608
Total Grants									
At 31st March 2015	£202,330,868	£12,096,365	£9,044,222	£ -	£1,124,353	£8,480,297	£4,547,716	£ -	£237,623,821
Total Grants									
At 31st March 2014	£199,399,638	£8,359,640	£9,094,173	£ -	£1,124,353	£6,884,816	£3,440,873	£ -	£228,303,493

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements (continued) for the year ended 31st March 2015

(14) Association Housing Association Grants

	Housing Properties Held for Letting £	Housing Properties under construction £	S / Ownership Housing Props held for letting £	S / Ownership Housing Props under construction £	Held for Letting Supported £	Held for Letting Lease £	Held for Lease under construction £	Mid-Market Held for Letting £	Total £
Cost									
At 1 st April 2014	191,262,690	8,114,549	9,094,173	-	-	6,552,771	3,440,873	-	218,465,056
Schemes completed	2,854,258	(2,854,258)	-	-	-	1,595,481	(1,595,481)	-	(24,119)
Transfer to stock	(24,119)	-	-	-	-	-	2,702,324	-	9,394,398
Received	-	6,692,074	-	-	-	-	-	-	(49,951)
Repaid	-	-	(49,951)	-	-	-	-	-	-
At 31st March 2015	£194,092,829	£11,952,365	£9,044,222	£ -	£ -	£8,148,252	£4,547,716	£ -	£227,785,384

Association Other Grants

	Housing Properties Held for Letting £	Housing Properties under construction £	S/Ownership Housing Props held for letting £	S / Ownership Housing Props under construction £	Held for Letting Supported £	Held for Letting Lease £	Held for Lease under construction £	Mid-Market Held for Letting £	Total £
Cost									
At 1 st April 2014	7,438,822	245,091	-	-	-	332,045	-	-	8,015,958
Schemes completed	101,091	(101,091)	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Repaid	-	-	-	-	-	-	-	-	-
At 31st March 2015	£7,539,913	£144,000	£ -	£ -	£ -	£332,045	£ -	£ -	£8,015,958
Total Grants									
At 31 st March 2015	£201,632,742	£12,096,365	£9,044,222	£ -	£ -	£8,480,297	£4,547,716	£ -	£235,801,342
Total Grants									
At 31 st March 2014	£198,701,512	£8,359,640	£9,094,173	£ -	£ -	£6,884,816	£3,440,873	£ -	£226,481,014

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements (continued) for the year ended 31st March 2015

**(15) Group Tangible Fixed Assets
Other Fixed Assets**

	Commercial Property £	Office Property £	Housing Furniture Equipment £	Supported Furniture Equipment £	Office Furniture Equipment £	Motor Vehicles £	Plant and Machinery £	Total 2015 £	Total 2014 £
Cost or valuation									
At 1 st April 2014	4,126,971	9,068,023	424,458	52,658	2,780,276	747,326	73,837	17,273,549	16,535,137
Additions in Year	(14,535)	8,740	8,253	-	192,798	127,571	14,400	337,227	962,059
Transfer	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	10,000
Disposal	-	-	-	-	(4,114)	-	-	(4,114)	(233,648)
At 31st March 2015	4,112,436	9,076,763	432,711	52,658	2,968,960	874,897	88,237	17,606,662	17,273,549
Depreciation									
At 1 st April 2014	759,537	1,008,714	292,312	44,630	1,864,036	507,837	42,815	4,519,881	4,111,883
Charge for Year	65,075	182,226	28,476	1,912	276,284	123,528	13,421	690,922	627,423
Transfer	-	-	-	-	-	-	-	-	-
Transfer of Engagements	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	(3,314)	-	-	(3,314)	(219,425)
At 31st March 2015	824,612	1,190,940	320,788	46,542	2,137,006	631,365	56,236	5,207,489	4,519,881
Net Book Value									
At 31 st March 2015	£3,287,824	£7,885,823	£111,923	£6,116	£831,954	£243,532	£32,001	£12,399,173	
Net Book Value									
At 31 st March 2014	£3,367,434	£8,059,309	£132,146	£8,028	£916,240	£239,489	£31,022	£12,753,668	

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements (continued) for the year ended 31st March 2015

(15) Association Tangible Fixed Assets
Other Fixed Assets

	Commercial Property £	Office Property £	Housing Furniture Equipment £	Supported Furniture Equipment £	Office Furniture Equipment £	Motor Vehicles £	Total 2015 £	Total 2014 £
Cost								
At 1 st April 2014	3,361,972	9,007,404	399,250	52,658	2,617,995	39	15,439,318	14,895,527
Additions in Year	(14,535)	600	8,253	-	164,275	-	158,593	764,524
Transfer	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	(2,514)	-	(2,514)	(220,733)
At 31st March 2015	3,347,437	9,008,004	407,503	52,658	2,779,756	39	15,595,397	15,439,318
Depreciation								
At 1 st April 2014	759,537	967,441	287,271	44,630	1,730,028	39	3,788,946	3,519,020
Charge for Year	65,075	175,791	23,434	1,912	259,560	-	525,772	476,608
Transfer	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	(2,514)	-	(2,514)	(206,682)
At 31st March 2015	824,612	1,143,232	310,705	46,542	1,987,074	39	4,312,204	3,788,946
Net Book Value								
At 31 st March 2015	£2,522,825	£7,864,772	£96,798	£6,116	£792,682	£ -	£11,283,193	
Net Book Value								
At 31 st March 2014	£2,602,435	£8,039,963	£111,979	£8,028	£887,967	£ -	£11,650,372	

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements (continued)
for the year ended 31st March 2015

(17) **Debtors (continued)**

	Group		Association	
	2015 £	2014 £	2015 £	2014 £
Amounts falling due outwith 1 yr				
Amounts due from Subsidiary Co's	-	-	362,900	495,700
Car loans to employees	31,275	12,295	24,482	10,730
	<u>£31,275</u>	<u>£12,295</u>	<u>£387,382</u>	<u>£506,430</u>
	=====	=====	=====	=====

(18) **Stock & Work in progress**

	Group		Association	
	2015 £	2014 £	2015 £	2014 £
Shared Ownership	-	37,852	-	37,852
Housing properties - completed	21,813,920	-	-	-
Stock & WIP	292,713	175,312	109,373	47,773
	<u>£22,106,633</u>	<u>£213,164</u>	<u>£109,373</u>	<u>£85,625</u>
	=====	=====	=====	=====

(19) **Creditors due within One Year**

	Group		Association	
	2015 £	2014 £	2015 £	2014 £
Prepaid Rents & Service Charges	701,694	694,983	617,457	624,424
Loan interest and Principal	427,768	234,232	406,339	214,110
Contracts for Capital Works	3,498,417	1,472,179	3,498,417	1,472,179
Deferred Income	435,387	453,061	435,387	453,061
Service Charge Equalisation				
Account (See Note 11)	452,483	388,533	452,483	388,533
Other Taxation & Social Security	423,329	421,145	117,115	113,561
VAT Payable	127,200	24,205	1,871	-
Other Creditors	4,856,545	6,792,767	2,450,073	4,582,721
Due to Subsidiary	-	-	1,173,210	650,372
Homestake	217,555	217,555	217,555	217,555
Housing Loans	329,155	15,316,190	-	15,000,000
Non Housing Loans	9,523	6,949	-	-
	<u>£11,479,056</u>	<u>£26,021,799</u>	<u>£9,369,907</u>	<u>£23,716,518</u>
	=====	=====	=====	=====

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements (continued)
for the year ended 31st March 2015

(20) **Creditors due outwith One Year**

	GROUP		ASSOCIATION	
	2015 £	2014 £	2015 £	2014 £
Housing Loans	123,612,181	85,883,819	105,779,085	83,279,085
Non Housing Loans	495,760	509,284	461,233	461,233
	£124,107,941	£86,393,103	£106,240,318	£83,740,318

Loans are secured by specific charges on the Association properties and repayable at varying rates of interest in installments due as follows. The loans are all based on repayment terms of 1 to 50 years and repayments of these loans will be completed at various terms. Interest is payable on these loans at varying rates. The Non Housing Loans element is currently interest only loans and will become repayable after 15 years.

	GROUP		ASSOCIATION	
	2015 £	2014 £	2015 £	2014 £
Housing Loans				
Within 1 Year	329,155	15,316,190	-	15,000,000
Between 1 & 2 Years	2,828,095	15,322,787	2,500,000	15,000,000
Between 2 & 5 Years	16,226,599	769,341	-	-
More than 5 Years	104,557,487	69,791,691	103,279,085	68,279,085
	£123,941,336	£101,200,009	£105,779,085	£98,279,085
Non Housing Loans				
Within 1 Year	9,523	6,949	-	-
Between 1 & 2 Years	10,212	8,557	-	-
Between 2 & 5 Years	24,315	39,494	-	-
More than 5 Years	£461,233	£461,233	£461,233	£461,233
	£505,283	£516,233	£461,233	£461,233

(21) **Provision for Liabilities and Charges**
Group

	As at 1 st April 2014	Transfer to//from provision	At 31 st March 2015
Housing Services Sinking Fund	85,828	(15,445)	70,383
Lift Replacement	194,642	(50,533)	144,109
Furniture Replacement	653,029	44,772	697,801
Laundry Replacement	125,471	3,921	129,392
Equipment Replacement	589,765	58,187	647,952
Provision of Internal Decoration	126,060	56,015	182,075
Door Entry Replacement	367,265	52,762	420,027
Aerial Replacement	27,055	6,407	33,462
Future Repairs	567,043	188,933	755,976
Deferred Tax (note 22)	28,823	5,778	34,601
	£2,764,981	£350,797	£3,115,778

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements (continued)
for the year ended 31st March 2015

(21) Provision for Liabilities and Charges Association

	As at 1 st April 2014 £	Transfer to/from Provision £	At 31 st March 2015 £
Housing Services Sinking Fund	85,828	(15,445)	70,383
Lift Replacement	194,643	(66,920)	127,723
Furniture Replacement	589,448	6,611	596,059
Laundry Replacement	125,471	3,921	129,392
Equipment Replacement	589,764	55,025	644,789
Provision of Internal Decoration	126,060	56,015	182,075
Door Entry Replacement	347,755	50,833	398,588
Aerial Replacement	25,977	4,793	30,770
Future Repairs	-	131,127	131,127
	<u>£2,084,946</u>	<u>£225,960</u>	<u>£2,310,906</u>

(22) Provision for Deferred Taxation - Group

	2015 £	2014 £
Accelerated Capital Allowances	34,601	28,823
Tax losses carried forward	-	-
Provision for deferred tax	<u>£34,601</u>	<u>£28,823</u>
Provision at 1 April 2014	28,823	18,429
Deferred tax charge in profit & loss account	5,778	10,394
Provision at 31 March 2015	<u>£34,601</u>	<u>£28,823</u>

(23) Called up Share Capital

	GROUP		ASSOCIATION	
	2015	2014	2015	2014
Shares of £1.00 each fully paid				
Shares in issue at 31 st March 2014	84	82	84	82
Shares issued in the year	2	3	2	3
	-----	-----	-----	-----
	86	85	86	85
Shares cancelled in the year	13	1	13	1
	-----	-----	-----	-----
Shares issued at 31st March 2015	73	84	73	84
	===	===	===	===

Each member of the Association holds one share and all shares carry equal voting rights. Under the rules of the Association, members are not entitled to dividends nor can they participate in any distribution on the winding up of the Association.

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements (continued)
for the year ended 31st March 2015

(24) Designated Reserves

	At 1 st April 2014 £	Group Transfer to/(from) Revenue Reserve £	As at 31 st March 2015 £	At 1 st April 2014 £	Association Transfer to / (from) Revenue Reserve £	As at 31 st March 2015 £
Restricted designated general reserve	345,311	12,389	357,700	-	-	-
Restricted revenue reserve	241,522	153,224	394,746	214,800	43,949	258,749
£	586,833	165,613	752,446	214,800	43,949	258,749

Restricted revenue reserve

During the year the Association received funds from Hillcrest Maintenance Services and Hillcrest Enterprises through Gift Aid. These funds have been transferred to restricted revenue reserves to be awarded to specific projects as part of the Group's Gift Aid initiative.

(25) Revaluation Reserves

	At 1 st April 2014	Unrealised (Loss)/ for year	Income & Expenditure	At 31 st March 2015
<u>Association</u> Share Revaluation Surplus	207,424	-	(207,424)	-
<u>Group</u> Housing Property Revaluation Surplus	-	-	-	-
£	£207,424	£ -	£(207,424)	£ -

The Group revaluation reserve reflected the revaluation surpluses generated since Northern Housing Company Limited became part of the Hillcrest Group on 1st September 2010. Upon the revaluation of Northern Housing's properties as stated at 31 March 2014, the Group revaluation reserve has been released to account for the loss on revaluation, with the balance of the loss included as an exceptional item within the Income & Expenditure Account.

HILLCREST HOUSING ASSOCIATION LIMITED
Notes to the Group Financial Statements (continued)
for the year ended 31st March 2015

(26) Reconciliation of Movement in Accumulated Surplus

	GROUP		ASSOCIATION	
	2015	2014	2015	2014
	£	£	£	£
Surplus for the Year	5,911,358	2,911,714	956,940	2,623,816
Transfer from/ (to) Designated Reserves	(12,389)	3,012,172	-	2,981,623
Transfer to Restricted Revenue Reserves	(153,224)	(242,960)	(43,949)	(214,800)
	5,745,745	5,680,926	912,991	5,390,639
Revenue reserve b/fwd	65,435,648	59,754,722	33,158,759	27,768,120
Revenue Reserves c/fwd	£71,181,393	£65,435,648	£34,071,750	£33,158,759

(27) Pensions

Pension Obligations

(a) SFHA Pension Scheme

General

Hillcrest Housing Association Limited and its subsidiary Gowrie Care Limited participates in the SFHA Pension Scheme ("the scheme"). The SFHA Pension 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 employees, namely:

- Final salary with a 1/60th accrual rate
- Career average revalued earnings with a 1/60th accrual rate
- Career average revalued earnings with a 1/70th accrual rate
- Career average revalued earnings with a 1/80th accrual rate
- Career average revalued earnings with a 1/120th accrual rate, contracted in
- 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.

Hillcrest Housing Association elected to operate the career average revalued earnings with a 1/60th accrual rate benefit option for active members until 31 March 2014. From 1st April 2014 the scheme was closed to new entrants and the scheme available to existing and new entrants changed to the DC option.

Gowrie Care Limited elected to operate the career average with 1/120th accrual rate benefit option for active members until 30th June 2013. From 1st July 2013, a defined contribution scheme was offered to current members. Gowrie Care has closed the scheme to new entrants from 30th June 2013.

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements (continued) **for the year ended 31st March 2015**

(27) Pensions (continued)

(a) SFHA Pension Scheme (continued)

During the accounting period Hillcrest Housing Association Limited and Gowrie Care Limited paid contributions at the rate of 8.5% and 3.0% of pensionable salaries respectively. Member contributions for Hillcrest Housing Association Limited and Gowrie Care Limited were 8.5% and 3.0% respectively.

As at the balance sheet date there were 109 active members of the Scheme employed by Hillcrest Housing Association Limited and 75 active members with Gowrie Care Limited. The annual pensionable payroll in respect of members employed by Hillcrest Housing Association Limited was £3,159,033 and £1,527,314 for members employed by Gowrie Care Limited.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers 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 Trustee commissions an actuarial valuation of the Scheme every three 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 last formal valuation of the Scheme was performed as at 30 September 2012 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394 million. The valuation revealed a shortfall of assets compared to liabilities of £304 million, equivalent to a past service funding level of 56.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2014. 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 £539 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £281 million, equivalent to a past service funding level of 66%.

The key valuation assumptions used to determine the assets & liabilities of the SFHA Pension Scheme are:

2012 Valuation Assumptions	% pa
- Investment return pre retirement	5.3
- Investment return post retirement – Non-pensioners	3.4
- Investment return post retirement – Pensioners	3.4
- Rate of salary increases	4.1

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements (continued) for the year ended 31st March 2015

(27) Pensions (continued)

(a) SFHA Pension Scheme (continued)

Rate of pension increases

- Pension accrued pre 6 April 2005 in excess of GMP	2.0
- Pension accrued from 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	1.7
- Rate of price inflation	2.6

Mortality Tables

- Non Pensioners

- 44% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term improvement of 1.50% p.a. for males and 1.25% p.a. for females.

- Pensioners

- 90% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term rate of improvement of 1.50% p.a. for males and 1.25% p.a. for females.

Contribution Rates for Future Service (payable from 1 April 2014) %

- Final salary 1/60ths	24.6
- Career average revalued earnings 1/60th	22.4
- Career average revalued earnings 1/70th	19.2
- Career average revalued earnings 1/80th	16.9
- Career average revalued earnings 1/120th	11.4

Additional deficit contributions are payable from 1st April 2014 and will increase by 3% per annum each 1st April thereafter. Technical Provisions liabilities as at 30th September 2012 will be used as the reference point for calculating the additional contributions.

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 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.

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements (continued) **for the year ended 31st March 2015**

(27) Pensions (continued)

(a) SFHA Pension Scheme (continued)

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 company has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the SFHA Scheme based on the financial position of the Scheme as at 30 September 2014. As of this date the estimated employer debt for Hillcrest Housing Association Limited is £33,687,175 and £7,587,306 for Gowrie Care Limited. This is shown in Note 32 of these accounts as a contingent liability.

b) Pensions Trust's Growth Plan

General

Hillcrest Housing Association Limited participates in the Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted out of the state scheme. The Plan is a multi-employer pension Plan.

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and / or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses / investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the Member and the Member's Employer shall be determined by agreement between them. Such agreement shall require the Employer to pay part of such contributions and may provide that the Employer shall pay the whole of them.

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements (continued) for the year ended 31st March 2015

(27) Pensions (continued)

(b) Pensions Trust's Growth Plan

The company offers the Growth Plan as an AVC investment option for members of the SFHA Pension Scheme. The members pay contributions at a rate of their choice. The company does not pay any contributions to the Growth Plan.

As at the balance sheet date there was 1 active member of the Plan employed by the company. Hillcrest Housing Association Limited has closed the Plan to new entrants.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The plan is a multi – employer scheme where the scheme assets are co-mingled for investment purposes, and benefits are paid from the total plan assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2011 were completed in 2012 and have been formalised. The valuation of the scheme was performed by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

	% pa
- Rate of return pre retirement	4.9
- Rate of return post retirement	
Actives/ Deferreds	4.2
Pensioners	4.2
- Bonuses on accrued benefits	0.0
- Inflation: Retail Price Index (RPI)	2.9
- Inflation: Consumer Price Index (CPI)	2.4

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The Scheme Actuary is currently finalising the 2014 valuation and results will be communicated in due course. At for 30 September 2013, the market value of the Plan's assets was £772 million and the Plan's Technical Provisions (i.e. past service liabilities) were £927 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £155 million, equivalent to a funding level of 83%.

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.

HILLCREST HOUSING ASSOCIATION LIMITED

Notes to the Group Financial Statements (continued) **for the year ended 31st March 2015**

(27) Pensions (continued)

(b) Pensions Trust's Growth Plan (continued)

The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and / or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2011 valuation was forwarded to the Pension's Regulator on 2 October 2012, as is required by legislation.

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 Plan and The Pension Act 2011 has recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (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 Plan. 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 Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan'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 Plan liabilities, Plan 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.

When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). Due to a change in the definition of money purchase contained in the Pensions Act 2011 the calculation basis that applies to the Growth Plan will be amended to include Series 3 liabilities in the calculation of an employer's debt on withdrawal.

The Growth Plan is a 'last man standing' multi-employer scheme. This means that if a withdrawing employer is unable to pay its debt on withdrawal the liability is shared amongst the remaining employers. The participating employers are therefore, jointly and severally liable for the deficit in the Growth Plan.

The company has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2014. As of this date the estimated employer debt for the company was £50,848.

HILLCREST HOUSING ASSOCIATION LIMITED
Notes to the Group Financial Statements (continued)
for the year ended 31st March 2015

(28) Legislative Provisions

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and Co-operative and Community Benefit Societies (Group Accounts) Regulation of 2014.

(29) Related Parties

Two members of the Committee of Management are also tenants of the Association. The tenancies are on the same terms as for other tenants and no advantage can be gained from the position. Where members of the Committee of Management are also employees of related local authorities, there are no transactions to disclose that were not made at arms length or not made under the normal commercial terms.

Northern Housing Company Limited

During the financial year, various trading & inter- company transactions occurred between Northern Housing Company Limited (NHCL) with the parent company Hillcrest Housing Association Limited (HHA) and another member of the group Hillcrest Maintenance Services Limited (HMS), a company incorporated in the United Kingdom and wholly owned by HHA.

An overview of the transactions and balances are as follows:-

	<u>Intercompany balance due to/ (from) NHCL</u>	<u>Closing debtors due/(from) to NHCL</u>	<u>Net Balance due to/ (from) NHCL</u>
	£	£	£
HHA (2015)	(16,747)	65,649	48,902
HHA (2014)	(4,843)	162,390	157,547
HMS (2015)	-	(133,577)	(133,577)
HMS (2014)	-	(64,009)	(64,009)
HEL (2015)	-	(3,410)	(3,410)
HEL (2014)	-	-	-

Other related transactions:-

	<u>HHA 2015</u>	<u>HHA 2014</u>	<u>HMS 2015</u>	<u>HMS 2014</u>
	£	£	£	£
Maintenance services to NHCL	-	-	915,191	759,257
Central charges to NHCL	358,000	181,703	-	-
Lease charges to NHCL	985,916	626,899	-	-

Hillcrest Enterprises Limited refunded direct costs of nil (2014 – £5,383) to the company in the year.

HILLCREST HOUSING ASSOCIATION LIMITED
Notes to the Group Financial Statements (continued)
for the year ended 31st March 2015

(29) Related Parties (continued)

Craigowl Communities

The following members of the Committee of Management of Hillcrest Housing Association Limited are also Directors of Craigowl Communities:

Mr. T Waters
 Mr. M. Hussain (appointed 28 October 2014)

During the financial year, various trading & inter-company transactions occurred between Craigowl Communities (CC) with the parent company Hillcrest Housing Association Limited (HHA) and another member of the group Hillcrest Maintenance Services Limited (HMS), a company incorporated in the United Kingdom and wholly owned by HHA.

An overview of the transactions and balances are as follows:-

	<u>Intercompany balance due to/ (from) CC</u>	<u>Closing debtors due to CC</u>	<u>Net Balance due to/ (from) CC</u>
	£	£	£
HHA (2015)	-	1,657	1,657
HHA (2014)	(7,506)	1,246	(6,260)
HMS (2015)	(20)	911	(891)
HMS (2014)	(22,312)	405	(21,907)
HEL (2015)	-	3,770	3,770
HEL (2014)	-	725	725
GC (2015)	(2,024)	-	(2,024)
GC (2014)	-	-	-

Craigowl Communities manage a project on behalf of Hillcrest Enterprises Limited. The management charge of nil (2014 – £7,451) reflects the time required for the provision of work carried out on behalf of the company. The company also recharged Hillcrest Enterprises Limited the amount of £6,116 (2014 – £5,259) in respect of expenses in the financial year.

Gowrie Care Limited, a wholly owned subsidiary of Hillcrest Housing Association Limited, recharged salaries to Craigowl during the financial year of £5,939 (2014 – £2,864) and administrative expenses of £13 (2014 – nil). Craigowl Communities donated £100 (2014 – nil) to Gowrie Care Limited.

Gowrie Care Limited were also charged rental costs of £713 (2014 - £2,850) by the company during the financial year and donated nil (2014 – £360) to Craigowl Communities. Gowrie Care were also recharged staff costs of £1,951 (2014 – nil), Money Advice services of £7,000 (2014 – nil) and other expenses of £308 (2014 – nil).

HILLCREST HOUSING ASSOCIATION LIMITED
Notes to the Group Financial Statements (continued)
for the year ended 31st March 2015

(29) Related Parties (continued)

Craigowl Communities

Other related transactions:-

	<u>HHA</u> <u>2015</u>	<u>HHA</u> <u>2014</u>	<u>HMS</u> <u>2015</u>	<u>HMS</u> <u>2014</u>
	£	£	£	£
Central charges to CC	39,273	38,051	-	-
Rent charges to CC	33,500	45,751	-	-
Salaries recharged to CC	6,995	18,142	-	-
Funding contributions to CC	52,181	40,000	-	-
Salaries recharged from CC	-	-	5,678	9,308
Donation to CC	-	-	-	-
Central charges from CC	-	-	-	-
Recharges from CC	-	4,854	-	-
Donation from CC	-	-	-	-
Provision of maintenance services to CC	-	-	1,039	215

Gowrie Care Limited

The following members of the Committee of Management of Hillcrest Housing Association Limited are also Directors of Gowrie Care Limited:

Ms. A. MacDonald

During the financial year, various trading & inter company transactions occurred between Gowrie Care Limited (GC) with the parent company Hillcrest Housing Association Limited (HHA) and another member of the group Hillcrest Maintenance Services Limited (HMS), a company incorporated in the United Kingdom and wholly owned by HHA.

An overview of the transactions and balances are as follows:-

	<u>Intercompany</u> <u>balance due to/</u> <u>(from) GC</u>	<u>Closing debtors</u> <u>due to GC</u>	<u>Net Balance due to/</u> <u>(from) GC</u>
	£	£	£
HHA (2015)	(46,810)	30,368	(16,442)
HHA (2014)	(20,972)	32,807	(11,835)
HMS (2015)	(1,660)	-	(1,660)
HMS (2014)	(211)	-	(211)
CC (2015)	(1,547)	5,712	4,165
CC (2014)	-	-	-
HEL (2015)	(1,606)	-	(1,606)
HEL (2014)	(1,785)	-	(1,785)

Craigowl Communities, a wholly owned subsidiary of Hillcrest Housing Association Limited, was recharged salaries during the financial year of £5,939 (2014 – £2,864) and administrative expenses of £13 (2014 – nil).

HILLCREST HOUSING ASSOCIATION LIMITED
Notes to the Group Financial Statements (continued)
for the year ended 31st March 2015

(29) Related Parties (continued)

Gowrie Care Limited

Craigowl Communities recharges Gowrie Care for rental charges of £713 (2014 - £2,850), staff costs of £1,951 (2014 - nil), Money Advice services of £7,000 (2014 - nil) and other expenses of £308 (2014 - nil).

Gowrie Care made no donations during the financial year (2014 - £360) but Craigowl Communities did donate £100 (2014 - nil) to Gowrie Care Limited.

Hillcrest Enterprises Limited were recharged salaries and expenses amounting to nil (2014 - £107). Gowrie Care Limited were recharged £18,517 (2014 - £30,791) recruitment and relief staff costs and £4,498 (2014 - nil) administrative expenses during the financial year.

Other related transactions:-

	<u>HHA</u> <u>2015</u>	<u>HHA</u> <u>2014</u>	<u>HMS</u> <u>2015</u>	<u>HMS</u> <u>2014</u>
	£	£	£	£
Central charges to GC	422,382	365,732	-	-
Lease costs charged to GC	111,177	114,687	-	-
Admin expenses to GC	227,347	172,300	-	-
Donation to GC	100,400	38,500		
Salaries recharged from GC	6,000	-	180	-
Provision of maintenance services to GC	-	-	6,238	5,912
Salaries recharged to GC	49,882	64,464	-	-
Concierge costs from GC	346,010	361,655	-	-
Admin expenses from GC	7,979	17,385	-	-

Hillcrest Enterprises Limited

During the financial year, various trading & inter-company transactions occurred between Hillcrest Enterprises Limited (HEL) with the parent company Hillcrest Housing Association Limited (HHA) and another member of the group Hillcrest Maintenance Services Limited (HMS), a company incorporated in the United Kingdom and wholly owned by HHA.

Craigowl Communities provided no management services to Right Recruitment during the financial year. The previous management charge (2014 - £7,451) reflected the time required for the provision of work carried out on behalf of the company. Craigowl Communities also recharged HEL the amount of £6,116 (2014 - £5,259) in respect of direct expenses for the financial year.

Gowrie Care Limited recharged salaries to Hillcrest Enterprises Limited of nil (2014 - £107) during the financial year. Gowrie Care were provided temporary care relief staff during the financial year from Right Recruitment of £18,516 (2014 - £30,791). Gowrie Care were also recharged £4,498 (2014 - nil) for direct costs.

Northern Housing Company Limited were credited direct costs of nil (2014 - £5,383) during the financial year.

HILLCREST HOUSING ASSOCIATION LIMITED
Notes to the Group Financial Statements (continued)
for the year ended 31st March 2015

(29) Related Parties (continued)

Hillcrest Enterprises Limited

An overview of the transactions and balances are as follows:-

	<u>Intercompany balance due to/ (from) HEL</u>	<u>Closing debtors due to HEL</u>	<u>Net Balance due to/ (from) HEL</u>
	£	£	£
HHA (2015)	(46,464)	8,429	(38,035)
HHA (2014)	(93,879)	820	(93,059)
HMS (2015)	(16,463)	-	(16,463)
HMS (2014)	(2,517)	-	(2,517)
CC (2015)	-	-	-
CC (2014)	(725)	-	(725)
NHCL (2015)	-	3,767	-
NHCL (2014)	-	-	-
GC (2015)	-	1,605	1,605
GC (2014)	-	1,786	1,786

Other related transactions:-

	<u>HHA 2015</u>	<u>HHA 2014</u>	<u>HMS 2015</u>	<u>HMS 2014</u>
	£	£	£	£
Provision of maintenance services to HEL	-	-	77,223	102,799
Gift Aid donation to HHA	45,000	85,000	-	-
Direct costs recharged to HHA	738	11,275	-	-
Direct costs recharged from HHA	75,777	83,213	-	-
Provision of relief care to HHA	2,720	8,114	-	-
Lease charges to HEL	25,858	25,329	-	-
Central charge to HEL	82,823	67,301	-	-

Hillcrest Maintenance Services Limited

The following members of the Committee of Management of Hillcrest Housing Association Limited are also directors of Hillcrest Maintenance Services Limited:-

Mr. H. Gow (resigned 24 February 2015)
Mr. A. Russell
Mr. D. Noble

During the financial year, various trading & inter-company transactions occurred between Hillcrest Maintenance Services Limited (HMS) with the parent company Hillcrest Housing Association Limited (HHA) and another member of the group Hillcrest Enterprises Limited (HEL), a company incorporated in the United Kingdom and wholly owned by HHA.

Gowrie Care, a member of the group, a company incorporated in the United Kingdom wholly owned by HHA, recharged other staff costs amounting to £180 (2014 - nil) to Hillcrest Maintenance Services in the year. Hillcrest Maintenance Services also provided maintenance services to the company totalling £6,238 (2014 - £5,912).

HILLCREST HOUSING ASSOCIATION LIMITED
Notes to the Group Financial Statements (continued)
for the year ended 31st March 2015

(29) Related Parties (continued)

Hillcrest Maintenance Services Limited

A loan of £656,000 was provided by HHA during the financial year ending 31 March 2010 to assist with the set up of the provision of maintenance services. As at 31 March 2015 the amount repayable was £395,700 (2014 - £528,500) repayable over 20 years with interest charged at 0.5% over the borrowed rate of interest for HHA. This will be reviewed annually. Early repayment is optional.

An overview of the transactions and balances are as follows:-

	<u>Intercompany balance due to/ (from) HMS</u>	<u>Closing debtors due to HMS</u>	<u>Net Balance due to/ (from) HMS</u>
	£	£	£
HHA (2015)	(492,597)	1,000,069	507,472
HHA (2014)	(100,588)	216,625	116,037
HEL (2015)	(6,090)	22,553	16,463
HEL (2014)	-	2,517	2,517
GC (2015)	-	1,660	1,660
GC (2014)	-	211	211
NHCL (2015)	(25,841)	133,577	107,736
NHCL (2014)	-	64,009	64,009
CC (2015)	(963)	72	(891)
CC (2014)	(405)	22,312	21,907

Craigowl Communités, a member of the group incorporated in the United Kingdom wholly owned by HHA, recharged salary costs and expenses of £5,678 (2014 – £9,713) to Hillcrest Maintenance Services in the year. Hillcrest Maintenance Services also provided maintenance services to the company totalling £1,039 (2014 – nil) and recharged expenses of nil (2014 - £1,161).

Maintenance services were provided in the year to Northern Housing Company Limited, a member of the group, a company incorporated in the United Kingdom and wholly owned by Hillcrest Housing Association Limited (HHA), to the value of £915,191 (2014 – £709,629).

Other related transactions:-

	<u>HHA 2015</u>	<u>HHA 2014</u>	<u>HEL 2015</u>	<u>HEL 2014</u>
	£	£	£	£
Provision of maintenance services – within turnover	6,275,577	5,902,688	77,223	79,681
Salaries charged to HHA	5,799	-	-	-
Administrative expenses to HHA	542	-	-	-
Cost of sales and administrative expenses recharged to HMS	75,151	69,413	-	-
Central charges to HMS	134,461	107,108	-	-
Rent charged to HMS	17,500	17,500	-	-
Interest charged to HMS	20,979	24,890	-	-
Salaries charged to HMS	15,956	-	-	-
Gift Aid donation to HHA	169,010	90,000	-	-

HILLCREST HOUSING ASSOCIATION LIMITED
Notes to the Group Financial Statements (continued)
for the year ended 31st March 2015

(29) Related Parties (continued)

Leith Links NHT 2011 LLP

During the financial year, various trading & inter-company transactions occurred between Leith Links (LL) and Hillcrest Housing Association Limited (HHA) and another member of the group Northern Housing Company (NHC), a company incorporated in the United Kingdom and wholly owned by HHA.

On 14th November 2014 Hillcrest Housing Association, who are members of Leith Links, obtained a loan note for the amount of £1,089,000 which is repayable by Leith Links when the properties begin to be sold. It pays interest at 11% per annum and at 31st March 2015 interest payable stood at £45,259 (2014 – nil).

Northern Housing Company provided management, administrative and insurance services to Leith Links during the period at a total cost of £140,367.

	<u>Intercompany balance due to/ (from) LL</u>	<u>Closing debtors due to LL</u>	<u>Net Balance due to/ (from) LL</u>
	£	£	£
HHA (2015)	(47,366)	-	(47,366)
HHA (2014)	-	-	-
NHC (2015)	(94,424)	366	(94,058)
NHC (2014)	-	-	-

Upper Dens Landscaping Limited

There were no material transactions between Hillcrest Housing Association Limited and its associated company Upper Dens Landscaping Limited.

Explorer Heat Limited

The following members of the Committee of management of Hillcrest Housing Association Limited are also directors of Explorer Heat Limited:-

Ms. M. Dwarshuis
Ms. V. Howard
Mr. A. Russell

There were no material transactions between Hillcrest Housing Association Limited and its associated company Explorer Heat Limited.

The Hillcrest Group Limited

The following members of the Committee of Management of Hillcrest Housing Association Limited are also directors of The Hillcrest Group Limited:-

Mr. A. Russell
Mr. H. Gow (resigned 24 February 2015)
Ms. V. Howard (appointed 12 June 2015)

The company remained dormant throughout the financial year.

HILLCREST HOUSING ASSOCIATION LIMITED
Notes to the Group Financial Statements (continued)
for the year ended 31st March 2015

(29) Related Parties (continued)

Explorer Housing Limited

The following members of the Committee of Management of Hillcrest Housing Association Limited were also directors of Explorer Housing Limited in the year:-

Mr. H. Gow
 Mr. A. Russell
 Mr. R. Cromb
 Mr. D. Hogg

The company remained dormant throughout the financial year until it was wound up on 25 April 2014.

(30) Subsidiaries Information

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

	Country of registration or incorporation	Holding	Proportion of voting rights	Nature of Business
Gowrie Care Limited	Scotland	See Note 32 (a)	100%	Provides care & Support services
Hillcrest Maintenance Services Limited	Scotland	See Note 32 (a)	100%	Provision of maintenance services
Hillcrest Enterprises Limited	Scotland	See Note 32 (a)	100%	Provision of rented accommodation for people with special needs & recruitment services
Northern Housing Company Limited	Scotland	See Note 32 (a)	100%	Provision of mid-market rented accommodation
Craigowl Communités	Scotland	See Note 32 (a)	100%	Provision of vocational training, education & guidance services
Explorer Housing Limited	Scotland	See Note 32 (a)	100%	Dormant since incorporation
Leith Links NHT 2011 LLP	Scotland	See Note 32 (f)	50%	Provision of mid-market rented accommodation
Explorer Heat Limited	Scotland	See Note 32 (a)	100%	Dormant since incorporation
The Hillcrest Group Limited	Scotland	See Note 32 (a)	100%	Dormant since Incorporation
Upper Dens Landscaping Limited	Scotland	See Note 32 (a) and Note 32 (e)	50%	Manages common ground

HILLCREST HOUSING ASSOCIATION LIMITED
Notes to the Group Financial Statements (continued)
for the year ended 31st March 2015

(30) Subsidiaries Information (continued)

- a) These subsidiaries and related undertakings are companies Limited by guarantee and do not have a share capital.
- b) No company is unincorporated.
- c) Employees within the Hillcrest Group have joint contracts of employment. Any time spent by an employee is recharged to the relevant group company.
- d) Hillcrest Housing Association Limited is the ultimate parent company of the group.
- e) Hillcrest Housing Association Limited is required by statute to prepare group accounts. Upper Dens Landscaping Limited due to the immaterial nature is unconsolidated.

The aggregate amount of capital and reserves and the results of this undertaking for the last relevant financial year were as follows:

	Capital and Reserves	Profit for the year
Upper Dens Landscaping Limited	£277	£Nil

- f) Leith Links NHT 2011 LLP is a Limited Liability Partnership and is controlled by its member Hillcrest Housing Association Limited.

(31) Capital Commitments

Group and Association

	2015 £	2014 £
<u>Housing Properties</u>		
Capital expenditure that has been contracted for but has not been provided for in the Financial Statements	£17,479,235 =====	£10,329,954 =====
The estimated amount of contracts for capital expenditure authorised by directors which has not been contracted for	£4,490,328 =====	£16,842,936 =====

The amounts contracted for at 31st March 2015 will be funded by Scottish Ministers, financed from private loans or met from the Association reserves.

	£	£
<u>Other Assets – Office and Commercial Property</u>		
Capital expenditure that has been contracted for but has not been provided for in the Financial Statements	£ - =====	£2,500,000 =====
The estimated amount of contracts for capital expenditure authorised by directors which has not been contracted for	£ - =====	£ - =====

The amounts contracted for at 31st March 2015 will be financed from private loans or met from the Association reserves.

HILLCREST HOUSING ASSOCIATION LIMITED
Notes to the Group Financial Statements (continued)
for the year ended 31st March 2015

(32) Contingent Liability

Hillcrest Maintenance Services Limited

The receipts in respect of the apprenticeship training scheme are received over four years. The costs are incurred over 18 months and the income is accrued over the 18 month period to match the costs. Included within HMS' accounts is accrued income of £15,518 (2014 - £28,425) which will not be receivable, if the apprentices do not complete the four year apprenticeship.

Hillcrest Housing Association Limited

Should the Association decide to end participation in the SFHA Pension Scheme there would be a potential liability of £33,687,175. Should the Association decide to end participation in the SFHA Pension Trust Growth Plan there would be a potential liability of £50,848 as noted in Note 27. There is no intention at present to cease membership of either pension scheme.

Gowrie Care Limited

Should the Company decide to end participation in the SFHA Pension Scheme there would be a potential liability of £7,587,306 payable as noted in Note 27. There is no intention at present to cease membership of the Pension scheme.

(33) Financial Commitments

The annual commitments under non-cancelable operating leases as follows:

	Group		Association	
	2015	2014	2015	2014
Property				
Expiry Date				
Between 1 – 5 years	£63,728	£63,028	£63,728	£63,028
Over 5 years	£165,526	£163,360	£165,526	£163,360
Plant & Machinery				
Expiry Date				
Between 1 – 5 years	£23,271	£16,283	-	-

(34) Exceptional Item

During the financial year ending 31 March 2014, Group revaluation losses of £568,542 were incurred of which £248,077 were offset against the group revaluation reserve, see Note 25 and £320,465 were recognised as an exceptional item.

(35) Business Acquisitions

Hillcrest Housing Association Limited became a member of Leith Links NHT 2011 LLP on 14th November 2014. The fair value of Leith Links' recognised assets and liabilities at that date was £5,452,869 for which a consideration of £1,473,366 was paid. The Statement of Recommended Practice: Accounting for Registered Social Landlords (SORP) 2010 requires the fair value of the assets and liabilities on acquisition to be recognised as a gain in the income and expenditure account of the Group.