

Hillcrest Housing Association Limited

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

**Report and Consolidated Financial Statements for the Year Ended
31st March 2017**

**Hillcrest Housing Association Limited
Report and Consolidated Financial Statements
for the year ended 31st March 2017**

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Hillcrest Housing Association Limited
Members, Executives and Advisers

Committee of Management

Ms. V. Howard	Chairperson
Ms. M. Dwarshuis	Operations Sub Committee Convenor
Mr. A. Russell	Audit & General Purposes Convenor
Mr. D. Scott	(Elected)
Ms. A. MacDonald	(Elected)
Mr. D. Noble	(Resigned – 21 December 2016)
Mr. M. Hussain	(Co-opted)
Mr. T. Waters	(Resigned – 17 May 2016)
Mr. C. Payne	(Elected)
Ms. E. McCurrich	(Elected)
Mr. P. Shepherd	(Elected – 11 August 2016)
Mr. D. Boyle	(Elected – 11 August 2016)
Ms. J. Roberts	(Elected – 11 August 2016)
Mr. K. McCracken	(Resigned – 6 July 2016)
Mr. D. Weir	(Co-opted – 6 September 2016)

Key Management Personnel

Group Chief Executive	Mrs. A. Linton
Deputy Chief Executive/Company Secretary	Ms. F. Morrison
Director of Finance	Mrs. L. Dryden
Director of Corporate Services	Mr. A. McGonigle
Director of Development & New Business	Mr. D. Zwirlein
Director of Property	Mr. M. Percival
Managing Director of Gowrie Care	Mr. D. McGowan (resigned 26 May 2017)
Managing Director of Craigowl Communities	Ms. L. Cunningham (resigned 31 March 2017)

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 Bank
3rd Floor
25 Gresham Street
London
EC2V 7HN

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 2017

The Committee of Management presents their report and the audited Financial Statements for the year ended 31st March 2017.

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)
OSCR	SC006809
Scottish Housing Regulator	RSL 125

Accounting Compliance

The financial statements of the Group have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)*, the Statement of Recommended Practice for Registered Social Landlords 2014, and comply with the Registered Social Landlords Determination of Accounting Requirements 2014.

Committee of Management and Executive Officers

The Committee of Management, 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. All the companies in the Hillcrest Group have achieved the environmental accreditation standard – BS EN ISO 14001:2015 and are audited annually for reaccreditation. The standard is driven from the top with environmental impacts considered during business planning and then throughout the organisation. ISO 14001:2015 assists in reducing the risk of environmental mis-management, maximising environmental performance, ensuring legal compliance and allows the consideration of environmental impacts of construction/refurbishment.

Hillcrest Housing Association Limited
Report of the Committee of Management (continued)
for the year ended 31st March 2017

Sustainability and Corporate Responsibility (continued)

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, making money work project to March 2017, employability support projects, tenancy support which includes having a dedicated resource to review energy efficiency for our tenants, and pre-tenancy services. In the financial year to March 2018, Hillcrest Housing Association is going to undertake a Social Return on Investment Audit to quantify the value achieved through the social activities it carries out.

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 £12.4M in the year to 31st March 2017 which represents an increase of surplus of £7.9M from the previous year. The increase is primarily due additional income of £8.0M released on the Remeasurement of the pension upon its latest valuation. The Association has made a surplus of £10.1M in the year to 31st March 2017 which represents an increase of £6.7M surplus from the previous year, of which £6.7M relates to the pension remeasurement. Annual surpluses are required to cover long term maintenance obligations, repayment of loans and future risks.

Balance Sheet

This resulted in a £12.4M increase in the Group net assets from £55.8M to £68.1M as at 31st March 2017. 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 £31.1M was invested in property development during the financial year.

Hillcrest Housing Association Limited

Report of the Committee of Management (continued) For the year ended 31st March 2017

Growth

During the financial year to 31st March 2017, Hillcrest Housing Association took into management a further 318 units. These were a mixture of traditional social rented and mid-market rented property. Hillcrest continues to have a healthy development programme with over 1,361 units planned for development in the forthcoming 3-year period.

A detailed housing stock analysis is provided in Note 13.

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 £68.1M which the Board of Management believes to be adequate.

Additional information about the reserves is provided in Notes 24.

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.

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.

Hillcrest Housing Association Limited

Report of the Committee of Management (continued) For the year ended 31st March 2017

Equal Opportunities & Disabled Persons (continued)

Equality Impact Assessment is our process of identifying how our policies and services impact on any of the equality groups. This is undertaken at the start of the policy development process to ensure our policies, services and public documentation are designed right first time for our customers, service users and employees. The term policy and service are used to cover any activity across the Group, this includes HR policies, budget setting, strategic planning, service provision and employment matters.

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 £7,399 in the year to 31st March 2017 to various organisations.

Treasury Management

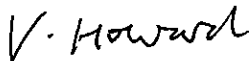
Hillcrest Housing Association Treasury function operates within a framework of clearly defined Committee of Management approved policies and procedures. These serve to control the use of financial instruments and the Committee receives regular reports on relevant treasury matters. The overall aim of 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 are auditors to the Association and are willing to be re-elected.

By Order of the Committee



V. Howard
Chairperson
25th July 2017

Hillcrest Housing Association Limited

Strategic Report For the year ended 31st March 2017

The Committee of Management present their strategic report for the year ended 31st March 2017.

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 Limited (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 Limited (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 Edinburgh.

Hillcrest Enterprises Limited (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 agency services to other 3rd party organisations and provided recruitment of permanent and temporary relief staff for the care sector until December 2016.

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. Craigowl Communities ceased to trade on 31st March 2017.

Explorer Heat Limited (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 Limited (HG) is a company limited by guarantee and wholly controlled by HHA. This company is dormant and was registered simply to capture the name.

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 2017

Vision and Strategic Objectives

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.

Hillcrest will ensure that tenant's interests are considered fully at all times through engagement and consultation.

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 2020. The key aims and objectives of this plan are to capture the key short-term activities and targets for 2017-18 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

The Hillcrest Group plans to continue to grow and develop over the 3 years covered by this plan. The increase in development funding and the subsidy level has increased the develop programme significantly. Hillcrest Housing Association is on site with a number of projects within Edinburgh, Perth & Kinross, Angus and Dundee. This will increase the social rented stock by 169 and the properties available through mid-market rent by 43 in the year to 31st March 2018. A further 1,149 units are planned to be developed by 2020.

Hillcrest Housing Association Limited

Strategic Report For the year ended 31st March 2017

Future Development and Initiatives (continued)

The impact of welfare reform to date has affected Hillcrest Housing Association and some of its tenants: there is a strategy in place to help address all the current and future impacts of welfare reform. The tenancy sustainment team are working with tenants to ensure that they are fully aware of their responsibilities when in receipt of Universal Credit and more Direct Payments to assist them in budgeting and financial management.

Hillcrest Housing Association is further developing tenant involvement and will over the next year review areas of consultation around rent increases, affordability and satisfaction levels to explore how communication and engagement can be enhanced. Growth in social media and electronic communication methods need constant investment and refresh to continue to be "fit for purpose". A self-service portal has been introduced for tenants to allow them access to areas like payments, reporting a repair and making complaints. Over the next 3 years, this will be further developed to improve the functionality.

Hillcrest Housing Association is 50 years old during the next financial year and will host a series of different events to celebrate this achievement and to mark the contributions made by individuals and companies during this period.

Financial Review

Turnover

Increased by £1.2M, (4.0%) to £32.2M for the Association and increased by £1.9M, (4.3%) to £47.7M 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 5% 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. With the assistance of an 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. During the financial year further loan funding of £10.5M was drawn down from the existing loan facility. At the financial year end £7.3M was held in the bank by the Association.

Hillcrest Housing Association Limited

Strategic Report For the year ended 31st March 2017

Principal risks and uncertainties

The Committee of Management monitor the overall risk profile of the Company. In addition, the Committee of Management is 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.

Sale of NHT properties

Risk

The properties provided through Leith Links NHT 2011 LLP under the National Housing Trust initiative are scheduled to be sold in future years and there is the risk of financial loss to the Group should these properties fail to sell.

Mitigation

There is a marketing programme in place to ensure that it is promoted to tenants regularly that there is the opportunity to purchase the properties. A savings scheme has also been implemented to encourage tenants to take up this opportunity.

PCI compliance

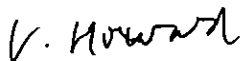
Risk

There is the risk of a financial penalty and reputational damage arising from failure to comply with PCI (Payment Card Industry) standards.

Mitigation

A tender process is now underway with a provider of a 'hosted' service appointed to ensure full compliance.

By Order of the Committee



V. Howard
Chairperson
25th July 2017

Hillcrest Housing Association Limited

Statement of Committee's Responsibilities for the year ended 31st March 2017

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 is 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.

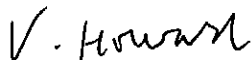
Such systems of internal financial control can only provide reasonable and not absolute assurance against material misstatement or loss.

Hillcrest Housing Association Limited
Statement of Committee's Responsibilities
for the year ended 31st March 2017 (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 2017 and until 25th July 2017. 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
25th July 2017

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 31st March 2017 which comprise the Group and Association Statement of Comprehensive Income, the Group and Association Statement of Financial Position, the Group and Association Statement of Cash Flows, the Group and Association Statement of Changes in Reserves 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 2014 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 12 & 13, 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 31st March 2017 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 (continued)**

Opinion on other matters prescribed by the Companies Act 2016

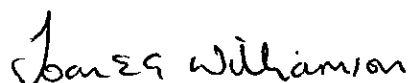
In our opinion the information given in the Committee of Management's report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

25th July 2017

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 12 and 13 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.

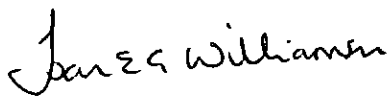
Basis of opinion

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 12 and 13 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

25th July 2017

Hillcrest Housing Association Limited
Consolidated Statement of Comprehensive Income
for the year ended 31st March 2017

	<u>Notes</u>	Continuing operations	Discontinued operations	2017 £	Continuing Operations	Discontinued operations	Restated 2016 £
Turnover	2(a)	47,588,142	151,543	47,739,685	45,485,591	276,884	45,762,475
Operating expenditure	2(a)	(38,717,827)	(197,314)	(38,915,141)	(36,140,261)	(348,555)	(36,488,816)
Operating surplus/(deficit)	10	8,870,315	(45,771)	8,824,544	9,345,330	(71,671)	9,273,659
Gain/(loss) on disposal of tangible fixed assets	4	282,458	-	282,458	317,498	-	317,498
Finance income	5	52,380	-	52,380	79,732	-	79,732
Finance costs	6	(5,501,209)	(1,988)	(5,503,197)	(5,665,007)	(3,784)	(5,668,791)
Pension remeasurement	7	8,011,507	-	8,011,507	52,047	-	52,047
Movement in fair value of financial instruments	23	78,175	-	78,175	414,822	-	414,822
Surplus/(deficit) before tax		11,793,626	(47,759)	£11,745,867	4,544,422	(75,455)	£4,468,967
Taxation	11	(19,910)	-	(19,910)	(36,920)	-	(36,920)
Surplus/(deficit) after tax		£11,773,716	£(47,759)	£11,725,957	£4,507,502	£(75,455)	£4,432,047
Unrealised surplus on revaluation of housing properties	24	636,336	-	636,336	-	-	-
Total comprehensive income for the year		£12,410,052	£(47,759)	£12,362,293	£4,507,502	£(75,455)	£4,432,047

Of the activities undertaken, £12,410,052 (2016 - £4,507,502) related to continuing activities and £47,759 (2016 - £75,455) were discontinued activities.

The notes on pages 26 to 69 form part of the Financial Statements

Hillcrest Housing Association Limited
Association Statement of Comprehensive Income
for the year ended 31st March 2017

	Notes	2017 £	Restated 2016 £
Turnover	2(a)	32,205,817	30,964,566
Operating expenditure	2(a)	(24,627,464)	(23,687,195)
Operating surplus/(deficit)	10	7,578,353	7,277,371
Gain/(loss) on disposal of tangible fixed assets	4	286,033	317,498
Finance income	5	149,804	180,909
Finance costs	6	(4,733,792)	(4,875,902)
Pension remeasurement	7	6,708,874	41,613
Movement in fair value of financial instruments	23	78,175	414,822
Total comprehensive income and surplus before and after taxation for the year		£10,067,447 =====	£3,356,311 =====

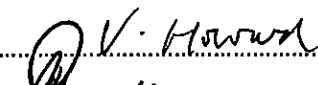


All income and expenditure derive from continuing activities.

The notes on pages 26 to 69 form part of the Financial Statements

Hillcrest Housing Association Limited
Consolidated Statement of Financial Position as at 31st March 2017

	Notes	2017 £	Restated 2016 £
Fixed assets			
Tangible fixed assets	14/15	407,066,610	382,641,042
Investments	16	826,385	826,385
		-----	-----
		407,892,995	383,467,427
Current assets			
Stock	17	21,980,045	22,059,591
Trade and other debtors	18	6,210,752	5,707,645
Cash and cash equivalents		14,593,434	15,885,803
		-----	-----
		42,784,231	43,653,039
Less: Creditors: amounts falling due within one year	19	(16,191,620)	(14,825,064)
		-----	-----
Net current assets/liabilities		26,592,611	28,827,975
Total assets less current liabilities		434,485,606	412,295,402
Creditors: amounts falling due after more than one year	20	(356,954,363)	(338,599,005)
Provisions for liabilities			
- Pension provision	21	(5,445,927)	(14,442,495)
- Other provisions	21	(3,961,735)	(3,492,619)
		-----	-----
		(366,362,025)	(356,534,119)
Total net assets		£68,123,581	£55,761,283
		=====	=====
Reserves			
Share capital		86	81
Income and expenditure reserve	24	67,365,080	55,531,669
Restricted reserve	24	60,602	160,371
Revaluation reserve	24	636,336	-
Negative goodwill	24	61,475	69,160
Non-controlling interest	24	2	2
		-----	-----
Total reserves		£68,123,581	£55,761,283
		=====	=====

The Financial statements on pages 17 to 69 were approved by the Committee of Management on 25th July 2017 and were signed on its behalf by:

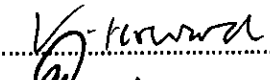

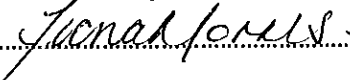
Val Howard	..... .....	CHAIRPERSON
Alan Russell	..... .....	COMMITTEE MEMBER
Fiona Morrison	..... .....	SECRETARY

The notes on pages 26 to 69 form part of these financial statements

Hillcrest Housing Association Limited
Association Statement of Financial Position as at 31st March 2017

	<u>Notes</u>	2017 £	Restated 2016 £
Fixed Assets			
Tangible fixed assets	14/15	373,180,590	349,039,561
Investments	16	3,388,751	3,388,751
		-----	-----
		376,569,341	352,428,312
Current Assets			
Stock	17	-	46,315
Trade and other debtors	18	5,949,806	5,395,240
Cash and cash equivalents		7,265,781	8,317,533
		-----	-----
		13,215,587	13,759,088
Less: Creditors: amounts falling due within one year	19	(13,974,355)	(11,895,659)
		-----	-----
Net current Assets		(758,768)	1,863,429
Total Assets Less Current Liabilities		375,810,573	354,291,741
Creditors: amounts falling due after more than one year	20	(338,496,166)	(319,786,417)
Provisions for liabilities			
- Pension provision	21	(4,513,559)	(12,036,717)
- Other provisions	21	(2,814,162)	(2,549,373)
		-----	-----
		(345,823,887)	(334,372,507)
Total net assets		£29,986,686	£19,919,234
		=====	=====
Reserves			
Share capital		86	81
Income and expenditure reserve	24	29,986,600	19,919,153
		-----	-----
		£29,986,686	£19,919,234
		=====	=====

The Financial Statements on pages 17 to 69 were approved by the Committee of Management on 25th July 2017 and were signed on its behalf by:

Val Howard	.....	CHAIRPERSON
Alan Russell	.....	COMMITTEE MEMBER
Fiona Morrison	.....	SECRETARY

The notes on pages 26 to 69 form part of these financial statements

Hillcrest Housing Association Limited
Consolidated Statement of Changes in Reserves
for the year ended 31st March 2017

	Share Capital £	Income & Expenditure Reserve £	Designated Reserve £	Revaluation Reserve £	Non- Controlling Interest £	Negative goodwill £	Restated Total £
At 1 April 2015 as previously stated	73	46,521,087	148,491	-	2	-	46,669,653
Prior year adjustment (Note 33)	-	4,590,415	-	-	-	-	4,590,415
At 1 April 2015 as restated	73	51,111,502	148,491	-	2	-	51,260,068
Surplus/deficit for the year	-	4,432,047	-	-	-	-	4,432,047
Total comprehensive income	-	4,432,047	-	-	-	-	4,432,047
Share capital issued/cancelled	8	-	-	-	-	-	8
Business combination	-	-	-	-	-	69,160	69,160
Transfers to/(from) reserves	-	(11,880)	11,880	-	-	-	-
At 31 March 2016 and 1 April 2016	81	55,531,669	160,371	-	2	69,160	55,761,283
Surplus/(deficit) for the year	-	11,725,957	-	-	-	-	11,725,957
Unrealised surplus/(deficit) on revaluation of housing properties	-	636,336	-	-	-	-	636,336
Total comprehensive income	-	12,362,293	-	-	-	-	12,362,293
Share capital issued/cancelled	5	-	-	-	-	-	5
Transfer to/(from) revaluation reserve	-	(636,336)	-	636,336	-	-	-
Released to statement of comprehensive income	-	7,685	-	-	-	(7,685)	-
Transfer to/(from) designated reserve	-	99,769	(99,769)	-	-	-	-
At 31 March 2017	86	£67,365,080	£60,602	£636,336	£2	£61,475	£68,123,581

Hillcrest Housing Association Limited
 Association Statement of Changes in Reserves
 for the year ended 31st March 2017

	Share Capital £	Income & Expenditure Reserve £	Total £
At 1 April 2015 as previously stated	73	11,972,427	11,972,500
Prior year adjustment (Note 33)	-	4,590,415	4,590,415
At 1 April 2015 restated	73	16,562,842	16,562,915
Surplus/(deficit) for the year	-	3,356,311	3,356,311
Total comprehensive income	-	3,356,311	3,356,311
Share capital issued/cancelled	8	-	8
At 31 March 2016 and 1 April 2016	81	19,919,153	19,919,234
Surplus/(deficit) for the year	-	10,067,447	10,067,447
Total comprehensive income	-	10,067,447	10,067,447
Share capital issued/cancelled	5	-	5
At 31 March 2017	£86	£29,986,600	£29,986,686

Hillcrest Housing Association Limited
Consolidated Statement of Cash Flows
for the year ended 31st March 2017

	Notes	2017	2016
		£	£
Net cash generated from operating activities	(Note i)	11,466,496	12,238,933
		-----	-----
Cash flow from investing activities			
Purchase of tangible fixed assets		(30,567,770)	(27,310,333)
Proceeds from sale of tangible fixed assets		1,056,077	962,487
Grants received		12,444,769	10,805,199
Grants repaid		(256,233)	(340,817)
Interest receivable		52,894	125,016
		-----	-----
		(17,270,263)	(15,758,448)
		-----	-----
Cash flow from financing activities			
Issue of share capital		9	12
Interest payable		(5,520,180)	(5,666,718)
New secured loans		10,500,000	4,000,000
Repayment of borrowings		(468,446)	(713,587)
		-----	-----
		4,511,383	(2,380,293)
		-----	-----
Net change in cash and cash equivalents		(1,292,384)	(5,899,808)
Cash flow from increase in debt		(10,031,554)	(3,286,413)
Acquisitions and disposals		-	33,528
		-----	-----
Cash and cash equivalents at 1 April 2016		(111,861,775)	(102,709,082)
		-----	-----
Cash and cash equivalents at 31 March 2017		£(123,185,713)	£(111,861,775)
		=====	=====

Hillcrest Housing Association Limited
Association Statement of Cash Flows
for the year ended 31st March 2017

	Notes	2017	2016
		£	£
Net cash generated from operating activities	(Note i)	9,921,235	9,829,124
		-----	-----
Cash flow from investing activities			
Purchase of tangible fixed assets		(30,023,565)	(26,752,773)
Proceeds from sale of tangible fixed assets		942,638	869,885
Grants received		12,444,769	10,805,199
Grants repaid		(256,233)	(340,817)
Interest receivable		150,318	226,193
		-----	-----
		(16,742,073)	(15,192,313)
		-----	-----
Cash flow from financing activities			
Issue of share capital		9	12
Interest payable		(4,730,923)	(4,873,412)
New secured loans		10,500,000	4,000,000
		-----	-----
		5,769,086	(873,400)
		-----	-----
Net change in cash and cash equivalents		(1,051,752)	(6,236,589)
Cash flow from increase in debt		(10,500,000)	(4,000,000)
		-----	-----
Cash and cash equivalents at 1 April 2016		(101,922,785)	(91,686,196)
		-----	-----
Cash and cash equivalents at 31 March 2017		£(113,474,537)	£(101,922,785)
		=====	=====

Hillcrest Housing Association Limited
Notes to the Consolidated Association Statement of Cash Flows
for the year ended 31st March 2017

**Consolidated
Note i**

	2017	Restated 2016
	£	£
Cash flow from operating activities		
Surplus for year	17,184,457	10,021,104
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	4,526,178	3,779,587
Decrease/(increase) in stock	79,546	60,908
Decrease/(increase) in trade and other debtors	(1,091,344)	(140,053)
Increase/(decrease) in trade and other creditors	(9,303,293)	(1,090,959)
Increase/(decrease) in provisions	469,118	376,841
Shares cancelled	(4)	(4)
Release of goodwill	(7,685)	(7,685)
Decrease / (increase) in loan fair value	(29,841)	(28,486)
Increase (decrease) in financial instruments	(78,175)	(414,822)
Carrying amount of tangible fixed assets disposals	(282,461)	(317,498)
	-----	-----
	11,466,496	12,238,933
	=====	=====

**Association
Note i**

	2017	Restated 2016
	£	£
Cash flow from operating activities		
Surplus for the year	14,649,997	8,051,300
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	3,736,382	3,366,945
Decrease/(increase) in stock	46,315	70,883
Decrease/(Increase) in trade and other debtors	(1,142,803)	145,435
Increase/(decrease) in trade and other creditors	(7,271,937)	(1,283,096)
Increase/(decrease) in provisions	264,789	238,467
Shares cancelled	(4)	(4)
Decrease / (increase) in loan fair value	(29,841)	(28,486)
Increase (decrease) in financial instruments	(78,175)	(414,822)
Gain on disposal of tangible fixed assets	(253,488)	(317,498)
	-----	-----
Net cash generated from operating activities	9,921,235	9,829,124
	=====	=====

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(1) (a) Principal Accounting Policies

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)* and the Statement of Recommended Practice for Registered Social Landlords 2014 (SORP 2014) and comply with the Registered Social Landlords Determination of Accounting Requirements 2014.

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 and Statement of Recommended Practice: Accounting by Limited Liability Partnerships. Other subsidiaries have been prepared in accordance with Financial Reporting Standard 102.

A summary of the more important accounting policies which have been applied consistently is set out below.

(b) Basis of Accounting

Hillcrest Housing Association Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes(s).

The financial statements have been prepared on a going concern basis after consideration of the future prospects for the Group and the preparation of long term financial forecasts and plans which include an assessment of the availability of funding and the certainty of cash flow from rental of social housing stock.

(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) Turnover and other income

Turnover is measured at the fair value of the consideration received or receivable net of VAT and trade discounts. The policies adopted for the recognition of turnover are as follows:

Turnover represents rental and service charges income receivable in the year net of rent and service charge losses from voids, revenue grants from the government (local authorities) and other sources.

The disposal proceeds from the first tranche of shared ownership properties are included in turnover at the point to legal completion. The second and subsequent tranches are accounting for in administrative expenditure/operating income in the period in which the disposal occurs being the difference between the net sale proceeds and the net carrying value.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(1) (d) Turnover and other income (continued)

(i) Rendering of services

When the outcome of a transaction can be measure reliably, turnover is recognised by reference to the stage of completion at the balance sheet date. Stage of completion is measured by reference to the period of the contract.

Where the outcome cannot be measure reliably, turnover is recognised only to the extent of the expenses that are recoverable.

(ii) Construction contracts

When the outcome of a construction contract can be estimated reliably, contract costs and turnover are recognised by reference to the stage of completion at the balance sheet date. Stage of completion is measured by reference to the period of the contact.

Where the outcome cannot be measure reliably, contract costs are recognised as an expense in the period in which they are incurred and contract turnover is recognised to the extent of costs incurred that it is probable will be recoverable.

When it is probable that contract costs will exceed the total contact turnover, the expected loss is recognised as an expense immediately, with a corresponding provision.

(iii) Interest and dividends receivable

Interest income is recognised using the effective interest method and dividend is recognised as the Association's right to receive payment is established.

(e) Grant income

Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where a grant is received from government and other bodies as a contribution towards a capital cost, it is recognised as income using the performance model in accordance with the SORP 2014. Prior to satisfying the performance conditions such grants are held as deferred income on the Statement of Financial Position.

(f) Tangible Fixed Assets - Housing Properties

(i) Housing Properties

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 Comprehensive Income 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 Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(1) (f) Tangible Fixed Assets - Housing Properties (continued)

(ii) Depreciation

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 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 to their residual value over their expected useful economic life as follows:

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

Housing properties are split between land, structure and major components which require periodic replacement. Where major components are replaced, they are capitalised, depreciated over their estimated useful life 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.

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.

(iii) Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. The level at which an impairment is assessed is at the scheme of properties (e.g. the cash generating unit (CGU)).

The following key judgement has been made in defining the CGU's for housing properties (including shared ownership properties): where schemes have been developed together and are managed together, they are deemed to be a single CGU.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(1) (f) Tangible Fixed Assets - Housing Properties (continued)

(iii) Impairment

The key indicators considered in reviewing impairment are: changes in demand, changes in use, economic performance worse than expected, significant decline in market value, reduction in market value were intend to sell, plans to regenerate, demolish or replace existing components, on completion of new developments were costs are higher than anticipated, and other changes in technology, market, economy and legislation.

If such indication exists, the recoverable amount is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in expenditure through the Statement of Comprehensive Income.

(iv) 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 Statement of Comprehensive Income in the year in which it is incurred.

(v) 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 Statement of Comprehensive Income. Overheads are not capitalised on component replacements.

(vi) 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 Statement of Comprehensive Income in the period in which it accrues.

(vii) 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. The surplus/deficit amount arising from the sale of housing properties is disclosed separately in the Statement of Comprehensive Income.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(1) (f) Tangible Fixed Assets - Housing Properties (continued)

(viii) Shared Ownership

In accordance with the SORP 2014, shared ownership properties are reflected within Fixed Assets. Proceeds from first tranche disposals are allocated to Turnover. Costs relating to expected first tranche sales are reflected in current assets and released to the Statement of Comprehensive Income on sale.

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

(g) Tangible Fixed Assets – Other 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

(h) Investments

(i) Investments – Subsidiaries

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value through the Statement of Comprehensive Income if shares are publically traded or if their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

(ii) Investments - 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 Statement of Comprehensive Income within Other Income and Other Operating Expenditure respectively.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(1) (h) Investments (continued)

(ii) Investments - Homestake

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, included as a liability within deferred income, reflecting monies repayable by the Association to the Scottish Ministers on sale of subsequent residual stakes.

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.

(i) Stock

Stock and work in progress is valued at the lower of cost and net realisable value.

(j) Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a financing transaction it is measured at present value.

(k) Housing Association Grant (HAG) and other capital grants

HAG is received from central government and local authorities and is utilised to subsidise the costs of housing property.

HAG is recognised as income in the Statement of Comprehensive Income under the performance model. In the case of new build this will be when the properties are completed. HAG due or received is held as deferred income in the Statement of Comprehensive Income within Turnover. Grant received in respect of revenue expenditure is recognised as income in the same period 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.

(l) Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price.

(m) Cash at bank

Cash at bank and in hand includes cash that is instantly accessible. Cash can also be invested into short term deposits with a minimum maturity date of 30 days to a maximum of 1 year.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(1) (n) Derivatives

Derivative financial instruments are initially measured at fair value at the date on which a derivative contract is entered into and are subsequently measured at fair value through the Statement of Comprehensive Income. The Association uses derivative financial instruments to manage its exposure to fluctuations in interest rates. The fair value of derivatives is determined by their mark to market valuation at each reporting date.

(o) Employee benefits

All staff is entitled to access a company health insurance policy. This policy enables staff to access funding to reimburse them for certain expenses incurred, together with getting access to various support mechanisms for example, counselling.

In line with FRS 102 accounting requirements, any unused holidays accrued to 31st March 2017 are accounted for as an expense within the Statement of Comprehensive Income and respective creditor included within Note 19.

The Association and other Group companies operate a defined contribution Pension Scheme, the cost of which is written off on an accruals basis with contributions recognised in the Statement of Comprehensive Income when payable.

Pre-April 2014 the Association and Gowrie Care operated a defined benefit scheme, the assets of this Scheme are held separately from those of the companies in an independently administered fund (see Note 25). Where the scheme is in deficit and the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit.

(p) Other provisions

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

(q) Restricted reserve

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

(r) Taxation

The Association has charitable status which affects its liability to tax. Activities of the Group falling outwith the scope of charitable purposes are conducted by Hillcrest Enterprises Limited and Hillcrest Maintenance Services Limited, subsidiary companies that do not have charitable status. Northern Housing Company Limited does have charitable status however its trading activities are deemed to be taxable and are subject 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 2016/17 Hillcrest Maintenance Services Limited will gift aid £34,957 (2016 - £16,170) and Hillcrest Enterprises Limited £17,500 (2016 – £nil) to Hillcrest Housing Association Limited. Both amounts have been provided for.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(1) (r) Taxation (continued)

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.

(s) Service Equalisation

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

(t) Financial Instruments

Loans provided to subsidiaries are classed as basic under the requirements of FRS 102 and are measured at amortised cost. In the case of payment arrangements that exist with tenants and owners, these are deemed to constitute financing transactions and under FRS 102 should be measured at the present value of future payments discounted at a market rate of interest applicable to similar debt instruments. Due to the immaterial nature of these transactions they have instead been included at amortised cost.

(u) Goodwill

Goodwill arising from the merger on 1st April 2015 of Hillcrest Maintenance Services Limited and Clean Close Company Limited is written off to the Statement of Comprehensive Income over a period of ten years. The company continues to benefit from contracts secured under the name of Clean Close Company Limited and it is anticipated future works will also result during this time.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

2 (a) Consolidated Particulars of Turnover, Operating Costs and Operating Surplus or Deficit

	Turnover £	Operating Costs £	2017 Operating Surplus £	Restated 2016 Operating Surplus £
Continuing operations				
Affordable letting activities (Note 2b)	32,791,821	16,857,862	15,933,959	15,592,333
Other activities (Note 3)	14,796,321	21,859,965	(7,063,644)	(6,247,003)
	-----	-----	-----	-----
	47,588,142	38,717,827	8,870,315	9,345,330
Discontinued operations				
Other activities (Note 3)	151,543	197,314	(45,771)	(71,671)
	-----	-----	-----	-----
2017 - Total	£47,739,685	£38,915,141	£8,824,544	£9,273,659
	=====	=====	=====	=====
Continuing operations	45,485,591	36,140,261		
Discontinued operations	276,884	348,555		
	-----	-----		
2016 - Total Restated	£45,762,475	£36,488,816		
	=====	=====		

2 (a) Association Particulars of Turnover, Operating Costs and Operating Surplus or Deficit

	Turnover £	Operating Costs £	2017 Operating Surplus £	2016 Operating Surplus £
Affordable letting activities (Note 2b)	28,901,271	21,378,548	7,522,723	7,417,590
Other activities (Note 3)	3,304,546	3,248,916	55,630	(140,219)
	-----	-----	-----	-----
2017 - Total	£32,205,817	£24,627,464	£7,578,353	£7,277,371
	=====	=====	=====	=====
2016 – Total	£30,964,566	£23,687,195		
	=====	=====		

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

2 (b) Consolidated Particulars of Turnover, Operating Costs and Operating Surplus or Deficit from Affordable Letting Activities

	General Housing Needs £	Supported Housing Accomm. £	Shared Ownership £	Held for Lease £	Mid-market £	2017 Total £	2016 Total £
Income from lettings							
Rent receivable net of service charges	20,920,126	14,564	579,913	922,798	5,034,524	27,471,925	26,249,107
Service charges	2,821,769	13,269	35,867	99,179	240,650	3,210,734	2,848,345
Gross income from rents and service charges	23,741,895	27,833	615,780	1,021,977	5,275,174	30,682,659	29,097,452
Less voids	(426,120)	-	(2,308)	(11,217)	(202,547)	(642,192)	(461,349)
Net income from rents and service charges	23,315,775	27,833	613,472	1,010,760	5,072,627	30,040,467	28,636,103
Grants released from deferred income	2,242,698	-	95,304	169,248	-	2,507,250	2,355,276
Revenue grants from the Scottish Ministers	243,703	-	-	401	-	244,104	142,927
Other revenue grants	-	-	-	-	-	-	98,919
Total turnover	25,802,176	27,833	708,776	1,180,409	5,072,627	32,791,821	31,233,225
Expenditure on lettings							
Management & maintenance administration costs	6,124,120	40,297	140,398	215,261	186,833	6,706,909	6,146,151
Service costs	1,566,319	14,697	35,867	96,252	187,811	1,900,946	2,081,764
Reactive & void maintenance costs	639,066	8,320	8,913	112,273	49,682	818,254	573,694
Planned, cyclical & major repairs costs	755,455	12,003	-	224,190	111,934	1,103,582	970,629
Bad debts – rents and service charges	177,886	-	-	(2,203)	89,724	265,407	242,839
Depreciation of affordable let properties	4,994,802	-	141,268	656,113	270,581	6,062,764	5,625,815
Operating costs	14,257,648	75,317	326,446	1,301,886	896,565	16,857,862	15,640,892
Operating surplus / (deficit) 2017	£11,544,528	£(47,484)	£382,330	£(121,477)	£4,176,062	£15,933,959	£15,592,333
Operating surplus / (deficit) 2016	£11,609,603	£(24,547)	£397,963	£(144,123)	£3,753,437		

Hillcrest Housing Association Limited

Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

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

	General Housing Needs	Supported Housing Accom.	Shared Ownership	Held for Lease	Mid-Market	2017 Total	2016 Total
	£	£	£	£	£	£	£
Income from lettings							
Rent receivable net of service charges	20,920,126	130,797	579,913	2,008,718	-	23,639,554	22,529,346
Service charges	2,821,769	13,269	35,867	89,523	-	2,960,428	2,836,548
Gross income from rents and service charges	23,741,895	144,066	615,780	2,098,241	-	26,599,982	25,365,894
LESS: Rent losses from voids	(426,120)	-	(2,308)	(1,387)	-	(429,815)	(354,468)
Net income from rents and service charges	23,315,775	144,066	613,472	2,096,854	-	26,170,167	25,011,426
Grants released from deferred income	2,242,698	-	95,304	148,998	-	2,487,000	2,339,536
Revenue grants from Scottish Ministers	243,703	-	-	401	-	244,104	142,927
Other revenue grants	-	-	-	-	-	-	98,919
Total turnover	25,802,176	144,066	708,776	2,246,253	-	28,901,271	27,592,808
Expenditure on lettings							
Management & maintenance administration costs	6,185,031	40,297	140,398	178,265	-	6,543,991	6,037,325
Service costs	2,558,816	14,697	35,867	117,342	-	2,726,722	2,873,707
Reactive & Void maintenance costs	3,379,792	8,320	8,913	76,725	-	3,473,750	3,388,199
Planned, cyclical & major repairs costs	2,571,682	12,003	-	131,970	-	2,715,655	2,410,637
Bad debts – rents and service charges	177,886	-	-	-	-	177,886	178,231
Depreciation of affordable let properties	4,994,802	-	141,268	604,474	-	5,740,544	5,287,119
Operating costs	19,868,009	75,317	326,446	1,108,776	-	21,378,548	20,175,218
Operating surplus / (deficit) 2017	£5,934,167	£68,749	£382,330	£1,137,477	£-	£7,522,723	£7,417,590
Operating surplus / (deficit) 2016	£6,094,052	£84,223	£397,963	£841,352	£-		

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(3) Consolidated Particulars of Turnover, Operating Costs and Operating Surplus or Deficit 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) 2017	Restated Operating Surplus/ (deficit) 2016
	£	£	£	£	£	£	£	£	£
Continuing activities									
Wider role	-	594	-	-	594	-	-	594	742
Care and repair	-	81,558	-	-	81,558	-	79,895	1,663	(3,703)
Factoring	-	-	-	87,589	87,589	20,677	78,424	(11,512)	15,549
Uncapitalised development administration costs	534,199	-	-	49,240	583,439	-	561,727	21,712	(153,749)
Support activities	-	-	244,611	359,394	604,005	-	630,910	(26,905)	(120)
Care activities	-	-	10,796,761	787,498	11,584,259	-	11,321,490	262,769	418,697
Contracted out services undertaken for other organisations	-	-	-	30,628	30,628	444	105,287	(75,103)	(80,876)
Commercials	-	-	-	444,866	444,866	6,566	487,128	(48,828)	353,682
Central charges	-	-	-	-	-	-	1,295,072	(1,295,072)	(1,339,218)
Other activities	-	357,092	-	1,022,291	1,379,383	-	7,272,345	(5,892,962)	(5,458,007)
	534,199	439,244	11,041,372	2,781,506	14,796,321	27,687	21,832,278	(7,063,644)	(6,247,003)
Discontinued activities									
Other activities	-	-	-	151,543	151,543	-	197,314	(45,771)	(71,671)
2017 Total	£534,199	£439,244	£11,041,372	£2,933,049	£14,947,864	£27,687	£22,029,592	(£7,109,415)	£(6,318,674)
Continuing activities	334,734	737,534	10,174,628	3,005,470	14,252,366	887	20,498,482		
Discontinued activities	-	-	-	276,884	276,884	-	348,555		
2016 Total - Restated	£334,734	£737,534	£10,174,628	£3,282,354	£14,529,250	£887	£20,847,037		

Notes to the Consolidated Financial Statements (continued)
For the year ended 31st March 2017

(3) Association particulars of Turnover, Operating Costs and Operating Surplus or Deficit 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) 2017 £	Operating Surplus/ (deficit) 2016 £
Wider role	-	594	-	-	594	-	-	594	742
Care and repair	-	81,558	-	-	81,558	-	79,895	1,663	(3,703)
Factoring	-	-	-	87,589	87,589	20,677	78,424	(11,512)	15,549
Uncapitalised development administration costs	534,199	-	-	-	534,199	-	561,727	(27,528)	(199,601)
Support activities	-	-	244,611	359,394	604,005	-	630,910	(26,905)	(120)
Commercials	-	-	-	415,450	415,450	6,566	135,073	273,811	346,673
Central charges	-	-	-	1,295,072	1,295,072	-	1,295,072	-	-
Other activities	-	-	-	286,079	286,079	-	440,572	(154,493)	(299,759)
2017 Total	£534,199	£82,152	£244,611	£2,443,584	£3,304,546	£27,243	£3,221,673	£55,630	£(140,219)
2016 Total	£334,734	£109,544	£226,561	£2,700,919	£3,371,758	£(200)	£3,512,177		

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(4) Consolidated and Association Gain/(loss) on disposal of Tangible Fixed Assets

	Proceeds from sales £	Cost of Sales £	2017 Profit / (Loss) on Sales £	Proceeds from sales £	2016 Profit / (Loss) on Sales £
Association					
Housing Association – Right to purchase	222,900	137,944	84,956	93,500	38,266
One off Sales	318,000	177,100	140,900	207,000	96,006
Shared Ownership	377,250	316,611	60,639	533,875	182,176
Sale of Investment	-	-	-	-	-
Sale of other fixed assets	-	462	(462)	1,050	1,050
	-----	-----	-----	-----	-----
	918,150	632,117	286,033	835,425	317,498
Consolidated					
Sale of other fixed assets	4,005	7,580	(3,575)	-	-
	-----	-----	-----	-----	-----
	£922,155	£639,697	£282,458	£835,425	£317,498
	=====	=====	=====	=====	=====

(5) Finance Income

	Consolidated		Association	
	2017 £	2016 £	2017 £	2016 £
Interest receivable	52,380	79,732	149,804	180,909
	-----	-----	-----	-----
	£52,380	£79,732	£149,804	£180,909
	=====	=====	=====	=====

(6) Finance Costs

	Consolidated		Association	
	2017 £	2016 £	2017 £	2016 £
Interest payable	5,186,982	5,340,948	4,475,232	4,607,527
Other financing costs – income	(35,209)	(33,547)	(35,209)	(33,547)
Other financing costs – cost	5,368	5,062	5,368	5,062
Pension interest expense	346,056	356,328	288,401	296,860
	-----	-----	-----	-----
	£5,503,197	£5,668,791	£4,733,792	£4,875,902
	=====	=====	=====	=====

Other financing costs include the amortisation of transaction costs on funding arrangements.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(7) Pension Remeasurement

	Consolidated		Association	
	2017	Restated 2016	2017	Restated 2016
	£	£	£	£
Impact of changes in assumptions (Note 21)	(197,250)	63,006	(163,474)	52,572
Amendments to the contribution schedule (Note 21)	8,208,757	(10,959)	6,872,348	(10,959)
	£8,011,507	£52,047	£6,708,874	£41,613

(8) Key Management Personnel Emoluments

Under the Registered Social Landlords Determination of Accounting Requirements 2014, disclosure of key management personnel's emoluments exceeding £60,000 is disclosed below.

	Consolidated		Association	
	2017	2016	2017	2016
	£	£	£	£
The emoluments payable to key management personnel and former key management personnel amount to:-				
Emoluments excluding employers pension	613,317	533,204	529,740	450,536
Employers pension contributions	35,031	32,986	34,845	32,986
Total emoluments payable	648,348	566,190	564,585	483,522
The emoluments payable to, or received by, the Group Chief Executive amount to:-				
Emoluments excluding employers pension	128,231	105,976	128,231	105,976
Employers pension contributions	9,749	8,963	9,749	8,963
Total emoluments payable	137,980	114,939	137,980	114,939

The emolument of the key management personnel and former key management personnel (excluding pension contributions) were within the following ranges:-

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

No emoluments were paid to any member of the Committee of Management

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(9) Employee Information

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

	Consolidated		Association	
	2017	2016	2017	2016
Office Staff	179	166	148	138
Wardens, Caretakers & Cleaners	48	42	48	42
Support Staff	642	612	-	-
Maintenance	157	157	17	14
	-----	-----	-----	-----
	1,026	977	213	194
	===	===	===	===
The average number of full time equivalent	798	769	184	173
	===	===	===	===

Staff Costs (including Key Management Personnel Emoluments):

	Consolidated		Association	
	2017	2016	2017	2016
	£	£	£	£
Wages and Salaries	19,307,101	18,128,004	5,498,991	5,091,884
Social Security Costs	1,562,222	1,487,004	526,745	508,939
Pension Costs	506,993	481,842	306,220	290,684
	-----	-----	-----	-----
	£21,376,316	£20,096,850	£6,331,956	£5,891,507
	=====	=====	=====	=====
Redundancy/termination payments included in above	£50,320	£44,704	-	-

(10) Operating Surplus

	Consolidated		Association	
	2017	2016	2017	2016
	£	£	£	£
Operating surplus is stated after charging:				
Depreciation – Housing property	5,917,782	5,438,704	5,672,449	5,192,613
Depreciation – Disposals	144,982	187,111	68,095	94,506
Depreciation – Other fixed assets	1,131,916	718,139	565,715	530,152
Amortisation of grant	2,523,519	2,377,257	2,501,781	2,355,820
Operating lease – plant & Machinery	19,569	24,008	-	-
- other	59,217	198,422	59,217	198,422
- motor vehicles	3,384	2,110	3,384	2,110
External auditor's remuneration for all group companies (including VAT):-				
- In their capacity as auditors	45,395	47,875	18,276	18,054
- In respect of other services	3,750	5,790	3,000	5,040

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(11) Tax on Profit On Ordinary Activities – Consolidated

	2017	2016
	£	£
Corporation tax at 20% (2016 – 20%)	10,600	20,654
Under-provision	-	6,875
Deferred tax	9,310	9,391
	-----	-----
	£19,910	£36,920
	=====	=====

(12) Service Charge Equalisation Account

	Consolidated		Association	
	2017	2016	2017	2016
	£	£	£	£
Balance at beginning of Year	(401,060)	(260,420)	(401,060)	(260,420)
Transfer of Property Revenue to account	(67,215)	(140,640)	(67,215)	(140,640)
	-----	-----	-----	-----
Balance at End of Year	(468,275)	(401,060)	(468,275)	(401,060)
	=====	=====	=====	=====
Being:- Debtor Balance (see Note 18)	(1,031,766)	(903,019)	(1,031,766)	(903,019)
Creditors Balance (see Note 19)	563,491	501,959	563,491	501,959
	-----	-----	-----	-----
Balance at End of Year	£(468,275)	£(401,060)	£(468,275)	£(401,060)
	=====	=====	=====	=====

(13) Housing Stock Analysis

	Consolidated		Association	
	2017	2016	2017	2016
	£	£	£	£
General Housing Needs	6,139	5,845	6,101	5,807
Supported Housing Accommodation	212	200	208	196
Shared Ownership	237	242	237	242
Mid-Market	574	574	-	-
	-----	-----	-----	-----
	7,162	6,861	6,546	6,245
	-----	-----	-----	-----
Other Units				
Factored	493	533	481	478
Feu Superior for Landscaping	860	888	860	888
	-----	-----	-----	-----
	1,353	1,421	1,341	1,366
	-----	-----	-----	-----
Total Units	8,515	8,282	7,887	7,611
	=====	=====	=====	=====

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2017

(14) Consolidated 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 or valuation At 1 April 2016	320,537,404	23,079,703	15,375,339	-	1,802,462	36,670,636	11,188,624	32,810,314	441,464,482
Schemes completed	26,463,467	(26,463,467)	-	-	-	11,446,184	(11,446,184)	-	-
Revaluation	-	-	-	-	-	-	-	259,336	259,336
Additions	1,938,190	21,845,326	-	-	-	-	7,021,026	309,633	31,114,175
Disposals	(1,097,315)	-	(313,936)	-	-	-	-	(149,146)	(1,560,397)
At 31 March 2017	347,841,746	18,461,562	15,061,403	-	1,802,462	48,116,820	6,763,466	33,230,137	471,277,596
Depreciation									
At 1 April 2016	63,867,280	-	1,379,867	-	272,014	2,171,743	-	3,657,830	71,348,734
Charge for the year	4,956,078	-	141,268	-	22,268	604,474	-	193,692	5,917,780
Disposals	(706,481)	-	(16,082)	-	-	-	-	(72,259)	(794,822)
At 31 March 2017	68,116,877	-	1,505,053	-	294,282	2,776,217	-	3,779,263	76,471,692
Net Book Value At 31 March 2017	£279,724,869	£18,461,562	£13,556,350	£-	£1,508,180	£45,340,603	£6,763,466	£29,450,874	£394,805,904
Net Book Value At 31 March 2016	£256,670,124	£23,079,703	£13,995,472	£-	£1,530,448	£34,498,893	£11,188,624	£29,152,484	£370,115,748

Total expenditure on works to existing properties amounted to £4,169,660, for which no Social Housing Grants were received during the year. Of this, £2,202,823 was capitalised for the replacement of components, £45,000 capitalised for improvements and £1,921,837 charged to the Statement of Comprehensive Income in the year. During the year £560,941 of development administration costs and interest of £186,778 were capitalised.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2017

(14) Association Tangible Fixed Assets – Housing Properties

	Housing Properties Held for letting	Housing Properties Under construction	Shared Ownership Held for letting	Shared Ownership Construction	Held for Letting Supported	Held for Letting for lease	Held for Lease under construction	Mid-market held for letting	Total
	£	£	£	£	£	£	£	£	£
Cost									
At 1 April 2016	318,491,284	23,079,703	15,375,339	-	-	36,670,636	11,188,624	-	404,805,586
Schemes completed	26,463,467	(26,463,467)	-	-	-	11,446,184	(11,446,184)	-	-
Additions	1,938,190	21,845,326	-	-	-	-	7,021,026	-	30,804,542
Disposals	(1,097,315)	-	(313,936)	-	-	-	-	-	(1,411,251)
At 31 March 2017	345,795,626	18,461,562	15,061,403	-	-	48,116,820	6,763,466	-	434,198,877
Depreciation									
At 1 st April 2016	63,509,446	-	1,379,867	-	-	2,171,743	-	-	67,061,056
Charge for the year	4,926,707	-	141,268	-	-	604,474	-	-	5,672,449
Disposals	(706,481)	-	(16,082)	-	-	-	-	-	(722,563)
At 31 March 2017	67,729,672	-	1,505,053	-	-	2,776,217	-	-	72,010,942
Net Book Value at 31 March 2017	£278,065,954	£18,461,562	£13,556,350	£-	£-	£45,340,603	£6,763,466	£-	£362,187,935
Net Book Value at 31 March 2016	£254,981,838	£23,079,703	£13,995,472	£-	£-	£34,498,893	£11,188,624	£-	£337,744,530

Total expenditure on works to existing properties amounted to £7,551,350, for which no Social Housing Grants were received during the year. Of this, £1,938,190 was capitalised for the replacement of components and £5,613,159 charged to the statement of comprehensive income in the year. During the year £560,941 of development administration costs and interest of £186,778 were capitalised.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2017

(15) Consolidated Tangible Fixed Assets - Other Fixed Assets

Cost or valuation	Commercial Property		Office Property		Housing Furniture Equipment		Supported Furniture Equipment		Office Furniture Equipment		Motor Vehicles		Plant and Machinery		Total	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
At 1 April 2016	4,225,864	9,227,476	432,711	432,711	52,658	3,308,914	1,034,823	101,879	18,384,325	17,606,662						
Additions in Year	423	1,830	15,148	15,148	-	270,717	202,838	7,417	498,373	759,310						
Transfer	-	-	-	-	1,916	(1,916)	-	-	-	84,950						
Revaluation	377,000	-	-	-	-	-	-	-	-	377,000						
Disposal	-	(51,275)	-	-	-	(138,923)	(81,770)	-	(271,968)	(66,597)						
At 31 March 2017	4,603,287	9,178,031	447,859	447,859	54,574	3,438,792	1,155,891	109,296	18,987,730	18,384,325						
Depreciation																
At 1 April 2016	881,736	1,381,018	344,576	344,576	48,072	2,422,423	711,526	69,680	5,859,031	5,207,489						
Charge for Year	415,630	188,976	21,594	21,594	1,224	322,246	169,669	12,580	1,131,919	718,139						
Transfer	-	-	-	-	384	(384)	-	-	-	-						
Disposal	-	(44,460)	-	-	-	(138,461)	(81,005)	-	(263,926)	(66,597)						
At 31 March 2017	1,297,366	1,525,534	366,170	366,170	49,680	2,605,824	800,190	82,260	6,727,024	5,859,031						
Net Book Value																
At 31 March 2017	£3,305,921	£7,652,497	£81,689	£81,689	£4,894	£832,968	£355,701	£27,036	£12,260,706							
Net Book Value																
At 31 March 2016	£3,344,128	£7,846,458	£88,135	£88,135	£4,586	£886,491	£323,297	£32,199	£12,525,294							

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2017

(15) Association Tangible Fixed Assets - Other Fixed Assets

	Commercial Property £	Office Property £	Housing Furniture Equipment £	Supported Furniture Equipment £	Office Furniture Equipment £	Motor Vehicles £	Total 2017 £	Total 2016 £
Cost								
At 1 April 2016	3,460,865	9,073,666	407,503	52,658	3,114,602	28,054	16,137,348	15,595,397
Additions in Year	423	-	15,148	-	248,230	-	263,801	541,990
Transfer	-	-	-	1,916	(1,916)	-	-	-
Disposal	-	-	-	-	(49,773)	-	(49,773)	(39)
At 31 March 2017	3,461,288	9,073,666	422,651	54,574	3,311,143	28,054	16,351,376	16,137,348
Depreciation								
At 1 April 2016	881,736	1,320,336	329,452	48,072	2,255,707	7,014	4,842,317	4,312,204
Charge for Year	58,630	177,104	16,549	1,224	305,194	7,014	565,715	530,152
Transfer	-	-	-	384	(384)	-	-	-
Disposal	-	-	-	-	(49,311)	-	(49,311)	(39)
At 31 March 2017	940,366	1,497,440	346,001	49,680	2,511,206	14,028	5,358,721	4,842,317
Net Book Value								
At 31 March 2017	£2,520,922	£7,576,226	£76,650	£4,894	£799,937	£14,026	£10,992,655	
Net Book Value								
At 31 March 2016	£2,579,129	£7,753,330	£78,051	£4,586	£858,895	£21,040	£11,295,031	

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(16) Investments

	Consolidated		Association	
	2017	2016	2017	2016
	£	£	£	£
Investments - Subsidiaries				
At 1 April 2016	-	-	2,562,366	2,562,366
Additions in year	-	-	-	-
Disposals in year	-	-	-	-
	-----	-----	-----	-----
At 31 March 2017	£ -	£ -	£2,562,366	£2,562,366
	=====	=====	=====	=====
Investments in subsidiaries	£ -	£ -	£2,562,366	£2,562,366
	=====	=====	=====	=====
Investments - Homestake	£826,385	£826,385	£826,385	£826,385
	=====	=====	=====	=====

(17) Stock

	Consolidated		Association	
	2017	2016	2017	2016
	£	£	£	£
Housing properties - completed	21,815,790	21,813,920	-	-
Stock	164,255	245,671	-	46,315
	-----	-----	-----	-----
	£21,980,045	£22,059,591	£ -	£46,315
	=====	=====	=====	=====

(18) Debtors

	Consolidated		Association	
	2017	2016	2017	2016
	£	£	£	£
Rental Debtors	1,837,016	1,722,610	1,654,853	1,529,137
Provision for Bad Debts	(816,636)	(714,932)	(705,684)	(621,564)
	-----	-----	-----	-----
	1,020,380	1,007,678	949,169	907,573
Mortgage Advances, Other Grants & HAG Receivable	1,258,164	1,845,887	1,258,164	1,845,887
Car Loans to Employees	15,334	27,805	12,852	21,725
Other Loan to Employee	8,212	11,761	6,364	7,431
VAT receivable	71,741	79,964	71,741	72,096
Other Debtors	2,801,225	1,828,903	2,223,000	1,195,426
Amounts due from Subsidiaries	-	-	396,750	442,083
Deferred tax	3,930	2,628	-	-
Service Charge Equalisation Account (See Note 12)	1,031,766	903,019	1,031,766	903,019
	-----	-----	-----	-----
	£6,210,752	£5,707,645	£5,949,806	£5,395,240
	=====	=====	=====	=====

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(18) Debtors (continued)

	Consolidated		Association	
	2017 £	2016 £	2017 £	2016 £
Amounts falling due outwith 1 yr				
Car loans to employees	10,752	14,510	8,621	12,026
	-----	-----	-----	-----
	£10,752	£14,510	£8,621	£12,026
	=====	=====	=====	=====

Car Purchase Loans to Employees

A total of £15,334 (2016 - £27,805) is outstanding in respect of loan to 7 employees for car purchase. There are no loans outstanding in respect of any director. All such loans were individually approved in accordance with Policies adopted by the Committee of Management, terms, rates of interest and payment provision conform to conditions applied in Employee's Contract of Employment. All are repayable by installment.

(19) Creditors: amounts falling due within one year

	Consolidated		Association	
	2017 £	2016 £	2017 £	2016 £
Prepaid Rents & Service Charges	612,944	644,931	555,791	590,244
Loan interest and Principal	412,858	429,841	410,256	408,829
Contracts for Capital Works	4,110,753	2,990,883	4,110,753	2,990,883
Service Charge Equalisation Account (See Note 12)	563,491	501,959	563,491	501,959
Other Taxation & Social Security	432,265	416,706	127,992	123,466
VAT Payable	37,253	38,778	-	-
Other Creditors	5,311,067	5,616,320	3,139,351	2,975,667
Due to Subsidiary	-	-	737,000	630,156
Homestake	217,555	217,555	217,555	217,555
Deferred Income	2,468,719	2,364,208	2,446,981	2,342,770
Pension Provision	1,331,117	1,336,692	1,102,685	1,114,130
Housing Loans	682,689	248,968	562,500	-
Non Housing Loans	10,909	18,223	-	-
	-----	-----	-----	-----
	£16,191,620	£14,825,064	£13,974,355	£11,895,659
	=====	=====	=====	=====

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(20) Creditor: amounts falling due after more than one year

	Consolidated		Association	
	Restated		Restated	
	2017	2016	2017	2016
	£	£	£	£
Housing Loans	136,249,037	126,649,415	119,341,321	109,433,662
Non Housing Loans	461,233	485,549	461,233	461,233
Deferred Income	209,421,692	200,563,465	207,871,211	198,990,946
Derivative Financial Instruments	10,822,401	10,900,576	10,822,401	10,900,576
	-----	-----	-----	-----
Total	£356,954,363	£338,599,005	£338,496,166	£319,786,417
	=====	=====	=====	=====

Borrowings are repayable as follows:

	Consolidated		Association	
	Restated		Restated	
	2017	2016	2017	2016
	£	£	£	£
Housing Loans				
Within 1 Year	682,689	248,968	562,500	-
Between 1 & 2 Years	1,231,857	703,924	1,125,000	562,500
Between 2 & 5 Years	36,706,023	17,093,786	20,375,000	1,125,000
More than 5 Years	98,311,157	108,851,705	97,841,321	107,746,162
	-----	-----	-----	-----
	£136,931,726	£126,898,383	£119,903,821	£109,433,662
	=====	=====	=====	=====
Non Housing Loans				
Within 1 Year	10,909	18,223	-	-
Between 1 & 2 Years	-	11,741	-	-
Between 2 & 5 Years	-	12,575	-	-
More than 5 Years	461,233	461,233	461,233	461,233
	-----	-----	-----	-----
	£472,142	£503,772	£461,233	£461,233
	=====	=====	=====	=====

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(20) Creditor: amounts falling due after more than one year (continued)

Loans are secured by specific charges on the Association and Group properties. The terms of repayment and interest rates are noted below.

Interest	Maturity	Repayment terms	Consolidated Carrying value	Association Carrying value
Libor + 0.2%	01/10/2028	Fully amortising	£3,291,058	£3,291,058
Libor + 0.2%	01/10/2033	Interest only then capital & interest	£3,442,568	£3,442,568
Libor + 1.25%	17/08/2020	Interest only then bullet repayment	£17,000,000	£17,000,000
Libor + 0.2%	10/09/2037	Interest only then bullet repayment	£22,452,681	£22,452,681
Libor + 0.2%	02/10/2037	Interest only then capital & interest	£22,475,602	£22,475,602
Fixed 5.193%	22/04/2038	Interest only then bullet repayment	£34,719,957	£34,719,957
Fixed 5.445%	01/10/2038	Interest only then bullet repayment	£6,992,898	£6,992,898
Fixed 4.13%	01/10/2042	Interest only then capital & interest	£9,990,290	£9,990,290
Fixed 5.89%	29/10/2021	Fully amortising	257,923	-
Fixed 5.88%	26/06/2030	Fully amortising	175,604	-
Fixed 5.43%	11/03/2019	Fully amortising	198,148	-
Libor + 1.0%	06/07/2024	Fully amortising	32,087	-
Libor + 0.7%	01/12/2026	Fully amortising	45,723	-
Libor + 0.7%	15/12/2030	Fully amortising	137,796	-
-	-	No fixed repayment	6,600	-
Libor + 0.6 %	01/08/2035	Fully amortising	37,988	-
Fixed 6.06%	18/11/2025	Fully amortising	573,164	-
Libor + 1.0%	27/06/2017	Fully amortising	11,952	-
Fixed 4.0%	01/06/2017	Fully amortising	10,909	-
Fixed 4.0%	30/06/2020	Interest only then capital & interest	15,550,920	-
			-----	-----
			£137,403,868	£120,365,054
			=====	=====

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(20) Creditor: amounts falling due after more than one year (continued)

The deferred income balance is made up as follows:

	Housing Association Grants £	Other Housing Grants £	Homestake £	Other Grants £	Total £
Consolidated					
Deferred income as at 1 April 2016	196,395,110	5,233,107	826,385	473,071	202,927,673
Additional income received	11,270,509	114,637	-	471,900	11,857,046
Disposals	(370,789)	-	-	-	(370,789)
Released to Statement of Comprehensive Income	(2,439,427)	(61,629)	-	(22,463)	(2,523,519)
	-----	-----	-----	-----	-----
Deferred income as at 31 March 2017	£204,855,403	£5,286,115	£826,385	£922,508	£211,890,411
	=====	=====	=====	=====	=====
Association					
Deferred income as at 1 April 2016	195,398,418	4,695,599	826,385	413,314	201,333,716
Additional income received	11,270,509	114,637	-	471,900	11,857,046
Disposals	(370,789)	-	-	-	(370,789)
Released to Statement of Comprehensive Income	(2,426,462)	(54,344)	-	(20,975)	(2,501,781)
	-----	-----	-----	-----	-----
Deferred income as at 31 March 2017	£203,871,676	£4,755,892	£826,385	£864,239	£210,318,192
	=====	=====	=====	=====	=====

This is expected to be released to the Statement of Comprehensive Income in the following years:

	Consolidated		Association	
	2017 £	2016 £	2017 £	2016 £
Due within 1 year	2,468,719	2,364,208	2,446,981	2,342,770
Due in 1 year or more	209,421,692	200,563,465	207,871,211	198,990,946
	-----	-----	-----	-----
	£211,890,409	£202,927,673	£201,318,192	£201,333,716
	=====	=====	=====	=====

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(21) Provisions for liabilities – Pension Provision

SFHA Pension	Consolidated		Association	
	2017 £	2016 £	2017 £	2016 £
Provision at 1 April 2016	15,748,047	16,748,927	13,119,707	13,953,541
Unwinding of the discount factor (interest expense)	345,448	356,310	287,793	296,842
Deficit contribution paid	(1,333,511)	(1,294,671)	(1,110,949)	(1,078,591)
Remeasurements – impact of any change in assumptions	196,333	(62,519)	162,557	(52,085)
Remeasurements – amendments to contribution schedule	(8,208,757)	-	(6,872,348)	-
Provision as 31 March 2017	£6,747,560 =====	£15,748,047 =====	£5,586,760 =====	£13,119,707 =====
Due within 1 year	1,327,840	1,333,511	1,099,408	1,110,949
Due in more than 1 year	5,419,720	14,414,536	4,487,352	12,008,758
	£6,747,560 =====	£15,748,047 =====	£5,586,760 =====	£13,119,707 =====

Pension Trust's Growth Plan	Consolidated		Association	
	2017 £	2016 £	2017 £	2016 £
Provision at 1 April 2016	31,140	23,434	31,140	23,434
Unwinding of the discount factor (interest expense)	608	18	608	18
Deficit contribution paid	(3,181)	(2,784)	(3,181)	(2,784)
Remeasurements – impact of any change in assumptions	917	(487)	917	(487)
Remeasurements – amendments to the contribution schedule	-	10,959	-	10,959
Provision as 31 March 2017	£29,484 =====	£31,140 =====	£29,484 =====	£31,140 =====
Due within 1 year	3,277	3,181	3,277	3,181
Due in more than 1 year	26,207	27,959	26,207	27,959
	£29,484 =====	£31,140 =====	£29,484 =====	£31,140 =====

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(21) Provisions for liabilities – Other Provisions

Consolidated	As at 1 April 2016	Transfer to/from provision	At 31 March 2017
	£	£	£
Housing Services Sinking Fund	58,027	(11,436)	46,591
Lift Replacement	224,759	(136,690)	88,069
Furniture Replacement	749,235	94,728	843,963
Laundry Replacement	136,433	10,336	146,769
Equipment Replacement	718,889	57,688	776,577
Provision of Internal Decoration	261,850	51,339	313,189
Door Entry Replacement	487,215	138,959	626,174
Aerial Replacement	41,244	4,528	45,772
Future Repairs	768,347	249,052	1,017,399
Deferred Tax (Note 22)	46,620	10,612	57,232
	----- £3,492,619 =====	----- £469,116 =====	----- £3,961,735 =====
Association	As at 1 April 2016	Transfer to/from Provision	At 31 March 2017
	£	£	£
Housing Services Sinking Fund	58,027	(11,436)	46,591
Lift Replacement	191,545	(152,227)	39,318
Furniture Replacement	598,189	3,957	602,146
Laundry Replacement	136,433	10,336	146,769
Equipment Replacement	714,290	50,873	765,163
Provision of Internal Decoration	261,850	51,339	313,189
Door Entry Replacement	462,850	134,916	597,766
Aerial Replacement	36,542	2,196	38,738
Future Repairs	89,647	174,835	264,482
	----- £2,549,373 =====	----- £264,789 =====	----- £2,814,162 =====

(22) Provision for Deferred Taxation - Consolidated

	2017	2016
	£	£
Accelerated Capital Allowances	57,232	46,620
Tax losses carried forward	(3,930)	(2,628)
	-----	-----
Provision for deferred tax	£53,302	£43,992
	=====	=====
Provision at 1 April 2016	43,992	34,601
Deferred tax charge in profit & loss account	9,310	9,391
	-----	-----
Provision at 31 March 2017	£53,302	£43,992
	=====	=====

Deferred tax is split as £57,232 liability and £3,930 asset.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(23) Financial Instruments

The carrying amounts of financial instruments are as follows:

	Consolidated		Association	
	2017	Restated 2016	2017	Restated 2016
Financial Liabilities				
Measured at fair value through the Statement of Comprehensive Income				
- Derivative financial instruments (Note 20)	10,822,401	10,900,576	10,822,401	10,900,576
	-----	-----	-----	-----
	10,822,401	10,900,576	10,822,401	10,900,576
Measured at amortised cost				
- Bank loans (Note 20)	137,403,868	127,402,155	120,365,054	109,894,895
	-----	-----	-----	-----
	137,403,868	127,402,155	120,365,054	109,894,895

The income, expenses, net gains and net losses attributable to financial instruments are summarised as follows:

	Consolidated		Association	
	2017	Restated 2016	2017	Restated 2016
Income and expense				
Financial liabilities measured at amortised cost	£29,841	£28,485	£29,841	£28,485
Net gains and losses (including changes in fair value)				
Financial liabilities measured at fair value through the Statement of Comprehensive income	£78,175	£414,822	£78,175	£414,822

The total interest income and interest expense for financial assets and financial liabilities that are not measured at fair value through the Statement of Financial Activities was:

	Consolidated		Association	
	2017	2016	2017	2016
Interest income	£52,380	£79,372	£149,804	£180,909
Interest expense	£5,157,141	£5,312,463	£4,445,391	£4,579,042

The Association uses derivative financial instruments to manage its exposure to fluctuations in interest rates. The fair value of derivatives is determined by their mark to market valuation at each reporting date.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(24) Reserves

Income and Expenditure Reserve

The income and expenditure reserve represents cumulative surpluses and deficits net of other adjustments.

Restricted Reserve

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

Revaluation Reserve

The revaluation reserve represents the net gain on revaluation of assets held at fair value.

Negative Goodwill

Goodwill arising from the merger with Clean Close Company Limited is written off to the Statement of Comprehensive Income over a period of ten years. The company continues to benefit from contracts secured under the name of Clean Close Company Limited and it is anticipated future works will also result during this time.

Non-controlling Interest

The portion of equity in a subsidiary that is not attributable to the parent, Hillcrest Housing Association Limited.

(25) Pensions

Retirement Benefits

(a) SFHA Pension Scheme

Hillcrest Housing Association Limited and its subsidiary Gowrie Care Limited participates in the Scottish Housing Associations' Pension Scheme ("the scheme"), a multi-employer scheme which provides benefits to over 150 non-associated employers. The scheme is a defined benefit scheme in the UK.

It is not possible for the Association or the subsidiary to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Both companies therefore account for the schemes as a defined contribution scheme.

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

The scheme is classified as a "last-man standing arrangement". The Association and its subsidiary therefore are potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(25) Pensions (continued)

(a) SFHA Pension Scheme (continued)

A full actuarial valuation for the scheme was carried out at 30 September 2015. This actuarial valuation showed assets of £616M, liabilities of £814M and a deficit of £198M. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme as follows :

Deficit contributions

From 1 April 2017 to 28 February 2022 : £25,735,092 per annum
 (payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Reconciliation of both the Association and its subsidiary's opening and closing provisions is provided at Note 21.

	2017	2016
Assumption - the rate of discount - % per annum	1.06%	2.29%

The discount rates are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

b) Pensions Trust's Growth Plan

The Association participates in the scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK.

It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

The scheme is classified as a 'last-man standing arrangement'. The Association is therefore potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(25) Pensions (continued)

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

Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2014. This actuarial valuation showed assets of £793M, liabilities of £970M and a deficit of £177M. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025: £12,945,440 per annum
 (payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Reconciliation of the Associations opening and closing provisions is provided in Note 21.

	2017	2016
Assumption - the rate of discount - % per annum	1.32%	2.07%

The discount rates are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

(26) 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.

(27) Related Parties

During the year two members of the Committee of Management were 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.

During the financial year, Committee members were charged rent totalling £6,901 (2016 - £7,561). As at 31st March 2017 no amount (2016 – nil) was due to the Association.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(27) Related Parties (continued)

Where members of the Committee of Management are also councilors or employees of related local authorities, there are no transactions to disclose that were not made at arm's length or not made under the normal commercial terms.

Northern Housing Company Limited

The following members of the Committee of Management of Hillcrest Housing Association Limited are also Directors of Northern Housing Company Limited:

Mr. D. Boyle (appointed 16 May 2016)

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:-

	Closing creditors due from NHCL	Closing debtors due to NHCL	Net Balance due to/ (from) NHCL
	£	£	£
HHA (2017)	(31,365)	96,842	65,477
HHA (2016)	(39,316)	39,796	480
HMS (2017)	(141,785)	2,705	(139,080)
HMS (2016)	(191,464)	774	(190,690)
HEL (2017)	-	-	-
HEL (2016)	(6,416)	-	(6,416)

Other related transactions:-

	HHA 2017	HHA 2016	HMS 2017	HMS 2016
	£	£	£	£
Maintenance services to NHCL	-	-	1,103,884	975,367
Central charges to NHCL	379,955	389,163	-	-
Lease charges to NHCL	1,429,129	1,216,702	-	-

Hillcrest Enterprises Limited, a wholly owned subsidiary of Hillcrest Housing Association Limited, was recharged direct expenses of £40 (2016 – nil) by Northern Housing Company.

Craigowl Communities

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

Mr. M. Hussain

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(27) Related Parties (continued)

Craigowl Communities (continued)

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:-

	Closing creditors due from CC	Closing debtors due to CC	Net Balance due to/ (from) CC
	£	£	£
HHA (2017)	(8,002)	6,905	(1,097)
HHA (2016)	(716)	11,763	11,047
HMS (2017)	(1,614)	-	(1,614)
HMS (2016)	(8,781)	659	(8,122)
HEL (2017)	-	-	-
HEL (2016)	-	161	161
GC (2017)	(31,463)	1,514	(29,949)
GC (2016)	(3,177)	1,089	(2,088)

Craigowl Communities manage a project on behalf of Hillcrest Enterprises Limited. The management charge of £1,990 (2016 – £7,500) 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 £12 (2016 – £124) in respect of expenses and £47,265 (2016 – nil) in respect of salaries 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 £28,063 (2016 – £27,608). Rent and costs for Gilmour Street in Edinburgh was recharged at £6,888 (2016 - £2,212), sessional fees of £1,386 (2016 – nil) and Work First expenses of £132 (2016 – nil).

Gowrie Care Limited were charged rental costs of £4,655 (2016 - £661) by the company during the financial year. Toolbox trainees were charged at £1,591 (2016 – £3,296). Catering was recharged to Gowrie Care amounting to £5,453 (2016 – £336) and Craigowl Communities sold a van to Gowrie Care Limited for the amount of £500. £39,185 (2016 – nil) of unused gift aid received from Hillcrest Housing Association Limited was paid over to Gowrie Care Limited to fund the Futures project from 1st April 2017.

The charity ceased operating on 31st March 2017. All assets and liabilities will transfer to Hillcrest Housing Association Limited. The net assets will be ring fenced to fund further wider role activities.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(27) Related Parties (continued)

Craigowl Communities (continued)

Other related transactions:-

	HHA 2017	HHA 2016	HMS 2017	HMS 2016
	£	£	£	£
Central charges to CC	29,131	38,645	-	-
Rent charges to CC	23,251	28,251	-	-
Recharges to CC	14,735	13,671	19,139	9,693
Funding contributions to CC	2,806	177,334	-	-
Salaries recharged from CC	-	-	238	5,679
Recharges from CC	27,658	17,574	-	-
Sale of motor vehicle	-	-	-	1,310
Catering services from CC	3,126	1,708	142	95
Provision of maintenance and cleaning services to CC	-	-	1,232	2,312
Repay unused gift aid	18,650	-	-	-

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:-

	Closing creditors due from GC	Closing debtors due to GC	Net Balance due to/ (from) GC
	£	£	£
HHA (2017)	(25,267)	4,885	(20,382)
HHA (2016)	(14,678)	4,850	(9,828)
HMS (2017)	(6,939)	461,196	454,257
HMS (2016)	(14)	500,000	499,986
CC (2017)	(1,389)	31,336	29,947
CC (2016)	(1,177)	3,265	2,088
HEL (2017)	(499)	-	(499)
HEL (2016)	(5,145)	-	(5,145)

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(27) Related Parties (continued)

Gowrie Care Limited (continued)

A loan of £500,000 was provided by Gowrie Care Limited to Hillcrest Maintenance Services Limited on 31st March 2016. This loan is repayable over 11.5 years with interest charged at 4%. It has been agreed to reassess the interest charge when the Bank of England base rate increases to 2%.

Craigowl Communities, a wholly owned subsidiary of Hillcrest Housing Association Limited, was recharged salaries during the financial year of £29,581 (2016 – £27,608), rent of £3,108 (2016 - £1,783) and administrative expenses of £3,780 (2016 – £429). Craigowl Communities recharges Gowrie Care for staff costs of £1,591 (2016 – £3,296), buffet services of £5,453 (2016 – £336) and other expenses of £4,655 (2016 – £661). Gowrie Care also purchased a van from Craigowl Communities for £500 (2016 – nil).

Craigowl Communities also paid over £39,185 (2016 – nil) in gift aid monies to Gowrie Care relating to projects that are transferring over to Gowrie Care Limited in the next financial year.

Gowrie Care Limited were recharged £45,462 (2016 – £56,123) recruitment and relief staff costs and nil (2016 – £383) administrative expenses during the financial year by Hillcrest Enterprises Limited.

Other related transactions:-

	HHA 2017	HHA 2016	HMS 2017	HMS 2016
	£	£	£	£
Central charges to GC	482,029	458,406	-	-
Lease costs charged to GC	128,733	126,790	-	-
Admin expenses to GC	171,710	190,786	2,222	-
Donation to GC (less unused donation returned to HHA)	5,380	7,209		
Salaries recharged from GC	65,274	14,263	-	-
Provision of maintenance services to GC	-	-	8,252	16,433
Concierge costs from GC	636,669	630,078	-	-
Admin expenses from GC	8,264	3,823	165	-
Interest charged from GC	-	-	19,348	-

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 management services to Right Recruitment during the financial year. The management charge of £1,990 (2016 - £7,500) reflects the time required for the provision of work carried out on behalf of the company. Craigowl Communities also recharged HEL the amount of £12 (2016 - £37) in respect of direct expenses and £47,265 (2016 – nil) in respect of staff salaries for the financial year.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(27) Related Parties (continued)

Hillcrest Enterprises Limited (continued)

Northern Housing Company Limited recharged HEL the amount of £40 (2016 – nil) in respect of direct expenses for the financial year.

Gowrie Care were provided care relief staff during the financial year from Right Recruitment of £45,462 (2016 – £56,123). Gowrie Care were recharged no direct costs in the year (2016 – £383).

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

	Closing creditors due from HEL	Closing debtors due to HEL	Net Balance due to/ (from) HEL
	£	£	£
HHA (2017)	-	2,062	2,062
HHA (2016)	(134)	9,882	9,748
HMS (2017)	-	14,456	14,456
HMS (2016)	(10,813)	-	(10,813)
CC (2017)	-	-	-
CC (2016)	(37)	-	(37)
NHCL (2017)	-	-	-
NHCL (2016)	-	6,416	6,416
GC (2017)	(499)	-	(499)
GC (2016)	-	5,415	5,415

Other related transactions:-

	HHA 2017	HHA 2016	HMS 2017	HMS 2016
	£	£	£	£
Provision of maintenance services to HEL	-	-	65,838	98,957
Gift Aid donation to HHA	17,500	-	-	-
Direct costs recharged to HHA	6,129	2,275	-	-
Direct costs recharged from HHA	43,367	37,012	-	-
Lease charges to HEL	4,566	26,939	-	-
Central charge to HEL	62,000	81,392	-	-

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. D. Noble (resigned 21 December 2016)

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.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(27) Related Parties (continued)

Hillcrest Maintenance Services Limited (continued)

Gowrie Care, a member of the group, a company incorporated in the United Kingdom wholly owned by HHA, recharged expenses of £165 (2016 - nil) to Hillcrest Maintenance Services in the year. Hillcrest Maintenance Services provided maintenance services to the company totalling £8,252 (2016 – £16,433) and recharged expenses of £2,222 (2016 – nil).

A loan of £500,000 was provided by Gowrie Care Limited to Hillcrest Maintenance Services Limited on 31st March 2016. This loan is repayable over 11.5 years with interest charged at 4%. It has been agreed to reassess the interest charge when the Bank of England base rate increases to 2%. Interest of £19,348 (2016 – nil) was charged in the year.

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

	Closing creditors due from HMS	Closing debtors due to HMS	Net Balance due to/ (from) HMS
	£	£	£
HHA (2017)	(162,192)	458,361	296,169
HHA (2016)	(72,154)	242,833	170,679
HEL (2017)	(177)	14,633	14,456
HEL (2016)	(37)	10,850	10,813
GC (2017)	(461,196)	6,938	(454,258)
GC (2016)	(500,000)	14	(499,986)
NHCL (2017)	(2,705)	141,785	139,080
NHCL (2016)	(774)	191,464	190,689
CC (2017)	-	1,614	1,614
CC (2016)	(659)	8,781	8,122

Other related transactions:-

	HHA 2017	HHA 2016	HEL 2017	HEL 2016
	£	£	£	£
Provision of maintenance services – within turnover	7,322,858	6,807,437	65,838	98,957
Salaries charged to HHA	10,183	-	-	-
Administrative expenses to HHA	561	1,234	-	-
Cost of sales and administrative expenses recharged to HMS	137,822	107,109	-	-
Central charges to HMS	322,500	370,326	-	-
Rent charged to HMS	17,500	17,500	-	-
Interest charged to HMS	-	17,253	-	-
Gift Aid donation to HHA	34,957	16,170	-	-

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(27) Related Parties (continued)

Hillcrest Maintenance Services Limited (continued)

Craigowl Communities, a member of the group incorporated in the United Kingdom wholly owned by HHA, recharged salary costs and expenses of £380 (2016 – £5,773) to Hillcrest Maintenance Services in the year. Hillcrest Maintenance Services also provided maintenance services to the company totalling £1,232 (2016 – £2,632) and recharged salaries of £18,804 (2016 – £8,799) and recharged expenses of £335 (2016 - £894). Hillcrest Maintenance Services Limited also sold a van to Craigowl Communities during the financial year ended 31st March 2016 for £970.

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 £1,103,884 (2016 – £975,496).

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 2017 interest payable stood at £119,790 (2016 – £119,790).

Northern Housing Company provided management, administrative and insurance services to Leith Links during the period at a total cost of £181,064 (2016 - £180,020).

Included within debtors for Leith Links is £2,143 (2016 - £1,161) due from Hillcrest Housing Association Limited.

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

The company remained dormant throughout the financial year.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(27) Related Parties (continued)

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
Ms. V. Howard

The company remained dormant throughout the financial year.

(28) 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 28 (a)	100%	Provides care & Support services
Hillcrest Maintenance Services Limited	Scotland	See Note 28 (a)	100%	Provision of maintenance services
Hillcrest Enterprises Limited	Scotland	See Note 28 (a)	100%	Provision of rented accommodation for people with special needs & recruitment services
Northern Housing Company Limited	Scotland	See Note 28 (a)	100%	Provision of mid-market rented accommodation
Craigowl Communities	Scotland	See Note 28 (a)	100%	Provision of vocational training, education & guidance services
Leith Links NHT 2011 LLP	Scotland	See Note 28 (f)	50%	Provision of mid-market rented accommodation
Explorer Heat Limited	Scotland	See Note 28 (a)	100%	Dormant since incorporation
The Hillcrest Group Limited	Scotland	See Note 28 (a)	100%	Dormant since Incorporation
Upper Dens Landscaping Limited	Scotland	See Note 28 (a) and Note 28 (e)	50%	Manages common ground

- 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.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(28) Subsidiaries information (continued)

- 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.

(29) Capital Commitments

	2017 £	2016 £
Housing Properties – Consolidated and Association		
Capital expenditure that has been contracted for but has not been provided for in the Financial Statements	£21,321,960 =====	£26,299,526 =====
The estimated amount of contracts for capital expenditure authorised by directors which has not been contracted for	£5,895,376 =====	£19,205,000 =====

The amounts contracted for at 31st March 2017 will be funded by Scottish Ministers, financed from private loans or met from the Association's reserves.

Other Assets – Consolidated

Capital expenditure that has been contracted for but has not been provided for in the Financial Statements	£ - =====	£ 45,000 =====
The estimated amount of contracts for capital expenditure authorised by directors which has not been contracted for	£ - =====	£ - =====

(30) Contingent Liability

Hillcrest Maintenance Services Limited

In previous years, there has been included in the accounts accrued income relating to the apprenticeship training programme (2016 - £5,536) which would not be receivable if the apprentices did not complete the full four year apprenticeship. 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. There is nil relating to this in the accounts to 31st March 2017 as all funds due have now been received.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(31) Contingent Liability (continued)

Hillcrest Housing Association Limited

Should the Association decide to end participation in the SFHA Pension Scheme there would be a potential liability of £43,055,361, of which £5,586,760 relates to the scheme deficit contributions and has been included as a liability as at 31st March 2017. Should the Association decide to end participation in the SFHA Pension Trust Growth Plan there would be a potential liability of £55,871, of which £29,484 relates to the scheme deficit contributions and has been included as a liability as at 31st March 2017. 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 £10,054,497 payable, of which £1,160,800 relates to the scheme deficit contributions and has been included as a liability as at 31st March 2017. There is no intention at present to cease membership of the Pension scheme.

(31) Financial Commitments

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

	Consolidated		Association	
	2017	2016	2017	2016
	£	£	£	£
Property				
Less than one year	-	30,189	-	30,189
Between 1 – 5 years	81,309	110,337	81,309	110,337
Plant & Machinery				
Less than one year	-	8,728	-	-
Between 1 – 5 years	21,845	15,434	-	-
Motor Vehicles				
Between 1 – 5 years	4,801	5,186	4,801	5,186

(32) Goodwill

	2017
	£
Consolidated	
As at 1 April 2016	69,160
Arising from new business combination	-
Released to Statement of Comprehensive Income	(7,685)

As at 31 March 2017	£61,475
	=====

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(33) Prior Year Adjustment

The prior year adjustment in the financial year ended 31st March 2016 reflects a change in the clarification treatment of the Association's embedded swap deals. A review of their treatment was undertaken in the year and it was subsequently determined that the swaps are embedded within the loan deals they relate to. As such, under FRS 102 the movement in the value of the swaps does not require to be reflected within the Statement of Comprehensive Income.

The effect of the adoption of the prior year adjustment on the Consolidated and Association's results is stated below:-

Consolidated	Reported in accounts to 31 March 2016 £	Prior year adjustment for 2015/16 £	Restated accounts to 31 March 2016 £
Statement of Comprehensive Income			
Movement in fair value of financial instruments	277,339	137,483	414,822
	-----	-----	-----
Net decrease in surplus		£137,483	
Surplus/(deficit) for the year	£4,294,564	£137,483	£4,432,047
		Cumulative prior year adjustment to 31 March 2015 £	Restated reserves at 31 March 2015 £
Reserves	Reserves at 31 March 2015 £		
Share Capital	73	-	73
Income and expenditure reserve	46,521,087	4,590,415	51,111,502
Designated reserve	148,491	-	148,491
Non-controlling interest	2	-	2
	-----	-----	-----
Total reserves	£46,669,653	£4,590,415	£51,260,068
	=====	=====	=====
		Cumulative prior year adjustment to 31 March 2016 £	Restated reserves at 31 March 2016 £
Reserves	Reserves at 31 March 2016 £		
Share Capital	81	-	81
Income and expenditure reserve	50,803,771	4,727,898	55,531,669
Designated reserve	160,371	-	160,371
Negative goodwill	69,160	-	69,160
Non-controlling interest	2	-	2
	-----	-----	-----
Total reserves	£51,033,385	£4,727,898	£55,761,283
	=====	=====	=====

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2017

(33) Prior Year Adjustment (continued)

Association	Reported in accounts to 31 March 2016 £	Prior year adjustment for 2015/16 £	Restated accounts to 31 March 2016 £
Statement of Comprehensive Income			
Movement in fair value of financial instruments	277,339	137,483	414,822
	-----	-----	-----
Net decrease in surplus		£137,483	
Surplus/(deficit) for the year	£3,218,828	£137,483	£3,356,311
		Cumulative prior year adjustment to	Restated reserves at
	Reserves at 31 March 2015 £	31 March 2015 £	31 March 2015 £
Reserves	£	£	£
Share Capital	73	-	73
Income and expenditure reserve	11,972,427	4,590,415	16,562,842
	-----	-----	-----
Total reserves	£11,972,500	£4,590,415	£16,562,915
	=====	=====	=====
		Cumulative prior year adjustment to	Restated reserves at
	Reserves at 31 March 2016 £	31 March 2016 £	31 March 2016 £
Reserves	£	£	£
Share Capital	81	-	81
Income and expenditure reserve	15,191,255	4,727,898	19,919,153
	-----	-----	-----
Total reserves	£15,191,336	£4,727,898	£19,919,234
	=====	=====	=====

(34) Events after the end of the period

Due to restrictions on the availability of funding going forward, the Trustees of Craigowl Communities, a subsidiary of Hillcrest Housing Association Limited, made the decision to cease operating with effect from 31st March 2017. The Futures project for both Dundee and Edinburgh, along with the Workchoice project were transferred to Gowrie Care Limited, a subsidiary of Hillcrest Housing Association Limited.

Cair Scotland Limited, a charity registered in Scotland, became part of the Hillcrest Group of Companies on 1st July 2017 as a subsidiary of Gowrie Care Limited. Cair Scotland offers support in a number of areas for individuals who are of have the potential to become drug users. Areas of operation are namely Aberdeen, Dundee and Perth.