

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 2018**

Hillcrest Housing Association Limited
Report and Consolidated Financial Statements
for the year ended 31st March 2018

	Page
Members, Executives and Advisers	2 - 3
Report of the Committee of Management	4 - 7
Strategic Report	8 - 11
Statement of the Committee's responsibilities	12 - 13
Report of the Auditors	14 - 15
Report of the Auditors on Corporate Governance Matters	16
Statements of Comprehensive Income	17 - 18
Statements of Financial Position	19 - 20
Statements of Changes in Reserves	21 - 22
Statements of Cash Flows	23 - 25
Notes to the Financial Statements	26 -70

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 – resigned 27 th February 2018)
Mr. M. Hussain	(Elected – 10 August 2017)
Mr. C. Payne	(Elected)
Ms. E. McCurrich	(Elected – resigned 25 July 2017)
Mr. P. Shepherd	(Elected)
Mr. D. Boyle	(Elected)
Ms. J. Roberts	(Elected)
Mr. D. Weir	(Elected – 10 August 2017)
Mr. T. Kirby	(Elected – 10 August 2017)
Mr. C. Robertson	(co-opted)

Key Management Personnel

Group Chief Executive	Mrs. A. Linton
Deputy Chief Executive/Company Secretary	Ms. F. Morrision
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
Director of Housing	Mr. B. Sander (appointed 7 th December 2017)
Managing Director of Gowrie Care	Mrs. J Dunlop (appointed 17 July 2017)

Registered Office

1 Explorer Road
Dundee
DD2 1EG

Auditors

Findlays
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

Allia Impact Finance Limited
Future Business Centre
King's Hedges Road
Cambridge
CB4 2HY

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 2018

The Committee of Management presents their report and the audited Financial Statements for the year ended 31st March 2018.

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 2018

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, employability projects, tenancy support which includes having a dedicated resource to review energy efficiency for our tenants, and pre-tenancy services.

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 £6.6M in the year to 31st March 2018 which represents a decrease of surplus of £5.8M from the previous year. The decrease is primarily due to additional income of £8.0M being noted in 2017 following a remeasurement of the pension upon its latest valuation. The Association has made a surplus of £5.0M in the year to 31st March 2018 which represents a decrease of £5.1M surplus from the previous year. The decrease mainly relates to 2 factors, namely £6.7M relating to the pension remeasurement in 2017 which was offset by a positive movement in the fair value of financial derivatives in 2018 totaling £2.5M. Annual surpluses are required to cover long term maintenance obligations, repayment of loans and future risks.

Balance Sheet

This resulted in a £6.6M increase in the Group net assets from £68.1M to £74.7M as at 31st March 2018. 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 £35.5M 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 2018

Growth

During the financial year to 31st March 2018, Hillcrest Housing Association took into management a further 128 units. These were a mixture of traditional social rented and mid-market rented property. Hillcrest continues to have a healthy development programme with over 1,700 units planned for development in the forthcoming 3-year period.

A detailed housing stock analysis is provided in Note 14.

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 £74.7M which the Board of Management believes to be adequate.

Additional information about the reserves is provided in Notes 25.

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 2018

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 £10,949 in the year to 31st March 2018 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

Findlays, Chartered Accountants are auditors to the Association and are willing to be re-elected.

By Order of the Committee



V. Howard
Chairperson
17th July 2018

Hillcrest Housing Association Limited
Strategic Report
For the year ended 31st March 2018

The Committee of Management present their strategic report for the year ended 31st March 2018.

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.

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 2018

Principal Activities (continued)

Cair Scotland (CS) is a company limited by guarantee with charitable status and a wholly owned subsidiary of GC with effect from 1st July 2017. CS provides support and resources to adults and young people who are or have the potential to become drug users.

Child Cair @ Limited is a company limited by guarantee with charitable status and a wholly owned subsidiary of CS. Child Cair @ Limited provides the provision of nursery services to children from birth to 5 years old. The nursery trade transferred to HEL on 1st October 2017 followed by the company merging with its parent company, CS on 31st March 2018.

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 2021. The key aims and objectives of this plan are to capture the key short-term activities and targets for 2018-19 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.

Hillcrest Housing Association Limited
Strategic Report
For the year ended 31st March 2018

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, Aberdeen and Dundee. This will increase the social rented stock by 308 and the properties available through mid-market rent by 61 in the year to 31st March 2019. A further 1,333 units are planned to be developed by 2021.

The impact of welfare reform continues to be closely monitored to ensure all tenants who are affected are supported. A strategy remains in place to help address all the current and future impacts of welfare reform. The tenancy sustainment team continue to work 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 continuing to develop tenant involvement in all key areas including, rent increases, affordability and satisfaction levels to explore how communication and engagement can be enhanced. A self-service portal was introduced for tenants to allow them access to areas like payments, reporting a repair and making complaints. This portal will be further developed to improve the functionality and accessibility to all tenants.

Financial Review

Turnover

Increased by £1.6M, (5.1%) to £33.8M for the Association and increased by £2.3M, (4.7%) to £50.0M 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 4.5% for the Association and will continue to increase as the development programme is rolled out. Void levels continue to remain low at 1.3%. Turnover for care activities within the group increased by 2.9%.

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. Other factors affecting companies within the group is the aspiration to provide living wage rates. This can only be achieved within the care sector if funding streams increase in line.

Hillcrest Housing Association Limited
Strategic Report
For the year ended 31st March 2018

Financial Review (continued)

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 £8M was drawn down from the existing loan facility together with a further £7M from a new charitable bond. At the financial year end £10M was held in the bank by the Association.

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.

Financial loss from increased rent arrears

Risk

There is a risk identified that rent arrears will increase as a direct result of welfare reform. Without clear guidance and support, tenants rent arrears may increase and become unmanageable.

Mitigation

Following a full review of the needs of the tenants and the organisation, the Income Management Team was introduced, who have since identified and implemented a Welfare Reform Strategy to minimise the effects of welfare reform on rent arrears.

By Order of the Committee



V. Howard
Chairperson
17th July 2018

Hillcrest Housing Association Limited
Statement of Committee's Responsibilities
for the year ended 31st March 2018

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 2018 (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 2018 and until 17th July 2018. 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
17th July 2018

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 2018 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) including FRS 102 "the Financial Reporting Standard applicable to the UK and Republic of Ireland".

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

Opinion on financial statements

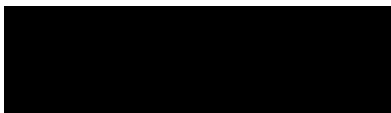
In our opinion the financial statements:

- give a true and fair view of the state of the group's and the association's affairs as at 31st March 2018 and of their 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 2014.
- 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 have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion:

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



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

17th July 2018

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.

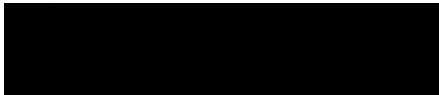
Basis of opinion

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 Findlays
Chartered Accountants and Statutory Auditor
11 Dudhope Terrace
Dundee
DD3 6TS

17th July 2018

Hillcrest Housing Association Limited
Consolidated Statement of Comprehensive Income
for the year ended 31st March 2018

	<u>Notes</u>	Continuing operations	Discontinued operations	2018 £	Continuing Operations	Discontinued operations	2017 £
Turnover	2(a)	49,961,804	-	49,961,804	47,588,142	151,543	47,739,685
Operating expenditure	2(a)	(40,953,413)	484	(40,952,929)	(38,717,827)	(197,314)	(38,915,141)
Operating surplus/(deficit)	10	9,008,391	484	9,008,875	8,870,315	(45,771)	8,824,544
Gain/(loss) on disposal of tangible fixed assets	4	422,615	-	422,615	282,458	-	282,458
Finance income	5	24,968	-	24,968	52,380	-	52,380
Finance costs	6	(5,541,933)	-	(5,541,933)	(5,501,209)	(1,988)	(5,503,197)
Pension remeasurement	7	6,040	-	6,040	8,011,507	-	8,011,507
Loss on reclassification of investment	10	(13,532)	-	(13,532)	-	-	-
Movement in fair value of financial instruments	24	2,469,042	-	2,469,042	78,175	-	78,175
Surplus/(deficit) before tax		6,375,591	484	£6,376,075	11,793,626	(47,759)	£11,745,867
Taxation	12	(13,441)	-	(13,441)	(19,910)	-	(19,910)
Surplus/(deficit) after tax		£6,362,150	£484	£6,362,634	£11,773,716	£(47,759)	£11,725,957
Unrealised surplus on revaluation of housing properties	25	-	-	-	636,336	-	636,336
Business combination	33	184,247	-	184,247	-	-	-
Total comprehensive income for the year		£6,546,397	£484	£6,546,881	£12,410,052	£(47,759)	£12,362,293

Of the activities undertaken, £6,546,397 (2017 - £12,410,052) related to continuing activities and £484 (2017 - £47,759) were discontinued activities.

The notes on pages 26 to 70 form part of the Financial Statements

Hillcrest Housing Association Limited
Association Statement of Comprehensive Income
for the year ended 31st March 2018

	Notes	2018 £	2017 £
Turnover	2(a)	33,847,934	32,205,817
Operating expenditure	2(a)	(27,037,353)	(24,627,464)
Operating surplus/(deficit)	10	6,810,581	7,578,353
Gain/(loss) on disposal of tangible fixed assets	4	357,757	286,033
Finance income	5	131,896	149,804
Finance costs	6	(4,828,603)	(4,733,792)
Pension remeasurement	7	39,273	6,708,874
Exceptional items	8	-	-
Movement in fair value of financial instruments	24	2,469,042	78,175
Total comprehensive income and surplus before and after taxation for the year		£4,979,946 =====	£10,067,447 =====

All income and expenditure derive from continuing activities.

The notes on pages 26 to 70 form part of the Financial Statements

Hillcrest Housing Association Limited
Consolidated Statement of Financial Position as at 31st March 2018

	Notes	2018 £	2017 £
Fixed assets			
Tangible fixed assets	15/16	438,094,638	407,066,610
Investments	17	871,385	826,385
		-----	-----
		438,966,023	407,892,995
Current assets			
Stock	18	22,004,053	21,980,045
Trade and other debtors	19	13,032,335	6,210,752
Cash and cash equivalents		18,423,331	14,593,434
		-----	-----
		53,459,719	42,784,231
Less: Creditors: amounts falling due within one year	20	(22,752,832)	(20,153,355)
		-----	-----
Net current assets/liabilities		30,706,887	22,630,876
Total assets less current liabilities		469,672,910	430,523,871
Creditors: amounts falling due after more than one year	21	(390,801,667)	(356,954,363)
Provisions for liabilities			
- Pension provision	22	(4,200,789)	(5,445,927)
		-----	-----
		(395,002,456)	(362,400,290)
		-----	-----
Total net assets		£74,670,454	£68,123,581
		=====	=====
Reserves			
Share capital		78	86
Income and expenditure reserve	25	73,726,921	67,365,080
Restricted reserve	25	69,080	60,602
Revaluation reserve	25	636,336	636,336
Negative goodwill	25	238,037	61,475
Non-controlling interest	25	2	2
		-----	-----
Total reserves		£74,670,454	£68,123,581
		=====	=====

The Financial statements on pages 17 to 70 were approved by the Committee of Management on 17th July 2018 and were signed on its behalf by:

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

The notes on pages 26 to 70 form part of these financial statements

Hillcrest Housing Association Limited
 Association Statement of Financial Position as at 31st March 2018

	<u>Notes</u>	2018 £	2017 £
Fixed Assets			
Tangible fixed assets	15/16	403,760,509	373,180,590
Investments	17	3,388,751	3,388,751
		-----	-----
		407,149,260	376,569,341
Current Assets			
Stock	18	21,449	-
Trade and other debtors	19	12,323,845	5,949,806
Cash and cash equivalents		10,073,023	7,265,781
		-----	-----
		22,418,317	13,215,587
Less: Creditors: amounts falling due within one year	20	(18,980,468)	(16,788,517)
		-----	-----
Net current Assets / (liabilities)		3,437,849	(3,572,930)
Total Assets Less Current Liabilities		410,587,109	372,996,411
Creditors: amounts falling due after more than one year	21	(372,228,679)	(338,496,166)
Provisions for liabilities			
- Pension provision	22	(3,391,806)	(4,513,559)
		-----	-----
		(375,620,485)	(343,009,725)
Total net assets		£34,966,624	£29,986,686
		=====	=====
Reserves			
Share capital		78	86
Income and expenditure reserve	25	34,966,546	29,986,600
		-----	-----
		£34,966,624	£29,986,686
		=====	=====

The Financial Statements on pages 17 to 68 were approved by the Committee of Management on 17th July 2018 and were signed on its behalf by:

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

The notes on pages 26 to 70 form part of these financial statements

Hillcrest Housing Association Limited
 Consolidated Statement of Changes in Reserves
 for the year ended 31st March 2018

	Share Capital £	Income & Expenditure Reserve £	Designated Reserve £	Revaluation Reserve £	Non- Controlling Interest £	Negative goodwill £	Total £
At 31 March 2017 and 1 April 2017	86	67,365,080	60,602	636,336	2	61,475	68,123,581
Surplus/(deficit) for the year	-	6,362,634	-	-	-	-	6,362,634
Total comprehensive income	-	6,362,634	-	-	-	-	6,362,634
Share capital issued/cancelled Released to statement of comprehensive income	(8)	-	-	-	-	-	(8)
Business combination	-	7,685	-	-	-	(7,685)	-
Transfer to/(from) designated reserve	-	(8,478)	8,478	-	-	184,247	184,247
At 31 March 2018	£78	£73,726,921	£69,080	£636,336	£2	£238,037	£74,670,454

Hillcrest Housing Association Limited
 Association Statement of Changes in Reserves
 for the year ended 31st March 2018

	Share Capital £	Income & Expenditure Reserve £	Total £
At 31 March 2017 and 1 April 2017	86	29,986,600	29,986,686
Surplus/(deficit) for the year	-	4,979,946	4,979,946
Total comprehensive income	-	4,979,946	4,979,946
Share capital issued/cancelled	(8)	-	(8)
At 31 March 2018	£78	£34,966,546	£34,966,624

Hillcrest Housing Association Limited
Consolidated Statement of Cash Flows
for the year ended 31st March 2018

	Notes	2018	2017
		£	£
Net cash generated from operating activities	(Note i)	15,240,777	11,466,496
		-----	-----
Cash flow from investing activities			
Purchase of tangible fixed assets		(39,729,064)	(30,567,770)
Proceeds from sale of tangible fixed assets		1,976,938	1,056,077
Grants received		18,212,517	12,444,769
Grants repaid		(501,054)	(256,233)
Interest receivable		24,968	52,894
		-----	-----
		(20,015,695)	(17,270,263)
		-----	-----
Cash flow from financing activities			
Issue of share capital		2	9
Interest payable		(5,496,012)	(5,520,180)
New secured loans		15,000,000	10,500,000
Repayment of borrowings		(362,851)	(468,446)
		-----	-----
		9,141,139	4,511,383
		-----	-----
Net change in cash and cash equivalents		4,366,221	(1,292,384)
Cash flow from increase in debt		(14,637,149)	(10,031,554)
Acquisitions and disposals		(536,324)	-
		-----	-----
Cash and cash equivalents at 1 April 2017		(123,185,713)	(111,861,775)
		-----	-----
Cash and cash equivalents at 31 March 2018		£(133,992,965)	£(123,185,713)
		=====	=====

Hillcrest Housing Association Limited
Association Statement of Cash Flows
for the year ended 31st March 2018

	Notes	2018	2017
		£	£
Net cash generated from operating activities	(Note i)	12,695,318	9,921,235
		-----	-----
Cash flow from investing activities			
Purchase of tangible fixed assets		(39,255,519)	(30,023,565)
Proceeds from sale of tangible fixed assets		1,693,879	942,638
Grants received		18,394,732	12,444,769
Grants repaid		(572,986)	(256,233)
Interest receivable		131,896	150,318
		-----	-----
		(19,607,998)	(16,742,073)
		-----	-----
Cash flow from financing activities			
Issue of share capital		2	9
Interest payable		(4,780,080)	(4,730,923)
New secured loans		14,500,000	10,500,000
		-----	-----
		9,719,922	5,769,086
		-----	-----
Net change in cash and cash equivalents		2,807,242	(1,051,752)
Cash flow from increase in debt		(14,500,000)	(10,500,000)
		-----	-----
Cash and cash equivalents at 1 April 2017		(113,474,537)	(101,922,785)
		-----	-----
Cash and cash equivalents at 31 March 2018		£(125,167,295)	£(113,474,537)
		=====	=====

Hillcrest Housing Association Limited
Notes to the Consolidated Association Statement of Cash Flows
for the year ended 31st March 2018

**Consolidated
Note i**

Cash flow from operating activities	2018	2017
	£	£
Surplus for year	11,887,294	17,184,457
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	4,472,479	4,526,178
Decrease/(increase) in stock	(24,635)	79,546
Decrease/(increase) in trade and other debtors	485,153	(1,091,344)
Increase/(decrease) in trade and other creditors	1,435,810	(8,834,175)
Shares cancelled	(10)	(4)
Release of goodwill	(7,685)	(7,685)
Decrease / (increase) in loan fair value	(115,972)	(29,841)
Increase (decrease) in financial instruments	(2,469,042)	(78,175)
Carrying amount of tangible fixed assets disposals	(422,615)	(282,461)
	-----	-----
	15,240,777	11,466,496
	=====	=====

**Association
Note i**

Cash flow from operating activities	2018	2017
	£	£
Surplus for the year	9,676,653	14,649,997
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	4,003,458	3,736,382
Decrease/(increase) in stock	-	46,315
Decrease/(Increase) in trade and other debtors	750,485	(1,142,803)
Increase/(decrease) in trade and other creditors	1,206,792	(7,007,148)
Shares cancelled	(10)	(4)
Decrease / (increase) in loan fair value	(115,972)	(29,841)
Increase (decrease) in financial instruments	(2,469,042)	(78,175)
Gain on disposal of tangible fixed assets	(357,046)	(253,488)
	-----	-----
Net cash generated from operating activities	12,695,318	9,921,235
	=====	=====

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

(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 2018

(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 2018

(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 2018

(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 2018

(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 2018

(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 2018

(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 2018 are accounted for as an expense within the Statement of Comprehensive Income and respective creditor included within Note 20.

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 26). 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 2017/18 Hillcrest Maintenance Services Limited will gift aid £50,338 (2017 - £34,957) and Hillcrest Enterprises Limited £35,000 (2017 - £17,500) 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 2018

(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 2018

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

	Turnover £	Operating Costs £	2018 Operating Surplus £	2017 Operating Surplus £
Continuing operations				
Affordable letting activities (Note 2b)	34,365,905	17,649,588	16,716,317	15,933,959
Other activities (Note 3)	15,595,899	23,303,825	(7,707,926)	(7,063,644)
	-----	-----	-----	-----
	49,961,804	40,953,413	9,008,391	8,870,315
Discontinued operations				
Other activities (Note 3)	-	(484)	484	(45,771)
	-----	-----	-----	-----
2018 - Total	£49,961,804	£40,952,929	£9,008,875	£8,824,544
	=====	=====	=====	=====
Continuing operations	47,436,599	38,717,827		
Discontinued operations	151,543	197,314		
	-----	-----		
2017 - Total	£47,588,142	£38,915,141		
	=====	=====		

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

	Turnover £	Operating Costs £	2018 Operating Surplus £	2017 Operating Surplus £
Affordable letting activities (Note 2b)	30,391,316	23,258,262	7,133,054	7,522,723
Other activities (Note 3)	3,456,618	3,779,091	(322,473)	55,630
	-----	-----	-----	-----
2018 - Total	£33,847,934	£27,037,353	£6,810,581	£7,578,353
	=====	=====	=====	=====
2017 - Total	£32,205,817	£24,627,464		
	=====	=====		

Hillcrest Housing Association Limited

Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

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

	General Housing Needs	Supported Housing	Shared Ownership	Held for Lease	Mid-market	2018 Total	2017 Total
	£	£	£	£	£	£	£
Income from lettings							
Rent receivable net of service charges	21,805,427	27,763	572,815	712,092	5,381,965	28,500,062	27,471,925
Service charges	3,087,627	14,245	36,486	97,751	310,362	3,546,471	3,210,734
Gross income from rents and service charges	24,893,054	42,008	609,301	809,843	5,692,327	32,046,533	30,682,659
Less voids	(351,217)	-	(8,620)	(13,151)	(155,911)	(528,899)	(642,192)
Net income from rents and service charges	24,541,837	42,008	600,681	796,692	5,536,416	31,517,634	30,040,467
Grants released from deferred income	2,304,125	-	91,233	132,917	-	2,528,275	2,507,250
Revenue grants from the Scottish Ministers	294,935	-	-	25,061	-	319,996	244,104
Other revenue grants	-	-	-	-	-	-	-
Total turnover	27,140,897	42,008	691,914	954,670	5,536,416	34,365,905	32,791,821
Expenditure on lettings							
Management & maintenance administration costs	6,283,856	52,644	142,613	222,670	381,376	7,083,159	6,706,909
Service costs	1,976,107	14,863	36,486	122,052	274,538	2,424,046	1,900,946
Reactive & void maintenance costs	454,919	(335)	6,977	64,078	(49,930)	475,709	818,254
Planned, cyclical & major repairs costs	588,777	39,273	2,477	318,046	5,512	954,085	1,103,582
Bad debts – rents and service charges	188,765	-	-	7,211	96,596	292,572	265,407
Depreciation of affordable let properties	5,423,455	-	133,915	670,902	191,745	6,420,017	6,062,764
Operating costs	14,915,879	106,445	322,468	1,404,959	899,837	17,649,588	16,857,862
Operating surplus / (deficit) 2018	£12,225,018	£(64,437)	£369,446	£(450,289)	£4,636,579	£16,716,317	£15,933,959
Operating surplus / (deficit) 2017	£11,544,528	£(47,484)	£382,330	£(121,477)	£4,176,062		

Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

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

	General Housing £	Supported Housing Accomm. £	Shared Ownership £	Held for Lease £	Mid-Market £	2018 Total £	2017 Total £
Income from lettings							
Rent receivable net of service charges	21,805,427	171,687	572,815	2,145,181	-	24,695,110	23,639,554
Service charges	3,087,627	14,245	36,486	86,042	-	3,224,400	2,960,428
Gross income from rents and service charges	24,893,054	185,932	609,301	2,231,223	-	27,919,510	26,599,982
LESS: Rent losses from voids	(351,216)	-	(8,620)	-	-	(359,836)	(429,815)
Net income from rents and service charges	24,541,838	185,932	600,681	2,231,223	-	27,559,674	26,170,167
Grants released from deferred income	2,304,125	-	91,233	116,288	-	2,511,646	2,487,000
Revenue grants from Scottish Ministers	294,935	25,061	-	-	-	319,996	244,104
Other revenue grants	-	-	-	-	-	-	-
Total turnover	27,140,898	210,993	691,914	2,347,511	-	30,391,316	28,901,271
Expenditure on lettings							
Management & maintenance administration costs	6,449,848	52,644	142,613	167,328	-	6,812,433	6,543,991
Service costs	3,047,371	14,863	36,486	115,601	-	3,214,321	2,726,722
Reactive & Void maintenance costs	3,661,323	(335)	6,977	58,191	-	3,726,156	3,473,750
Planned, cyclical & major repairs costs	2,923,951	5,512	2,477	210,458	-	3,142,398	2,715,655
Bad debts – rents and service charges	188,765	-	-	-	-	188,765	177,886
Depreciation of affordable let properties	5,423,455	-	133,915	616,819	-	6,174,189	5,740,544
Operating costs	21,694,713	72,684	322,468	1,168,397	-	23,258,262	21,378,548
Operating surplus / (deficit) 2018	£5,446,185	£138,309	£369,446	£1,179,114	£ -	£7,133,054	£7,522,723
Operating surplus / (deficit) 2017	£5,934,167	£68,749	£382,330	£1,137,477	£ -	£7,522,723	£7,522,723

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

(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) 2018 £	Operating Surplus/ (deficit) 2017 £
Continuing activities									
Wider role	-	475	-	-	475	-	-	475	594
Care and repair	-	-	-	-	-	-	-	-	1,663
Factoring	-	-	-	91,733	91,733	(3,459)	57,507	37,685	(11,512)
Uncapitalised development administration costs	464,742	-	-	-	464,742	-	681,363	(216,621)	21,712
Support activities	-	-	360,739	259,319	620,058	-	693,729	(73,671)	(26,905)
Care activities	-	-	11,844,615	77,086	11,921,701	-	12,085,472	(163,771)	262,769
Contracted out services undertaken for other organisations	-	-	-	87,176	87,176	-	13,236	73,940	(75,103)
Commercials	-	-	-	804,246	804,246	1,121	212,802	590,323	(48,828)
Central charges	-	-	-	-	-	-	1,300,162	(1,300,162)	(1,295,072)
Other activities	-	860,488	-	745,280	1,605,768	-	8,261,892	(6,656,124)	(5,892,962)
Discontinued activities									
Other activities	464,742	860,963	12,205,354	2,064,840	15,595,899	(2,338)	23,306,163	(7,707,926)	(7,063,644)
	-	-	-	-	-	(484)	-	484	(45,771)
2018 Total	£464,742	£860,963	£12,205,354	£2,064,840	£15,595,899	£(2,822)	£23,306,163	£(7,707,442)	£(7,109,415)
Continuing activities	534,199	439,244	11,041,372	2,781,506	14,796,321	27,687	21,832,278		
Discontinued activities	-	-	-	151,543	151,543	-	197,314		
2017 Total	£534,199	£439,244	£11,041,372	£2,933,049	£14,947,864	£27,687	£22,029,592		

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
For the year ended 31st March 2018

(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) 2018	Operating Surplus/ (deficit) 2017
	£	£	£	£	£	£	£	£	£
Wider role	-	475	-	-	475	-	-	475	594
Care and repair	-	-	-	-	-	-	-	-	1,663
Factoring	-	-	-	91,733	91,733	(3,459)	57,507	37,685	(11,512)
Uncapitalised development administration costs	464,742	-	-	-	464,742	-	681,363	(216,621)	(27,528)
Support activities	-	-	360,739	259,319	620,058	-	693,729	(73,671)	(26,905)
Commercials	-	-	-	741,228	741,228	1,121	212,167	527,940	273,811
Central charges	-	-	-	1,300,162	1,300,162	-	1,300,162	-	-
Other activities	-	-	-	238,220	238,220	-	836,501	(598,281)	(154,493)
2018 Total	£464,742	£475	£360,739	£2,630,662	£3,456,618	£(2,338)	£3,781,429	£(322,473)	£55,630
2017 Total	£534,199	£82,152	£244,611	£2,443,584	£3,304,546	£27,243	£3,221,673		

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

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

	Proceeds from sales £	Cost of Sales £	2018 Profit / (Loss) on Sales £	Proceeds from sales £	2017 Profit / (Loss) on Sales £
Association					
Housing Association – Right to purchase	147,960	93,792	54,168	222,900	84,956
One off Sales	92,108	53,088	39,020	318,000	140,900
Shared Ownership	1,073,750	793,375	280,375	377,250	60,639
Sale of Investment	-	-	-	-	-
Sale of other fixed assets	-	15,806	(15,806)	-	(462)
	<u>1,313,818</u>	<u>956,061</u>	<u>357,757</u>	<u>918,150</u>	<u>286,033</u>
Consolidated					
Sale of other fixed assets	269,471	204,613	64,858	4,005	(3,575)
	<u>£1,583,289</u>	<u>£1,160,674</u>	<u>£422,615</u>	<u>£922,155</u>	<u>£282,458</u>
	=====	=====	=====	=====	=====

(5) Finance Income

	Consolidated		Association	
	2018	2017	2018	2017
	£	£	£	£
Interest receivable	24,968	52,380	131,896	149,804
	<u>£24,968</u>	<u>£52,380</u>	<u>£131,896</u>	<u>£149,804</u>
	=====	=====	=====	=====

(6) Finance Costs

	Consolidated		Association	
	2018	2017	2018	2017
	£	£	£	£
Interest payable	5,477,653	5,186,982	4,775,318	4,475,232
Other financing costs – income	-	(35,209)	-	(35,209)
Other financing costs – cost	-	5,368	-	5,368
Pension interest expense	64,280	346,056	53,285	288,401
	<u>£5,541,933</u>	<u>£5,503,197</u>	<u>£4,828,603</u>	<u>£4,733,792</u>
	=====	=====	=====	=====

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 2018

(7) Pension Remeasurement

	Consolidated		Association	
	2018 £	2017 £	2018 £	2017 £
Impact of changes in assumptions (Note 21)	6,040	(197,250)	39,273	(163,474)
Amendments to the contribution schedule (Note 21)	-	8,208,757	-	6,872,348
	<u>£6,040</u>	<u>£8,011,507</u>	<u>£39,273</u>	<u>£6,708,874</u>

(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	
	2018 £	2017 £	2018 £	2017 £
The emoluments payable to key management personnel and former key management personnel amount to:-				
Emoluments excluding employers pension	657,915	613,317	597,622	529,740
Employers pension contributions	39,690	35,031	38,205	34,845
	<u>697,605</u>	<u>648,348</u>	<u>635,827</u>	<u>564,585</u>
Total emoluments payable	697,605	648,348	635,827	564,585
The emoluments payable to, or received by, the Group Chief Executive amount to:-				
Emoluments excluding employers pension	125,215	114,696	125,215	114,696
Employers pension contributions	10,602	9,749	10,602	9,749
	<u>135,817</u>	<u>124,445</u>	<u>135,817</u>	<u>124,445</u>
Total emoluments payable	135,817	124,445	135,817	124,445

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

£60,001 - £70,000	2	3	1	3
£70,001 - £80,000	4	1	4	1
£80,001 - £90,000	-	1	-	-
£90,001 - £100,000	1	1	1	1
£100,001 - £110,000	-	-	-	-
£110,001 - £120,000	-	1	-	1
£120,001 - £130,000	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 2018

(9) Employee Information

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

	Consolidated		Association	
	2018	2017	2018	2017
Office Staff	187	179	160	148
Wardens, Caretakers & Cleaners	41	48	41	48
Support Staff	769	642	-	-
Maintenance	156	157	17	17
	-----	-----	----	----
	1,153	1,026	218	213
	=====	=====	===	===
The average number of full time equivalent	793	798	191	184
	===	===	===	===

Staff Costs (including Key Management Personnel Emoluments):

	Consolidated		Association	
	2018	2017	2018	2017
	£	£	£	£
Wages and Salaries	19,959,659	19,307,101	5,746,454	5,498,991
Social Security Costs	1,654,243	1,562,222	562,224	526,745
Pension Costs	528,774	506,993	324,711	306,220
	-----	-----	-----	-----
	£22,142,676	£21,376,316	£6,633,389	£6,331,956
	=====	=====	=====	=====
Redundancy/termination payments included in above	£31,000	£50,320	14,000	-

(10) Investment Property

Valuation	£
At 1 April 2017	-
Additions at cost	58,532
Loss on revaluation	<u>(13,532)</u>
At 31 March 2018	<u>45,000</u>

The 2018 valuations were made by Graham & Sibbald on an open market value for existing use basis.

If the Investment properties had been accounted for under the historic cost accounting rules, the property would have been measured as follows:

	2018	2017
	£	£
Historic Cost	<u>61,250</u>	-
	<u>61,250</u>	=

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

(11) Operating Surplus

	Consolidated		Association	
	2018	2017	2018	2017
Operating surplus is stated after charging:	£	£	£	£
Depreciation – Housing property	6,261,222	5,917,782	6,020,498	5,672,449
Depreciation – Disposals	158,795	144,982	153,691	68,095
Depreciation – Other fixed assets	802,172	1,131,916	560,766	565,715
Amortisation of grant	2,579,294	2,523,519	2,577,803	2,501,781
Operating lease – plant & Machinery	19,108	19,569	-	-
- other	29,028	59,217	29,028	59,217
- motor vehicles	3,384	3,384	3,384	3,384
External auditor's remuneration for all group companies (including VAT):-				
- In their capacity as auditors	55,423	45,395	15,920	18,276
- In respect of other services	5,040	3,750	-	3,000

(12) Tax on Profit On Ordinary Activities – Consolidated

	2018	2017
	£	£
Corporation tax at 19% (2017 – 19%)	7,260	10,600
Under-provision	3,429	-
Deferred tax	2,752	9,310
	-----	-----
	£13,441	£19,910
	=====	=====

(13) Service Charge Equalisation Account

	Consolidated		Association	
	2018	2017	2018	2017
	£	£	£	£
Balance at beginning of Year	(468,275)	(401,060)	(468,275)	(401,060)
Transfer of Property Revenue to account	4,584	(67,215)	4,584	(67,215)
	-----	-----	-----	-----
Balance at End of Year	(463,961)	(468,275)	(463,961)	(468,275)
	=====	=====	=====	=====
Being:- Debtor Balance (see Note 19)	(1,177,689)	(1,031,766)	(1,177,689)	(1,031,766)
Creditors Balance (see Note 20)	713,998	563,491	713,998	563,491
	-----	-----	-----	-----
Balance at End of Year	£(463,691)	£(468,275)	£(463,691)	£(468,275)
	=====	=====	=====	=====

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

(14) Housing Stock Analysis

	Consolidated		Association	
	2018	2017	2018	2017
General Housing Needs	6,250	6,139	6,212	6,101
Supported Housing Accommodation	229	212	225	208
Shared Ownership	228	237	228	237
Mid-Market	574	574	-	-
	-----	-----	-----	-----
	7,281	7,162	6,665	6,546
	-----	-----	-----	-----
Other Units				
Factored	493	493	481	481
Feu Superior for Landscaping	860	860	860	860
	-----	-----	-----	-----
	1,353	1,353	1,341	1,341
	-----	-----	-----	-----
Total Units	8,634	8,515	8,006	7,887
	=====	=====	=====	=====

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2018

(15) 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 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
Schemes completed	7,429,916	(7,429,916)	-	-	-	8,450,939	(8,450,939)	-	-
Transfer to current assets	(27,676)	-	-	-	-	-	-	-	(27,676)
Additions	2,562,042	29,596,105	-	-	-	-	5,870,813	109,872	38,138,832
Disposals	(1,180,551)	(21,636)	(764,151)	-	-	-	(45,840)	(37,749)	(2,049,927)
At 31 March 2018	356,625,477	40,606,115	14,297,252	-	1,802,462	56,567,759	4,137,500	33,302,260	507,338,825
Depreciation									
At 1 April 2017	68,116,877	-	1,505,053	-	294,282	2,776,217	-	3,779,263	76,471,692
Charge for the year	5,299,431	-	133,915	-	22,268	616,819	-	188,789	6,261,222
Transfer to current assets	(6,228)	-	-	-	-	-	-	-	(6,228)
Disposals	(672,807)	-	(22,263)	-	-	-	-	(28,725)	(723,795)
At 31 March 2018	72,737,273	-	1,616,705	-	316,550	3,393,036	-	3,939,327	82,002,891
Net Book Value At 31 March 2018	£283,888,204	£40,606,115	£12,680,547	£ -	£1,485,912	£53,174,723	£4,137,500	£29,362,933	£425,335,934
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

Total expenditure on works to existing properties amounted to £3,680,615, for which no Social Housing Grants were received during the year. Of this, £2,671,914 was capitalised for the replacement of components and £1,008,701 charged to the Statement of Comprehensive Income in the year. During the year £560,941 of development administration costs and interest of £78,707 were capitalised.

Hillcrest Housing Association Limited

Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2018

(15) Association Tangible Fixed Assets – Housing Properties

	Housing Properties Held for letting	Housing Properties Under construction	Shared Ownership Held for letting	Shared Ownership Under Construction	Held for Letting Supported	Held for Letting for lease	Held for Lease under construction	Mid-market held for letting	Total
	£	£	£	£	£	£	£	£	£
Cost									
At 1 April 2017	345,795,626	18,461,562	15,061,403	-	-	48,116,820	6,763,466	-	434,198,877
Schemes completed	7,429,916	(7,429,916)	-	-	-	8,450,939	(8,450,939)	-	-
Transfer to stock	(27,676)	-	-	-	-	-	-	-	(27,676)
Additions	2,533,055	29,596,105	-	-	-	-	5,870,813	-	37,999,973
Disposals	(1,180,551)	(21,636)	(764,151)	-	-	-	(45,840)	-	(2,012,178)
At 31 March 2018	354,550,370	40,606,115	14,297,252	-	-	56,567,759	4,137,500	-	470,158,996
Depreciation									
At 1st April 2017	67,729,672	-	1,505,053	-	-	2,776,217	-	-	72,010,942
Charge for the year	5,269,764	-	133,915	-	-	616,819	-	-	6,020,498
Transfer to stock	(6,228)	-	-	-	-	-	-	-	(6,228)
Disposals	(668,888)	-	(22,263)	-	-	-	-	-	(691,151)
At 31 March 2018	72,324,320	-	1,616,705	-	-	3,393,036	-	-	77,334,061
Net Book Value at 31 March 2018	£282,226,050	£40,606,115	£12,680,547	£ -	£ -	£53,174,723	£4,137,500	£ -	£392,824,935
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

Total expenditure on works to existing properties amounted to £8,980,517, for which no Social Housing Grants were received during the year. Of this, £2,533,055 was capitalised for the replacement of components and £6,447,462 charged to the statement of comprehensive income in the year. During the year £464,742 of development administration costs and interest of £78,707 were capitalised.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2018

(16) Consolidated Tangible Fixed Assets - Other Fixed Assets											
	Commercial Property	Office Property	Housing Furniture Equipment	Supported Furniture Equipment	Office Furniture Equipment	Motor Vehicles	Plant and Machinery	Total 2018	Total 2017		
	£	£	£	£	£	£	£	£	£		
Cost or valuation											
At 1 April 2017	4,603,287	9,178,031	447,859	54,574	3,438,792	1,155,891	109,296	18,987,730	18,384,325		
Additions in Year	265,000	1,750	12,406	-	290,671	284,349	-	854,176	498,373		
Transfer	341,233	(341,233)	-	-	-	-	-	-	-		
Transfer on engagements	-	556,100	-	-	401,733	-	-	957,833	-		
Revaluation	-	-	-	-	-	-	-	-	377,000		
Disposal	-	(63,640)	-	-	(558,664)	(59,782)	-	(682,086)	(271,968)		
At 31 March 2018	5,209,520	9,331,008	460,265	54,574	3,572,532	1,380,458	109,296	20,117,653	18,987,730		
Depreciation											
At 1 April 2017	1,297,366	1,525,534	366,170	49,680	2,605,824	800,190	82,260	6,727,024	5,859,031		
Charge for Year	76,753	183,468	28,155	979	315,233	189,020	9,950	803,558	1,131,919		
Transfer	(66,380)	66,380	-	-	-	-	-	-	-		
Transfer on engagements	-	69,948	-	-	167,314	-	-	237,262	-		
Disposal	-	(2,120)	-	-	(348,309)	(58,466)	-	(408,895)	(263,926)		
At 31 March 2018	1,307,739	1,843,210	394,325	50,659	2,740,062	930,744	92,210	7,358,949	6,727,024		
Net Book Value											
At 31 March 2018	£3,901,781	£7,487,798	£65,940	£3,915	£8362,470	£449,714	£17,086	£12,758,704			
Net Book Value											
At 31 March 2017	£3,305,921	£7,652,497	£81,689	£4894	£832,968	£355,701	£27,036	£12,260,706			

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2018

(16) Association Tangible Fixed Assets - Other Fixed Assets

	Commercial Property £	Office Property £	Housing Furniture Equipment £	Supported Furniture Equipment £	Office Furniture Equipment £	Motor Vehicles £	Total 2018 £	Total 2017 £
Cost								
At 1 April 2017	3,461,288	9,073,666	422,651	54,574	3,311,143	28,054	16,351,376	16,137,348
Additions in Year	265,000	-	12,408	-	242,083	-	519,491	263,801
Transfer	341,233	(341,233)	-	-	-	-	-	-
Disposal	-	-	-	-	(276,974)	-	(276,974)	(49,773)
At 31 March 2018	4,067,521	8,732,433	435,059	54,574	3,276,252	28,054	16,593,893	16,351,376
Depreciation								
At 1 April 2017	940,369	1,497,437	346,001	49,680	2,511,206	14,028	5,358,721	4,842,317
Charge for Year	76,748	170,516	23,113	979	282,396	7,014	560,766	565,715
Transfer	(66,380)	66,380	-	-	-	-	-	-
Disposal	-	-	-	-	(261,168)	-	(261,168)	(49,311)
At 31 March 2018	950,737	1,734,333	369,114	50,659	2,532,434	21,042	5,658,319	5,358,721
Net Book Value								
At 31 March 2018	£3,116,784	£6,998,100	£65,945	£3,915	£743,818	£7,012	£10,935,574	
Net Book Value								
At 31 March 2017	£2,520,922	£7,576,226	£76,650	£4,894	£799,937	£14,026	£10,992,655	

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

(17) Investments

	Consolidated		Association	
	2018 £	2017 £	2018 £	2017 £
Investments - Subsidiaries				
At 1 April 2017	-	-	2,562,366	2,562,366
Additions in year	45,000	-	-	-
Disposals in year	-	-	-	-
	-----	-----	-----	-----
At 31 March 2018	£45,000	£ -	£2,562,366	£2,562,366
	=====	=====	=====	=====
 Investments in subsidiaries	 £45,000	 £ -	 £2,562,366	 £2,562,366
	=====	=====	=====	=====
 Investments - Homestake	 £826,385	 £826,385	 £826,385	 £826,385
	=====	=====	=====	=====

(18) Stock

	Consolidated		Association	
	2018 £	2017 £	2018 £	2017 £
Housing properties - completed	21,815,790	21,815,790	-	-
Stock	188,263	164,255	21,449	-
	-----	-----	-----	-----
	£22,004,053	£21,980,045	£21,449	-
	=====	=====	=====	=====

(19) Debtors

	Consolidated		Association	
	2018 £	2017 £	2018 £	2017 £
Rental Debtors	1,980,461	1,837,016	1,782,497	1,654,853
Provision for Bad Debts	(777,282)	(816,636)	(667,591)	(705,684)
	-----	-----	-----	-----
	1,203,179	1,020,380	1,114,906	949,169
Mortgage Advances, Other Grants & HAG Receivable	8,564,900	1,258,164	8,382,688	1,258,164
Car Loans to Employees	904	15,334	904	12,852
Other Loan to Employee	4,757	8,212	4,757	6,364
VAT receivable	12,722	71,741	12,722	71,741
Other Debtors	2,064,254	2,801,225	1,491,878	2,223,000
Amounts due from Subsidiaries	-	-	138,301	396,750
Deferred tax	3,930	3,930	-	-
Service Charge Equalisation Account (See Note 12)	1,177,689	1,031,766	1,177,689	1,031,766
	-----	-----	-----	-----
	£13,032,335	£6,210,752	£12,323,845	£5,949,806
	=====	=====	=====	=====

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

(19) Debtors (continued)

	Consolidated		Association	
	2018 £	2017 £	2018 £	2017 £
Amounts falling due outwith 1 yr				
Car loans to employees	-	10,752	-	8,621
	-----	-----	-----	-----
	£-	£10,752	£-	£8,621
	=====	=====	=====	=====

Car Purchase Loans to Employees

A total of £904 (2017 - £15,334) is outstanding in respect of loans to 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.

(20) Creditors: amounts falling due within one year

	Consolidated		Association	
	2018 £	2017 £	2018 £	2017 £
Prepaid Rents & Service Charges	615,687	612,944	606,999	555,791
Loan interest and Principal	458,779	412,858	458,779	410,256
Contracts for Capital Works	3,374,697	4,110,753	3,374,697	4,110,753
Service Charge Equalisation Account (See Note 12)	713,998	563,491	713,998	563,491
Other Taxation & Social Security	481,361	432,265	145,908	127,992
VAT Payable	-	37,253	-	-
Other Creditors	7,057,203	5,311,067	4,694,531	3,139,351
Due to Subsidiary	-	-	785,006	737,000
Homestake	217,555	217,555	217,555	217,555
Deferred Income	2,580,354	2,468,719	2,580,354	2,446,981
Other provisions	4,705,584	3,961,735	3,266,876	2,814,162
Pension Provision	1,386,919	1,331,117	1,135,765	1,102,685
Housing Loans	1,056,764	682,689	1,000,000	562,500
Non Housing Loans	103,931	10,909	-	-
	-----	-----	-----	-----
	£22,752,832	£20,153,355	£18,980,468	£16,788,517
	=====	=====	=====	=====

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

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

	Consolidated		Association	
	2018 £	2017 £	2018 £	2017 £
Housing Loans	150,089,702	136,249,037	133,287,850	119,341,321
Non Housing Loans	674,648	461,233	461,233	461,233
Deferred Income	231,664,023	209,421,692	230,106,302	207,871,211
Derivative Financial Instruments	8,353,359	10,822,401	8,353,359	10,822,401
Other creditors	19,935	-	19,935	-
Total	£390,801,667	£356,954,363	£372,228,679	£338,496,166

Borrowings are repayable as follows:

	Consolidated		Association	
	2018 £	2017 £	2018 £	2017 £
Housing Loans				
Within 1 Year	1,112,678	682,689	1,000,000	562,500
Between 1 & 2 Years	1,111,643	1,231,857	1,000,000	1,125,000
Between 2 & 5 Years	45,419,059	36,706,023	29,496,429	20,375,000
More than 5 Years	103,559,000	98,311,157	102,791,421	97,841,321
	£151,202,380	£136,931,726	£134,287,850	£119,903,821
Non Housing Loans				
Within 1 Year	26,438	10,909	-	-
Between 1 & 2 Years	168,254	-	-	-
Between 2 & 5 Years	34,147	-	-	-
More than 5 Years	472,247	461,233	461,233	461,233
	£701,086	£472,142	£461,233	£461,233

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

(21) 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	£3,290,795	£3,290,795
Libor + 0.2%	01/10/2033	Interest only then capital & interest	£3,442,282	£3,442,282
Libor + 1.25%	17/08/2020	Interest only then bullet repayment	£25,000,000	£25,000,000
Libor + 0.2%	10/09/2037	Interest only then bullet repayment	£22,455,226	£22,455,226
Libor + 0.2%	02/10/2037	Interest only then capital & interest	£21,976,368	£21,976,368
Fixed 5.193%	22/04/2038	Interest only then bullet repayment	£34,683,005	£34,683,005
Fixed 5.445%	01/10/2038	Interest only then bullet repayment	£6,992,342	£6,992,342
Fixed 4.13%	01/10/2042	Interest only then capital & interest	£9,989,559	£9,989,559
Fixed 3.86%	25/01/2025	Interest only then bullet Repayment	£6,919,506	£6,919,506
Fixed 5.89%	29/10/2021	Fully amortising	246,325	-
Fixed 5.88%	26/06/2030	Fully amortising	166,574	-
Fixed 5.43%	11/03/2019	Fully amortising	189,346	-
Libor + 1.0%	06/07/2024	Fully amortising	27,904	-
Libor + 0.7%	01/12/2026	Fully amortising	41,844	-
Libor + 0.7%	15/12/2030	Fully amortising	128,482	-
-	-	No fixed repayment	6,600	-
Libor + 0.6 %	01/08/2035	Fully amortising	36,095	-
Fixed 6.06%	18/11/2025	Fully amortising	520,440	-
Fixed 4.0%	30/06/2020	Interest only then capital & interest	15,550,920	-
Libor + 2.5%	01/02/2024	Fully amortising	65,976	-
Fixed 4.25%	26/04/2019	Fully amortising	173,877	-
			-----	-----
			£151,903,466	£134,749,083
			=====	=====

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

(21) 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 2017	204,855,403	5,286,115	826,385	922,508	211,890,411
Additional income received	21,161,474	4,306,749	-	51,030	25,519,253
Transfer to stock	(22,075)	-	-	-	(22,075)
Disposals	(550,911)	-	-	-	(550,911)
Released to Statement of Comprehensive Income	(2,496,425)	(57,218)	-	(38,658)	(2,592,301)
	-----	-----	-----	-----	-----
Deferred income as at 31 March 2018	£222,947,466	£9,535,646	£826,385	£934,880	£234,244,377
	=====	=====	=====	=====	=====
Association					
Deferred income as at 1 April 2017	203,871,676	4,755,892	826,385	864,239	210,318,192
Additional income received	21,161,477	4,306,749	-	51,030	25,519,256
Disposals	(550,911)	-	-	-	(550,911)
Transfer to stock	(22,075)	-	-	-	(22,075)
Released to Statement of Comprehensive Income	(2,483,418)	(57,218)	-	(37,170)	(2,577,806)
	-----	-----	-----	-----	-----
Deferred income as at 31 March 2018	£221,976,749	£9,005,423	£826,385	£878,099	£232,686,656
	=====	=====	=====	=====	=====

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

	Consolidated		Association	
	2018 £	2017 £	2018 £	2017 £
Due within 1 year	2,580,354	2,468,719	2,580,354	2,446,981
Due in 1 year or more	231,664,023	209,421,692	230,106,302	207,871,211
	-----	-----	-----	-----
	£234,244,377	£211,890,411	£232,686,656	£210,318,192
	=====	=====	=====	=====

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

(22) Provisions for liabilities – Pension Provision

SFHA Pension	Consolidated		Association	
	2018 £	2017 £	2018 £	2017 £
Provision at 1 April 2016	6,747,560	15,748,047	5,586,760	13,119,707
Transfer on business combination	94,481	-	-	-
Unwinding of the discount factor (interest expense)	63,913	345,448	52,918	287,793
Deficit contribution paid	(1,338,780)	(1,333,511)	(1,099,408)	(1,110,949)
Remeasurements – impact of any change in assumptions	(5,657)	196,333	(38,890)	162,557
Remeasurements – amendments to contribution schedule	-	(8,208,757)	-	(6,872,348)
Provision as 31 March 2018	£5,561,517	£6,747,560	£4,501,380	£5,586,760
Due within 1 year	1,383,544	1,327,840	1,132,390	1,099,408
Due in more than 1 year	4,177,973	5,419,720	3,368,990	4,487,352
	£5,561,517	£6,747,560	£4,501,380	£5,586,760

Pension Trust's Growth Plan	Consolidated		Association	
	2018 £	2017 £	2018 £	2017 £
Provision at 1 April 2016	29,484	31,140	29,484	31,140
Unwinding of the discount factor (interest expense)	367	608	367	608
Deficit contribution paid	(3,277)	(3,181)	(3,277)	(3,181)
Remeasurements – impact of any change in assumptions	(383)	917	(383)	917
Remeasurements – amendments to the contribution schedule	-	-	-	-
Provision as 31 March 2018	£26,191	£29,484	£26,191	£29,484
Due within 1 year	3,375	3,277	3,375	3,277
Due in more than 1 year	22,816	26,207	22,816	26,207
	£26,191	£29,484	£26,191	£29,484

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

(23) Provision for Deferred Taxation - Consolidated

	2018	2017
	£	£
Accelerated Capital Allowances	59,483	57,232
Tax losses carried forward	(3,930)	(3,930)
	-----	-----
Provision for deferred tax	£55,553	£53,302
	=====	=====
Provision at 1 April 2017	53,302	43,992
Deferred tax charge in profit & loss account	2,251	9,310
	-----	-----
Provision at 31 March 2018	£55,553	£53,302
	=====	=====

Deferred tax is split as £59,483 liability and £3,930 asset.

(24) Financial Instruments

The carrying amounts of financial instruments are as follows:

	Consolidated		Association	
	2018	2017	2018	2017
Financial Liabilities				
Measured at fair value through the Statement of Comprehensive Income				
- Derivative financial instruments (Note 20)	8,353,359	10,822,401	8,353,359	10,822,401
	-----	-----	-----	-----
	8,353,359	10,822,401	8,353,359	10,822,401
Measured at amortised cost				
- Bank loans (Note 20)	151,903,466	137,403,868	134,749,083	120,365,054
	-----	-----	-----	-----
	160,256,825	148,226,269	143,102,442	131,187,455

(24) Financial Instruments (continued)

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

	Consolidated		Association	
	2018	2017	2018	2017
Income and expense				
Financial liabilities measured at amortised cost	£115,971	£29,841	£115,971	£29,841
Net gains and losses (including changes in fair value)				
Financial liabilities measured at fair value through the Statement of Comprehensive income	£2,469,042	£78,175	£2,469,042	£78,175

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

(24) Financial Instruments (continued)

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	
	2018	2017	2018	2017
Interest income	£24,968	£52,380	£131,896	£149,804
Interest expense	£5,477,653	£5,157,141	£4,775,318	£4,445,391

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.

(25) 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.

(26) 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.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

(26) Pensions (continued)

Retirement Benefits

(a) SFHA Pension Scheme

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.

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 22.

	2018	2017
Assumption - the rate of discount - % per annum	1.51%	1.06%

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.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

(26) Pensions (continued)

Retirement Benefits

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.

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.

	2018	2017
Assumption - the rate of discount - % per annum	1.71%	1.32%

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

(26) Pensions (continued)

Retirement Benefits

b) Pensions Trust's Growth Plan

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.

(c) Cair Scotland – YMCA pension

The charity operates a defined contribution pension plan for its employees. The amount recognised as an expense in the year was £11,706 (2017 £18,980).

YMCA

Cair Scotland participated in a multi-employer defined benefit pension plan for employees of YMCAs in England, Scotland and Wales, which was closed to new members and accruals on 30 April 2007. Due to insufficient information, the plan's actuary has advised that it is not possible to separately identify the assets and liabilities relating to Cair Scotland.

Cair Scotland has a contractual obligation to make pension deficit payments of £15,909 per annum over the period to April 2027, accordingly this is shown as a liability in note 15 & note 16 to these accounts. In addition, Cair Scotland is required to contribute £2,806 per annum to the operating expenses of the pension plan and these costs are charged to the Statement of Financial Activities as made.

Cair Scotland participated in a contributory pension plan providing defined benefits based on final pensionable pay for employees of YMCAs in England, Scotland and Wales. The assets of the YMCA pension plan are held separately from those of Cair Scotland and at the year-end these were invested in the Mercer Dynamic De-risking Solution, 40% matching portfolio and 60% in the growth portfolio and Schroder (property units only).

The most recent completed three year valuation was as at 1 May 2017. The assumptions used which have the most significant effect on the results of the valuation are those relating to the assumed rates of return on assets held before and after retirement of 3.75% and 2.25% respectively, the increase in pensions in payment of 3.35% (for RPI capped at 5% p.a.), and the average life expectancy from normal retirement age (of 65) for a current male pensioner of 22.2 years, female 24.1 years to 24.0 years for a male pensioner and female 26.0 years, retiring in 20 years time.

The result of the valuation showed that the actuarial value of the assets was £141.2m. This represented 81% of the benefits that had accrued to members.

The pension plan was closed to new members and future service accrual with effect from 30th April 2007. With removal of the salary linkage for benefits, all employed deferred members became deferred members as from 1st May 2011.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

(26) Pensions (continued)

Cair Scotland – YMCA pension

The valuation prepared as at 1 May 2017 showed that the YMCA pension plan had a deficit of £33.6 million. Cair Scotland has been advised that it will need to make monthly contributions of £1,326 from 1 May 2018. This amount is based on the current actuarial assumptions (as outlined above) and may vary in the future as a result of actual performance of the pension plan. The current recover period is now 9 years commencing 1 May 2017.

As a direct result of review undertaken, the pension liability has increased in value. The re-measurement charge for the financial year amounted to £41,313.

(27) 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.

(28) 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 £8,480 (2017 - £6,901). As at 31st March 2018 no amount (2017 – nil) was due to the Association.

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

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.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

(28) Related Parties (continued)

Northern Housing Company Limited (continued)

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 (2018)	-	76,151	76,151
HHA (2017)	(31,365)	96,842	65,477
HMS (2018)	(148,112)	7,322	(140,790)
HMS (2017)	(141,785)	2,705	(139,080)

Other related transactions:-

	HHA 2018	HHA 2017	HMS 2018	HMS 2017
	£	£	£	£
Maintenance services to NHCL	-	-	870,997	1,103,884
Central charges to NHCL	361,508	379,955	-	-
Lease charges to NHCL	1,707,080	1,429,129	-	-

Hillcrest Enterprises Limited, a wholly owned subsidiary of Hillcrest Housing Association Limited, was recharged direct expenses of £Nil (2017 – £40) by Northern Housing Company.

Craigowl Communities

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

Mr. M. Hussain

During the previous 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 (2018)	-	-	-
HHA (2017)	(8,002)	6,905	(1,097)
HMS (2018)	-	-	-
HMS (2017)	(1,614)	-	(1,614)
HEL (2018)	-	-	-
HEL (2017)	-	-	-
GC (2018)	-	-	-
GC (2017)	(31,463)	1,514	(29,949)

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

(28) Related Parties (continued)

Craigowl Communities (continued)

Craigowl Communities manage a project on behalf of Hillcrest Enterprises Limited. The management charge of £Nil (2017 – £1,990) 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 £Nil (2017 – £12) in respect of expenses and £Nil (2017 – £47,265) 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 £Nil (2017 – £28,063). Rent and costs for Gilmour Street in Edinburgh was recharged at £Nil (2017 - £6,888), sessional fees of £Nil (2017 – £1,386) and Work First expenses of £Nil (2017– £132).

Gowrie Care Limited were charged rental costs of £Nil (2017 - £4,655) by the company during the financial year. Toolbox trainees were charged at £Nil (2017 – £1,591). Catering was recharged to Gowrie Care amounting to £Nil (2017 – £5,453) and Craigowl Communities sold a van to Gowrie Care Limited for the amount of £Nil (2017 - £500). £Nil (2017 – £39,185) 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.

Other related transactions:-

	HHA 2018	HHA 2017	HMS 2018	HMS 2017
	£	£	£	£
Central charges to CC	-	29,131	-	-
Rent charges to CC	-	23,251	-	-
Recharges to CC	-	14,735	-	19,139
Funding contributions to CC	-	2,806	-	-
Salaries recharged from CC	-	-	-	238
Recharges from CC	-	27,658	-	-
Sale of motor vehicle	-	-	-	-
Catering services from CC	-	3,126	-	142
Provision of maintenance and cleaning services to CC	-	-	-	1,232
Repay unused gift aid	-	18,650	-	-

Gowrie Care Limited

The following member of the Committee of Management of Hillcrest Housing Association Limited during the financial year is also a Directors of Gowrie Care Limited:

Ms. A. MacDonald (resigned 27 February 2018)

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

(28) Related Parties (continued)

Gowrie Care Limited (continued)

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 (2018)	(40,845)	57,450	16,605
HHA (2017)	(25,267)	4,885	(20,382)
HMS (2018)	(170)	423,913	423,743
HMS (2017)	(6,939)	461,196	454,257
CC (2018)	-	-	-
CC (2017)	(1,389)	31,336	29,947
HEL (2018)	-	-	-
HEL (2017)	(499)	-	(499)

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%.

Other related transactions:-

	HHA 2018	HHA 2017	HMS 2018	HMS 2017
	£	£	£	£
Central charges to GC	494,488	482,029	-	-
Lease costs charged to GC	143,924	128,733	-	-
Admin expenses to GC	192,005	171,710	-	2,222
Donation to GC (less unused donation returned to HHA)	55,285	5,380	-	-
Salaries recharged from GC	21,946	65,274	-	-
Provision of maintenance services to GC	-	-	6,079	8,252
Concierge costs from GC	651,430	636,669	-	-
Admin expenses from GC	9,135	8,264	-	165
Interest charged from GC	-	-	17,609	19,348

Craigowl Communities also paid over £Nil (2017 – £39,185) in gift aid monies to Gowrie Care relating to projects that are transferring over to Gowrie Care Limited in the next financial year.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

(28) Related Parties (continued)

Gowrie Care Limited (continued)

Craigowl Communities, a wholly owned subsidiary of Hillcrest Housing Association Limited, was recharged salaries during the financial year of £Nil (2017 – £29,581), rent of £Nil (2017 - £3,108) and administrative expenses of £Nil (2017 – £3,780). Craigowl Communities recharges Gowrie Care for staff costs of £Nil(2017 – £1,591), buffet services of £Nil (2017 – £5,453) and other expenses of £Nil (2017 – £4,655). Gowrie Care also purchased a van from Craigowl Communities for £Nil (2017 – £500).

Gowrie Care Limited were recharged £Nil (2017 – £45,462) recruitment and relief staff costs during the financial year by Hillcrest Enterprises Limited.

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 £Nil (2017 - £1,990) reflects the time required for the provision of work carried out on behalf of the company. Craigowl Communities also recharged HEL the amount of £Nil (2017 - £12) in respect of direct expenses and £Nil (2017 – £47,265) in respect of staff salaries for the financial year.

Northern Housing Company Limited recharged HEL the amount of £Nil (2017 – £40) in respect of direct expenses for the financial year.

Gowrie Care were provided care relief staff during the financial year from Right Recruitment of £Nil (2017 – £45,462). Gowrie Care were recharged no direct costs in the year (2017 – nil).

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 (2018)	43,405	-	(43,405)
HHA (2017)	-	2,062	2,062
HMS (2018)	6,292	-	(6,292)
HMS (2017)	-	14,456	14,456
CC@ (2018)	-	1,567	1,567
CC@ (2017)	-	-	-
NHCL (2018)	-	347	347
NHCL (2017)	-	-	-
GC (2018)	-	-	-
GC (2017)	(499)	-	(499)

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

(28) Related Parties (continued)

Hillcrest Enterprises Limited (continued)

Hel recharged Childcair@ Limited the amount of £5,329 (2017 – Nil) in respect to admin costs for the financial year.

Other related transactions:-

	HHA 2018	HHA 2017	HMS 2018	HMS 2017
	£	£	£	£
Provision of maintenance services to HEL	-	-	87,348	65,838
Gift Aid donation to HHA	35,000	17,500	-	-
Direct costs recharged to HHA	12,742	6,129	-	-
Direct costs recharged from HHA	46,343	43,367		
Lease charges to HEL	-	4,566	-	-
Lease charges from HEL	51,278	12,769		
Central charge to HEL	69,117	62,000	-	-

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. T. Kirby
 Mr D. Boyle

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

Gowrie Care, a member of the group, a company incorporated in the United Kingdom wholly owned by HHA, recharged expenses Nil (2017 - £165) to Hillcrest Maintenance Services in the year. Hillcrest Maintenance Services provided maintenance services to the company totalling £6,079 (2017 – £8,252) and recharged expenses of Nil (2017 – £2,222).

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 £17,609(2017 – £19,348) was charged in the year.

Craigowl Communities, a member of the group incorporated in the United Kingdom wholly owned by HHA, recharged salary costs and expenses of £Nil (2017 – £380) to Hillcrest Maintenance Services in the year. Hillcrest Maintenance Services also provided maintenance services to the company totalling £Nil (2017 – £1,232) and recharged salaries of £Nil (2017 – £18,804) and recharged expenses of £Nil (2017 - £335).

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

(28) Related Parties (continued)

Hillcrest Maintenance Services Limited (continued)

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 (2018)	(114,990)	729,010	614,020
HHA (2017)	(162,192)	458,361	296,169
HEL (2018)	(130)	6,423	6,293
HEL (2017)	(177)	14,633	14,456
GC (2018)	(423,913)	170	(423,743)
GC (2017)	(461,196)	6,938	(454,258)
NHCL (2018)	(7,322)	148,112	140,790
NHCL (2017)	(2,705)	141,785	139,080
CC (2018)	-	-	-
CC (2017)	-	1,614	1,614

Other related transactions:-

	HHA 2018	HHA 2017	HEL 2018	HEL 2017
	£	£	£	£
Provision of maintenance services – within turnover	8,426,078	7,322,858	87,386	65,838
Salaries charged to HHA	96,616	10,183	-	-
Administrative expenses to HHA	2,045	561	-	-
Cost of sales and administrative expenses recharged to HMS	180,711	137,822	-	-
Central charges to HMS	319,582	322,500	-	-
Rent charged to HMS	18,500	17,500	-	-
Gift Aid donation to HHA	50,338	34,957	-	-

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 £868,539 (2017 – £1,103,884). Expenses were also recharged amounting to £2,458 (2017 – Nil).

Maintenance services were provided in the year to Cair Scotland Limited, a member of the group, a company incorporated in the United Kingdom and wholly owned by Gowrie Care Limited and ultimately wholly owned by Hillcrest housing Association Limited. Services recharged were £14,491 (2017 – Nil).

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

(28) Related Parties (continued)

Leith Links NHT 2011 LLP

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

On 14th November 2014 Hillcrest Housing Association, who are members of Leith Links, obtained a loan note for the amount of £1,089,000 which is repayable by Leith Links when the properties begin to be sold. It pays interest at 11% per annum and at 31st March 2017 interest payable stood at £119,790 (2017 – £119,790).

Northern Housing Company provided management, administrative and insurance services to Leith Links during the period at a total cost of £184,423 (2017 - £181,064).

Included within debtors for Leith Links is £964 (2017 - £2,143) 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.

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.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

(28) Related Parties (continued)

Cair Scotland

The following Executive staff member of Hillcrest Housing Association Limited is also a director of Cair Scotland Limited:-

Miss F. Morrison (appointed 16/1/18)

Cair Scotland recharged to Child Cair @ Limited £12,578 (2017 - £25,957) in respect to salary recharges and administration costs.

Hillcrest Housing Association Limited recharged Cair Scotland £46,677 (2017 – Nil) in respect to administration costs.

Child Cair @ Limited

The following Executive staff member of Hillcrest Housing Association Limited is also a director of Cair Scotland Limited:-

Miss F. Morrison (appointed 1/2/18)

Cair Scotland recharged to Child Cair @ Limited £12,578 (2017 - £25,957) in respect to salary recharges and administration costs.

Hillcrest Housing Association Limited recharged Child Cair @ Limited £17,619 (2017 – Nil) in respect to administration costs.

Hillcrest Enterprises Limited recharged Child Cair @ Limited £5,329 (2017 – Nil) in respect to administration costs.

(29) 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

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

(29) Subsidiaries Information (continued)

	Country of registration or incorporation	Holding	Proportion of voting rights	Nature of Business
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
Cair Scotland	Scotland	See Note 28 (g)	100%	Provides services and support to services users with drug addictions
Childcair @ Limited	Scotland	See Note 28 (g)	100%	Provision of nursery services to children aged 0 - 5 years

- a) These subsidiaries and related undertakings are companies Limited by guarantee and do not have a share capital.
- b) No company is unincorporated.
- c) Employees within the Hillcrest Group have joint contracts of employment. Any time spent by an employee is recharged to the relevant group company.
- d) Hillcrest Housing Association Limited is the ultimate parent company of the group.
- e) Hillcrest Housing Association Limited is required by statute to prepare group accounts. Upper Dens Landscaping Limited due to the immaterial nature is unconsolidated. The aggregate amount of capital and reserves and the results of this undertaking for the last relevant financial year were as follows:
- | | Capital and Reserves | Profit for the year |
|--------------------------------|----------------------|---------------------|
| Upper Dens Landscaping Limited | £277 | £Nil |
- f) Leith Links NHT 2011 LLP is a Limited Liability Partnership and is controlled by its member Hillcrest Housing Association Limited.
- g) Cair Scotland Limited and Childcair @ Limited are 100% owned subsidiaries of Gowrie Care Limited. Childcair @ Limited merged with Cair Scotland Limited with effect from 31st March 2018.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

(30) Capital Commitments

	2018 £	2017 £
Housing Properties –Consolidated & Association		
Capital expenditure that has been contracted for but has not been provided for in the Financial Statements	£36,295,665 =====	£21,321,960 =====

Capital expenditure for contracted costs will continue to January 2020.

Association

The estimated amount of contracts for capital expenditure authorised by Committee of Management which has not been contracted for	£55,088,289 =====	£5,895,376 =====
---	----------------------	---------------------

Consolidated

The estimated amount of contracts for capital expenditure authorised by Committee of Management which has not been contracted for	£64,189,098 =====	£5,895,376 =====
---	----------------------	---------------------

Capital expenditure for authorized developments will continue to April 2021.

The amounts contracted for at 31st March 2018 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	£ - =====	£ - =====
--	--------------	--------------

The estimated amount of contracts for capital expenditure authorised by directors which has not been contracted for	£ - =====	£ - =====
---	--------------	--------------

(31) Contingent Liability

Hillcrest Housing Association Limited

Should the Association decide to end participation in the SFHA Pension Scheme there would be a potential liability of £32,509,756, of which £4,500,809 relates to the scheme deficit contributions and has been included as a liability as at 31st March 2018. 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 £26,191 relates to the scheme deficit contributions and has been included as a liability as at 31st March 2018. There is no intention at present to cease membership of either pension scheme.

Gowrie Care Limited

Should the Company decide to end participation in the SFHA Pension Scheme there would be a potential liability of £7,577,805 payable, of which £935,283 relates to the scheme deficit contributions and has been included as a liability as at 31st March 2018. There is no intention at present to cease membership of the Pension scheme.

Hillcrest Housing Association Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2018

(32) Financial Commitments

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

	Consolidated		Association	
	2018	2017	2018	2017
	£	£	£	£
Property				
Less than one year	7,568	-	26,561	-
Between 1 – 5 years	44,712	81,309	84,598	81,309
Plant & Machinery				
Less than one year	13,178	-	-	-
Between 1 – 5 years	7,282	21,845	-	-
Motor Vehicles				
Between 1 – 5 years	1,424	4,801	1,424	4,801

(33) Goodwill

Cair Scotland group merged with Gowrie Care Limited on 1st July 2017. The fair value of the group assets and liabilities at that date was £184,247 for which no consideration was paid.

	2018
Consolidated	£
As at 1 April 2017	61,475
Arising from new business combination	184,247
Released to Statement of Comprehensive Income	(7,685)

As at 31 March 2018	£238,037
	=====

