

Hillcrest Homes (Scotland) Limited
(Formerly known as 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 2021

Hillcrest Homes (Scotland) Limited
Report and Consolidated Financial Statements
for the year ended 31st March 2021

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Hillcrest Homes (Scotland) Limited
Members, Executives and Advisers

Committee of Management

Mr. A Russell	Chairperson
Ms. V. Howard	Operations Sub Committee Convenor
Mr. D. Boyle	Audit & General Purposes Convenor
Mr. P. Shepherd	(Elected)
Ms. J. Roberts	(Elected)
Mr. D. Weir	(Elected)
Mr. C. Robertson	(Elected)
Mr. C. Weir	(Elected)
Mr. G Wilson	(Elected)
Mr. D. Hogg	(Co-opted) – appointed 1 September 2020
Mr. R. Burnett	(Co-opted) – appointed 20 October 2020
Ms. C. Douglas	(Casual Vacancy) – resigned 13 August 2020

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	Ms. L. Don
Director of Development	Mr. D. Zwirlein
Director of Property	Mr. M. Percival
Director of Housing	Mr. B. Sander
Managing Director of Gowrie Care	Mrs. J Dunlop
Managing Director of Hillcrest Enterprises	Mr. S. Dow

Registered Office

1 Explorer Road
Dundee
DD2 1EG

Auditors

External Auditor

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

Internal Auditor

Henderson Loggie
Chartered Accountants &
Statutory Auditors
20 The Vision Building
Greenmarket
Dundee
DD1 4QB

**Hillcrest Homes (Scotland) Limited
Members, Executives and Advisers**

Bankers and Funders

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

Sun Life Assurance
Company of Canada
1 York Street
32nd Floor
Toronto, Ontario
M5J 0B6

Solicitors

Thorntons Law LLP
Whitehall House
33 Yeaman Shore
Dundee
DD1 4BJ

Miller Hendry
13 Ward Road
Dundee
DD1 1LU

Hillcrest Homes (Scotland) Limited
Report of the Committee of Management
for the year ended 31st March 2021

The Committee of Management presents their report and the audited Financial Statements for the year ended 31st March 2021.

Incorporation

Hillcrest Homes (Scotland) Limited (Hillcrest Homes) 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 Hillcrest Homes 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 2018, and comply with the Registered Social Landlords Determination of Accounting Requirements 2019.

Committee of Management and Executive Officers

The Committee of Management, Executive Officers and Advisers of Hillcrest Homes are set out in pages 2 and 3. Each Member of the Committee of Management holds one fully paid share of £1 in Hillcrest. The Directors of Hillcrest Homes hold no interest in the 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 Hillcrest Homes. 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.

Principal Activities

The principal activities of Hillcrest Homes 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 Homes is able to deliver this range of services and activities through other trading subsidiaries. The key operating Companies are as follows;

Hillcrest Homes (Scotland) Limited (HH) the ultimate Parent, responsible for setting the overall strategic direction and policy framework. Hillcrest Homes also provides administrative support services to the other subsidiary companies and is the provider of social housing for rent.

Hillcrest Homes (Scotland) Limited
Report of the Committee of Management (continued)
for the year ended 31st March 2021

Principal Activities (continued)

Hillcrest Futures Limited (HF) is a company limited by guarantee with charitable status and a wholly controlled subsidiary of HH. HF focuses on providing care and support to individuals with a variety of different needs

Hillcrest Maintenance Limited (HM) is a company limited by guarantee and a wholly controlled subsidiary of HH. HM provides maintenance services to HH 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 HH. NHCL provided mid-market rental accommodation throughout Dundee, Perth and Edinburgh. NHCL ceased trading on 31 March 2019 and the company's activities transferred to Hillcrest Enterprises Limited on 1 April 2019 and is currently dormant.

Hillcrest Enterprises (2019) Limited (HEL 2019), is a company limited by guarantee and a wholly controlled subsidiary of HH. Following the transfer of rental, agency and letting services to Hillcrest Enterprises Limited on 1st April 2019, the company only provided nursery services for children aged 0 – 5 years old until these services also transferred to Hillcrest Enterprises Limited in January 2020. The company is currently dormant.

Hillcrest Enterprises Limited (HE) was incorporated on 15 February 2019 and is a company limited by shares and a wholly controlled subsidiary of HH. HE provides mid-market rental accommodation, rented accommodation for people with special needs, agency and letting agency services. It also provided nursery services for children aged 0-5 years old, however this activity ceased being provided during the financial year to March 2021.

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

Cair Scotland Limited (CS) is a company limited by guarantee with charitable status and a wholly owned subsidiary of Hillcrest Futures. Cair Scotland Limited main activity is now the rental of property.

Explorer Heat Limited (EH) is a company limited by shares and wholly controlled by HH. 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.

Hillcrest Foundation is a registered charity, incorporated on 19th February 2020 of which Hillcrest Homes is the controlling member. The charity will raise finance to fund activities to focus on the prevention or relief of poverty, advancement of health, education and community development. The focus will be for those who will benefit from the relief of financial hardship or other disadvantages.

Strategic Objectives and Values

Hillcrest Homes aims to remain a strong effective Scottish organisation, providing sustainable homes and creating positive futures with the aim to help people live better lives.

Hillcrest Homes (Scotland) Limited
Report of the Committee of Management (continued)
for the year ended 31st March 2021

Strategic Objectives and Values (continued)

The core values of Hillcrest Homes are;

Excellence Demonstrate determination and purpose to deliver the best outcomes for the people we support

Inclusion Value and appreciate the contribution of others and be an effective team member

Innovation Willing to make things better, by developing new ideas or by doing things differently and be open to change

Respect Listen to and support others, treating all fairly and equally

We will be seen as a learning organisation that invests in people both within the Hillcrest Homes and its subsidiaries and in the wider community.

We will adapt to changing needs, expectations and opportunities and have a culture of continuous improvement. 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 the interests of tenants, service users and stakeholders are considered fully at all times through engagement and consultation.

All trading subsidiaries have their own business plan and strategic direction to focus on the development and direction of the individual company for the forthcoming 3 financial years. However, each business plan interlinks with the overall strategic direction of the Hillcrest to maintain both financial strength and growth within the group.

Operating performance

The financial year to 31st March 2021 was a very challenging year due to the worldwide pandemic. The UK lockdown was in place for a large proportion of the financial year. Staff worked remotely from home where possible, but continued to deliver an excellent service to its tenants. A number of processes and services continued to adapt and change throughout the year to ensure there was minimal impact to our tenants.

Emergency repairs and communal cleaning continued to be delivered all year round but non-essential and planned repairs were not carried out during the lockdown phases throughout the financial year.

Lockdown did significantly affect the performance for maintenance work. A backlog of the non-emergency repairs built up during each lockdown stage, which required completing once restrictions eased. This resulted in a significant delay in completing these works. When restrictions were lifted, a detailed plan was put in place to quickly complete all outstanding work orders.

Rent collection was not adversely affected as first expected. It was anticipated, a number of tenants would fall into higher rent arrears as a direct result of the financial constraints imposed on them due to the national lockdown. Every tenant was contacted at the start of lockdown to offer the support of the organisation should they start to suffer financial hardship and could not pay their rent.

Hillcrest Homes (Scotland) Limited
Report of the Committee of Management (continued)
For the year ended 31st March 2021

Operating performance (continued)

All areas of the housing department and in particular the Tenancy Support team and Income Management continued to support tenants throughout the past 16 months to ensure tenants could be supported from the earliest stage. This level of support has resulted in the rent arrears % improving from the previous financial year which is a considerable achievement during a year that had substantial challenges to take into account.

The tenancy app was released as planned during 2020/21. This tenancy app has enabled tenants to have greater access to information relating to their tenancy and report repairs on a 24/7 basis which in turn has supported the tenants to have access to information remotely during the pandemic.

The business transformation project commenced during 2020/21 with the preparation of improvement roadmaps for each area of the business. The roadmaps will aim to target a number of processes to become more automated and more efficient. The aim of project "Accelerate" is to ensure Homes, is fit for the planned future growth benefiting from having more streamlined processes in place and greater access to information for decision making purposes.

Financial Review

Hillcrest Homes, the parent company achieved an overall surplus of £4.1M in 2021, compared to a surplus of £1.2M in 2020. This excludes the actuarial adjustments on pension, exceptional items and business combinations. The results for Hillcrest Homes are reflected on page 24.

The pension scheme actuarial valuation reflected an overall loss between the 2 financial years of £8.7M. Adjustments to the pension scheme will continue to be included to reflect the fluctuating pension market and different assumptions used.

The 2020 financial year also included additional income noted as an exceptional item of £2.4M as a result of the release of provisions. It also noted additional income of £22.6M following the transfer of assets and liabilities from the subsidiary company Hillcrest Enterprises 2019 Limited.

Turnover overall increased by £1.8M (4.6%) to £40.5M, (2020 - £2.1M, 5.7%) with rental and service charge income increasing by £1.7M (5.2%) (2020 - £2.2M, 7.3%). Additional information on the breakdown of turnover is provided in the Notes 2 and 3 of the Financial Statements. The rapid increase in turnover is attributed to the substantial development programme being rolled out.

The Homes (group) position mirrored this level of growth with an increase in turnover of £3.6M (6.2%), (2020 - £3.8M, 7.1%). The results for Homes is reflected on page 23. Homes achieved a surplus of £6.2M in 2021 (2020 - £1.7M). This excludes the actuarial adjustments on pension and exceptional items.

The subsidiary company Hillcrest Futures actuarial pension loss was in line with Hillcrest Homes resulting in an overall loss of £10.9M between the 2 financial years.

Hillcrest Homes (Scotland) Limited
Report of the Committee of Management (continued)
For the year ended 31st March 2021

Financial Review (continued)

The impact on income as a result of Covid-19 can be seen in both subsidiary companies, Hillcrest Futures and Hillcrest Maintenance. Hillcrest Maintenance income decreased in line with the restrictions due to the lockdown. Hillcrest Futures income, however increased by £1.5M through growth in services and through claims to offset the additional expenditure as a direct result of Covid 19. PPE costs rose by 363% in 2020/21 and as most services require 24/7 support, funds were also received to offset staff isolating or shielding costs.

Hillcrest Homes made aggregate donations of £10,000 in the year to 31 March 2021.

There was extensive investment in new housing provision in 2020/21. There was an investment of £50.5M in housing development by Hillcrest Homes during the financial year ended 31 March 2021. To assist with this investment, £24.9M was received from Government grants with the balance met by private finance. Following a successful bid with one of our current lenders Royal Bank of Scotland, a new £50M funding deal was agreed. The funds will be split over 2 financial years with £25M being received in 2020/21 and a further £25M being received in 2021/22. The funds will initially be used to repay the £72.5M Revolving Credit Facility to enable a more flexible approach to lending in line with our development programme throughout the financial year. The second draw down of £25M will ensure the development plan funding needs are fully met.

Funds held in the bank are reviewed for maximum return, however due to the level of development activity, there is limited opportunities to invest cash. At the financial year end £22.4M was held in the bank by Hillcrest Homes, which will be used to finance development costs.

Growth

During the financial year to 31 March 2021, due to the level of development, Hillcrest Homes took into management a further 278 units. These were a mixture of traditional social rented and mid-market rented property. Hillcrest Homes continues to have a healthy development programme with 1,404 units planned for development and purchase 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 future including in areas like long term maintenance, loan repayments and future risk. General reserves are required to ensure the future financial stability of Hillcrest Homes and the subsidiary companies. The total revenue reserves amount to £73.7M which the Committee of Management believes to be adequate.

Additional information about the reserves is provided in Notes 25.

Hillcrest Homes (Scotland) Limited
Report of the Committee of Management (continued)
For the year ended 31st March 2021

Treasury Management

Hillcrest Homes 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. The external audit service contract has come to an end and the contract for provision of audit services to the Association will go out for competitive tender during 2021/22.

By Order of the Committee

A. Russell
Chairperson

13th July 2021

Hillcrest Homes (Scotland) Limited
Strategic Report
For the year ended 31st March 2021

The Committee of Management present their strategic report for the year ended 31 March 2021.

Operational Policies

Hillcrest Homes 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.

3 Year Business Plan

Hillcrest Homes has prepared a detailed 3 year Business Plan to March 2024. The key aims and objectives of this plan are to set the overall strategic objectives for the organisation.

Hillcrest's Homes Business Plan is designed to ensure that its strategy, products and services are delivered in accordance with its overall purpose and vision and being a financially sound organisation. 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

Sustainability and Corporate Responsibility

The management, directors and staff at Hillcrest Homes are committed to improving the 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 Hillcrest 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 Homes also recognises its role in supporting sustainable communities. We do this through different initiatives in different parts of the organisation. Hillcrest Homes provides dedicated energy advice support and guidance, tenancy sustainment services and benefit advice. Hillcrest Maintenance has an approved apprenticeship strategy, currently employing up to 12 apprentices a year, with a view to increase and also offers work experience and work placements to school children. Hillcrest Futures provides activities to service users through the Hubs for a range of activities including drama, arts and crafts, cycling and walking groups, bowling and cookery. Homes have also embraced the opportunity to provide Kickstart placements across the organisation. There are currently 3 placements already in post in 2021/22, with more scope to take on more placements across the group and offer an opportunity for an excellent learning platform in each field.

Hillcrest Homes (Scotland) Limited
Strategic Report
For the year ended 31st March 2021

The Hillcrest Foundation has recently been set up as a charity within Hillcrest. The Foundation will provide an opportunity to support external community initiatives and build on our Corporate Social Responsibility. The Foundation will centralise all fundraising, charitable donations and gift aid within one place to streamline and centralise these activities. The Foundation will enable Hillcrest to have a focused strategy for supporting communities, including our tenants and service users to enhance their lives by providing relief for those in financial hardship or other disadvantages.

Learning and Development

Hillcrest Homes has a comprehensive Learning and Development Policy with 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.

The e-learning platform is utilised extensively to provide training more cost-effectively and to more members of staff. With remote home working being in place throughout 2020/21 and into 2021/22, this e-learning platform has continued to expand, offering additional options for remote learning to all staff.

Health and Safety

Health and Safety reports are provided on a regular basis to the Audit and General Purposes Sub-Committee and each subsidiary board. Hillcrest Homes complies with the relevant Health and Safety legislation and will continue to improve Health and Safety measures across all companies.

Hillcrest Homes has a comprehensive Health and Safety Manual that covers all aspects of the activities. There are regular training sessions provided by the dedicated Health and Safety Team to ensure that employees and suppliers of Hillcrest Homes have the correct information to carry out their role safely. The Health and Safety Team also carry out regular audits of projects, services and repairs to share good practice and make recommendations for improvement.

Employee Involvement

Hillcrest Homes has continued its practice of keeping the employees informed about the matters affecting them as employees and the financial and economic factors. This is achieved through consultations with employee representatives and staff meetings, newsletters, presentation of the Business Plan to all staff and representation by staff at various working parties set up to review particular areas of work. Hillcrest Homes has retained the Investors in People Gold Award, the Investors in Young People Silver Award and the Health and Well-being at Work Award.

Equal Opportunities & Disabled Persons

Hillcrest Homes has an Equality, Diversity and Inclusion 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. Hillcrest has achieved the Disability Confident Accreditation and is committed to making all reasonable adjustments where required to those within its employment.

Hillcrest Homes (Scotland) Limited
Strategic Report
For the year ended 31st March 2021

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 within Hillcrest Homes, this includes HR policies, budget setting, strategic planning, service provision and employment matters.

Welfare Reform

The impact of welfare reform continues to be closely monitored to ensure all tenants who are affected are supported. A strategy and action plan is in place to help address all the known current and future impacts of welfare reform which, is helping to keep our rent arrears levels below target. This work has been crucial throughout the pandemic and has increased substantially due to the number of tenants affected with financial restraints as a direct impact from Covid-19. This proactive approach throughout 2020/21 has shown a positive impact on the rent arrears results. This area of support for the tenants will continue to be an area of priority throughout 2021/22. An overarching Anti-poverty Strategy is being developed to encompass all areas that impact on our tenants.

Tenant Involvement

Hillcrest Homes has a tenant involvement strategy, detailed action plan and now over 300 tenants on its Interested Tenant Register (ITR). Through the ITR we actively encourage opportunities to get involved at a level and pace that suits them such as specific focus groups or surveys. Our resident group, HART (Hillcrest Action for Residents & Tenants), focusses solely on scrutiny to help review services and suggest improvements. Following a successful review last year, the group has chosen to examine another process within our maintenance service. We also formally consult annually on our rent increase and undertake an annual satisfaction survey, usually face to face but for a second year this will be carried out by telephone due to Covid 19. This survey helps gather data from 500 tenants to measure satisfaction with both housing and repair services, value for money & rent affordability. During lockdown 2021 we asked our tenants how Covid-19 had impacted them and the feedback they provided will help inform the new Anti-Poverty Strategy. As we emerge from the pandemic our tenants' views will also help shape the delivery of our future services across all our geographical locations.

Principal risks and uncertainties

The Committee of Management monitor the overall risk profile of the Association. In addition, the Committee of Management is responsible for determining clear policies as to what the Association considers to be acceptable levels of risk. These policies seek to enable people throughout the Association 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.

Hillcrest Homes (Scotland) Limited
Strategic Report
For the year ended 31st March 2021

Impact of Cyber Security Breach

Risk

Hillcrest Homes (Scotland) Limited must continue to be aware of the impact of a Cyber Security Breach on the business.

Mitigation

The IT function continues to mitigate the risk through the provision of the combination of a variety of security tools, data loss prevention tools and the provision of robust policies and procedures. To provide further reassurance, the company are working towards achieving cyber essential accreditation in 2021/22.

Financial loss due to delays in contract handovers of new developments

Risk

There is a risk there will be further delays in development completions due to Covid 19 restrictions continuing to be in place. Although sites were able to reopen at the end of June 20, restrictions of working practices have continued. If the restrictions continue for a considerable time, this will impact on the proposed completion and handover dates for developments, resulting in a loss of rental income.

Mitigation

Budgets have been prepared to factor in delays to the completion times. Ongoing monitoring of the contract completion dates will continue with reforecasting budgets being undertaken to monitor the financial impact on the company.

Financial impact on development and maintenance costs due to rapid increase in material prices and reduced supply

Risk

There is a risk that the cost of development and maintenance of properties will increase by a minimum 7-8% due to an unprecedented level of material demand globally.

Mitigation

Regular meetings are being held with suppliers and contractors with advance purchase of materials and increased stock holding where practical. Monthly budget and programme review meetings are in place to monitor the financial impact.

By Order of the Committee

A. Russell
Chairperson
13th July 2021

Hillcrest Homes (Scotland) Limited
Statement of Committee's Responsibilities
for the year ended 31st March 2021

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 Homes (Scotland) Limited
Statement of Committee's Responsibilities
for the year ended 31st March 2021 (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 31 March 2021 and until 13 July 2021. 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.

A. Russell
Chairperson
13th July 2021

Hillcrest Homes (Scotland) Limited
Independent Auditors report to the members of
Hillcrest Homes (Scotland) Limited

Opinion

We have audited the financial statements of Hillcrest Homes (Scotland) Limited (the 'association') for the year ended 31 March 2021 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 notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Scottish Housing Regulator's Determination of Accounting Requirements 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Committee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Hillcrest Homes (Scotland) Limited
Independent Auditor's Report to the Members of
Hillcrest Homes (Scotland) Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Committee are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- the association has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the Statement of Comprehensive Income and Statement of Financial Position any other statements to which our report relates are not in agreement with the association's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the Committee

As explained more fully in the Committee's responsibilities statement (set out on pages 15 and 16), the Committee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Committee is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee either intends to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Hillcrest Homes (Scotland) Limited
Independent Auditor's Report to the Members of
Hillcrest Homes (Scotland) Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- we identified the laws and regulations applicable to the association through discussions with management and through our own specialist knowledge of the social housing sector
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Co-operative, including the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010, SHR regulatory requirements, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulation identified above through making enquiries and inspecting legal correspondence; and
- identified laws and regulations were communicated to the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- Considering internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.
- Making enquires of the Association's internal auditor to assess if they had identified any actual or suspected fraud.

Hillcrest Homes (Scotland) Limited
Independent Auditor's Report to the Members of
Hillcrest Homes (Scotland) Limited (continued)

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

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify and unusual or unexpected relationships;
- Tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 1V were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statements disclosures to underlying supporting documentation
- Reading the minutes of meetings of those charged with governance
- Enquiring of management as to actual and potential litigation and claims
- reviewing correspondence with HMRC, relevant regulators including the SHR, Health and Safety Executive, and the Association's legal advisors

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

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.

Joan Williamson, CA (Senior Statutory Auditor)
For and on behalf of Findlays
Chartered Accountants and Statutory Auditor
11 Dudhope Terrace
Dundee
DD3 6TS 13th July 2021

Hillcrest Homes (Scotland) Limited
Report of the Auditors
To Hillcrest Homes (Scotland) Limited
on Corporate Governance Matters

In addition to our audit of the financial statements, we have reviewed your statement on pages 14 and 15 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 15 and 16 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

13th July 2021

Hillcrest Homes (Scotland) Limited
Consolidated Statement of Comprehensive Income
for the year ended 31st March 2021

	<u>Notes</u>	2021 £	2020 £
Turnover	2(a)	60,609,252	57,057,496
Operating expenditure	2(a)	(49,134,006)	(47,223,774)
		-----	-----
Operating surplus/(deficit)	10	11,475,246	9,833,722
Gain/(loss) on disposal of tangible fixed assets	4	116,490	(432,765)
Finance income	5	12,737	57,744
Finance costs	6	(7,113,179)	(7,473,344)
Pension remeasurement	7	(80,756)	533
Movement in fair value of financial instruments	24	1,794,582	(143,485)
		-----	-----
Surplus/(deficit) before tax		£6,205,120	£1,842,405
Taxation	12	(15,785)	(102,492)
		-----	-----
Surplus/(deficit) after tax		£6,189,335	£1,739,913
Exceptional item	35	(1,170,317)	2,404,053
Impairment of stock	36	(1,570,862)	-
Actuarial profits / (losses) in respect of pension scheme	22	(5,239,672)	5,640,000
		-----	-----
Total comprehensive income for the year		£(1,791,516) =====	£9,783,966 =====

Of the activities undertaken were continuing activities.

The notes on pages 31 to 74 form part of the Financial Statements

Hillcrest Homes (Scotland) Limited
Association Statement of Comprehensive Income
for the year ended 31st March 2021

	Notes	2021 £	2020 £
Turnover	2(a)	40,548,927	38,782,143
Operating expenditure	2(a)	(32,052,285)	(30,945,848)
Operating surplus/(deficit)	11	8,496,642	7,836,295
Gain/(loss) on disposal of tangible fixed assets	4	71,627	129,570
Finance income	5	175,489	205,118
Finance costs	6	(6,465,701)	(6,789,003)
Pension remeasurement	7	(567)	533
Movement in fair value of financial instruments	24	1,794,582	(143,485)
Surplus before and after taxation for the year		£4,072,072	£1,239,028
Actuarial gain/(loss) in respect of pension scheme	22	(4,292,075)	4,424,000
Business Combination	34	-	22,616,886
Exceptional Item	35	-	2,404,053
Total comprehensive income for the year		£(220,003)	£30,683,967

All income and expenditure derive from continuing activities.

The notes on pages 31 to 74 form part of the Financial Statements

Hillcrest Homes (Scotland) Limited
Consolidated Statement of Financial Position as at 31st March 2021

	Notes	2021 £	Restated 2020 £
Fixed assets			
Tangible fixed assets	15/16	586,755,773	544,714,181
Investments	17	615,784	615,784
		-----	-----
		587,371,557	545,329,965
Current assets			
Stock	18	20,753,188	22,086,614
Trade and other debtors	19	7,825,006	6,592,350
Cash and cash equivalents		32,096,990	22,603,842
		-----	-----
		60,675,184	51,282,806
Less: Creditors: amounts falling due within one year	20	(63,114,738)	(21,168,371)
		-----	-----
Net current assets/(liabilities)		(2,439,554)	30,114,435
Total assets less current liabilities		584,932,003	575,444,400
Creditors: amounts falling due after more than one year	21	(505,935,141)	(498,592,682)
Pension – deficit funding liability	22	(151,053)	(91,385)
Pension – defined benefit liability	22	(4,652,000)	(775,000)
		-----	-----
		(510,738,194)	(499,459,067)
		-----	-----
Total net assets		£74,193,809	£75,985,333
		=====	=====
Reserves			
Share capital		63	71
Income and expenditure reserve	25	73,694,142	75,652,538
Restricted reserve	25	468,864	294,302
Negative goodwill	25	30,738	38,420
Non-controlling interest	25	2	2
		-----	-----
Total reserves		£74,193,809	£75,985,333
		=====	=====

The Financial statements on pages 21 to 74 were approved by the Committee of Management on 13th July 2021 and were signed on its behalf by:

Alan Russell	.....	CHAIRPERSON
David Boyle	.....	COMMITTEE MEMBER
Fiona Morrison	.....	SECRETARY

The notes on pages 34 to 75 form part of these financial statements

Hillcrest Homes (Scotland) Limited
Association Statement of Financial Position as at 31st March 2021

	<u>Notes</u>	2021 £	Restated 2020 £
Fixed Assets			
Tangible fixed assets	15/16	583,314,141	541,298,828
Investments	17	5,633,150	5,633,150
		-----	-----
		588,947,291	546,931,978
Current Assets			
Stock	18	-	-
Trade and other debtors	19	6,200,207	6,036,570
Cash and cash equivalents		22,431,342	13,010,788
		-----	-----
		28,631,549	19,047,358
Less: Creditors: amounts falling due within one year	20	(42,690,959)	(16,999,719)
		-----	-----
Net current Assets / (liabilities)		(14,059,410)	2,047,639
Total Assets Less Current Liabilities		574,887,881	548,979,617
Creditors: amounts falling due after more than one year	21	(504,679,996)	(481,713,542)
Pension – deficit funding liability	22	(12,405)	(15,584)
Pension – defined benefit liability	22	(3,853,000)	(688,000)
		-----	-----
		(508,545,401)	(482,417,126)
		-----	-----
Total net assets		£66,342,480	£66,562,491
		=====	=====
Reserves			
Share capital		63	71
Income and expenditure reserve	25	66,342,417	66,562,420
		-----	-----
		£66,342,480	£66,562,491
		=====	=====

The Financial Statements on pages 21 to 74 were approved by the Committee of Management on 13th July 2021 and were signed on its behalf by:

Alan Russell	.....	CHAIRPERSON
David Boyle	.....	COMMITTEE MEMBER
Fiona Morrison	.....	SECRETARY

The notes on pages 34 to 75 form part of these financial statements

Hillcrest Homes (Scotland) Limited
 Consolidated Statement of Changes in Reserves
 for the year ended 31st March 2021

	Share Capital £	Income & Expenditure Reserve £	Restricted Reserve £	Non- Controlling Interest £	Negative goodwill £	Total £
At 31 March 2020 and 1 April 2020	71	75,652,538	294,302	2	38,420	75,985,333
Surplus for the year	-	6,189,335	-	-	-	6,189,335
Impairment of stock	-	(1,570,862)	-	-	-	(1,570,862)
Exceptional item	-	(1,170,317)	-	-	-	(1,170,317)
Actuarial losses in respect of pension scheme	-	(5,239,672)	-	-	-	(5,239,672)
Total comprehensive income	-	(1,791,516)	-	-	-	(1,791,516)
Share capital issued/cancelled	(8)	-	-	-	-	(4)
Released to statement of comprehensive income	-	7,682	-	-	(7,682)	-
Transfer to/(from) designated reserve	-	(174,562)	174,562	-	-	-
At 31 March 2021	£63	£73,694,142	£468,864	£2	£30,738	£74,193,809

Hillcrest Homes (Scotland) Limited
 Association Statement of Changes in Reserves
 for the year ended 31st March 2021

	Share Capital £	Income & Expenditure Reserve £	Total £
At 31 March 2020 and 1 April 2020	71	66,562,420	66,562,491
Surplus for the year	-	4,072,072	4,072,072
Actuarial gains/ (losses) in respect of pension scheme	-	(4,292,075)	(4,292,075)
Gain from business acquisition	-	-	-
Exceptional item	-	-	-
Total comprehensive income	-	(220,003)	(220,003)
Share capital issued/cancelled	(8)	-	(8)
At 31 March 2021	£63	£66,342,417	£66,342,480

Hillcrest Homes (Scotland) Limited
Consolidated Statement of Cash Flows
for the year ended 31st March 2021

	Notes	2021 £	2020 £
Net cash generated from operating activities	(Note i)	14,156,424	16,441,704
		-----	-----
Cash flow from investing activities			
Purchase of tangible fixed assets		(50,231,488)	(74,786,074)
Proceeds from sale of tangible fixed assets		477,812	778,835
Grants received		24,354,380	44,002,700
Grants repaid		(102,216)	(901,741)
Interest receivable		12,737	57,744
		-----	-----
		(25,488,775)	(30,848,536)
		-----	-----
Cash flow from financing activities			
Issue of share capital		2	-
Interest payable		(8,113,836)	(5,929,487)
New secured loans		55,157,402	92,500,000
Repayment of borrowings		(26,218,069)	(70,652,163)
		-----	-----
		20,825,499	15,918,350
		-----	-----
Net change in cash and cash equivalents		9,493,148	1,511,518
Cash flow from increase in debt		(28,939,333)	(21,847,837)
		-----	-----
Cash and cash equivalents at 1 April 2020		(172,894,120)	(152,557,801)
		-----	-----
Cash and cash equivalents at 31 March 2021		£(192,340,305)	£(172,894,120)
		=====	=====

Hillcrest Homes (Scotland) Limited
Association Statement of Cash Flows
for the year ended 31st March 2021

	Notes	2021 £	Restated 2020 £
Net cash generated from operating activities	(Note i)	12,641,654	14,794,987
Cash flow from investing activities			
Purchase of tangible fixed assets		(49,593,859)	(72,124,571)
Purchase of investments		-	(2,500,000)
Proceeds from sale of tangible fixed assets		374,232	595,470
Grants received		24,354,380	44,002,702
Grants repaid		(117,417)	(343,516)
Interest receivable		223,489	157,118
		(24,759,175)	(30,212,797)
Cash flow from financing activities			
Issue of share capital		2	-
Interest payable		(7,461,927)	(5,245,012)
New secured loans		55,000,000	92,500,000
Repayment of borrowings		(26,000,000)	(70,600,000)
		21,538,075	16,654,988
Net change in cash and cash equivalents		9,420,554	1,237,178
Cash flow from increase in debt		(29,000,000)	(21,900,000)
Cash and cash equivalents at 1 April 2020		(166,229,530)	(145,566,708)
Cash and cash equivalents at 31 March 2021		£(185,808,976)	£(166,229,530)

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Association Statement of Cash Flows
for the year ended 31st March 2021

**Consolidated
Note i**

Cash flow from operating activities	2021	2020
	£	£
Surplus/ (Loss) for year	11,475,246	17,207,251
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	5,597,080	5,189,289
Decrease/(increase) in stock	1,407,293	336,164
Decrease/(increase) in trade and other debtors	(722,049)	1,299,286
Increase/(decrease) in trade and other creditors	(401,716)	(10,536,295)
Shares cancelled	(10)	(4)
Release of goodwill	-	(7,685)
Decrease / (increase) in loan fair value	(460,920)	(68,296)
Increase (decrease) in financial instruments	-	143,485
Loss / (Gain) on disposal of tangible fixed assets	-	2,866,564
Abortive costs	2,679	11,945
Impairment of stock and exceptional item	(2,741,179)	-
	-----	-----
	14,156,424	16,441,704
	=====	=====

**Association
Note i**

Cash flow from operating activities	2021	2020
	£	£
Surplus for the year	8,496,642	37,267,852
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	5,118,323	4,791,866
Decrease/(increase) in stock	-	402,814
Decrease/(Increase) in trade and other debtors	298,974	1,511,920
Increase/(decrease) in trade and other creditors	(810,576)	(8,593,923)
Shares cancelled	(10)	(4)
Decrease / (increase) in loan fair value	(460,920)	(68,313)
Increase (decrease) in financial instruments	-	143,485
Gain on disposal of tangible fixed assets	-	(129,570)
Abortive costs	2,679	11,946
Business combination – transfer fixed assets	-	(20,543,086)
Impairment of tangible fixed assets	-	-
	-----	-----
Net cash generated from operating activities	12,641,654	14,794,987
	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Association Statement of Cash Flows
for the year ended 31st March 2021

Consolidated – note ii
Analysis of changes in net debt

	At 1 April 2020 £	Cashflow £	Other non- cash changes £	At 31 March 2021 £
Cash and cash equivalents:				
Cash at bank and in hand	<u>22,603,842</u>	<u>9,493,148</u>	-	<u>32,096,990</u>
Borrowings:				
Debt due within one year	(1,062,397)	26,218,069	(51,230,473)	(26,074,801)
Debt due after more than one year	<u>(194,435,565)</u>	<u>(55,157,402)</u>	<u>51,230,473</u>	<u>(198,362,494)</u>
	<u>(195,497,962)</u>	<u>(28,939,333)</u>	-	<u>(224,437,295)</u>
Total	<u>(172,894,120)</u>	<u>(19,446,185)</u>	-	<u>(192,340,305)</u>

Association – note ii
Analysis of changes in net debt

	At 1 April 2020 £	Cashflow £	Other non- cash changes £	At 31 March 2021 £
Cash and cash equivalents:				
Cash at bank and in hand	<u>13,010,788</u>	<u>9,420,554</u>	-	<u>22,431,342</u>
Borrowings:				
Debt due within one year	(1,000,000)	-	(25,000,000)	(26,000,000)
Debt due after more than one year	<u>(178,240,318)</u>	<u>(29,000,000)</u>	<u>25,000,000</u>	<u>(182,240,318)</u>
	<u>(179,240,318)</u>	<u>(29,000,000)</u>	-	<u>(208,240,318)</u>
Total	<u>(166,229,530)</u>	<u>(19,579,446)</u>	-	<u>(185,808,976)</u>

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(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 2018) and comply with the Registered Social Landlords Determination of Accounting Requirements 2019.

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 Homes (Scotland) 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 Homes (Scotland) 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 Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(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 2018. 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, are stated at cost less aggregate depreciation. 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 Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(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 Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(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 Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

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

(viii) Shared Ownership

In accordance with the SORP 2018, 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
Other	-	non-depreciating asset

(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 Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(1) (h) Investments (continued)

(ii) Investments - Homestake (continued)

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.

(iii) Investments – Investment Property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

(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) Homes (Scotland) 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.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(1) (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.

(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 31 March 2021 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 Hillcrest Homes and Hillcrest Futures 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). Determining the value of Hillcrest Homes and Hillcrest Futures share of the defined benefit scheme includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds. Allocation of share of assets and liabilities for multi-employer pension schemes are based on source information provided by the administrators of the scheme and estimations performed by actuarial advisers.

(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.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(1) (r) Taxation

Hillcrest Homes 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 (2019) Limited, Hillcrest Enterprises Limited and Hillcrest Maintenance Limited, subsidiary companies that do not have charitable status.

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 20120/21 there was no amount (2021 – £100,000) gifted from Hillcrest Enterprises Limited to Hillcrest Homes (Scotland) Limited.

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. Following the introduction of rent harmonisation in 2019/20, the amounts were fully written off.

(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.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(1) (u) Goodwill

Goodwill arising from the merger on 1 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.

(v) Significant Estimates

The preparation of financial statements requires the use of certain accounting judgements and estimates. It also requires the Committee of Management exercise judgement in applying the Association's accounting policies. The areas requiring the use of significant estimates are disclosed below.

(i) Rent Arrears – Bad Debt Provision

The Association assumes the recoverability of rent arrears through a detailed process that considers tenant payment history and recovery arrangements in place.

(ii) Useful Life of Properties, Plant and Equipment

The Association estimates the useful life of properties, plant and equipment, as well as components thereof, and estimates an annual charge to be depreciated.

(iii) Defined Pension Liability

In determining the value of the Association's share of defined benefit pension scheme assets and liabilities, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

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

	Turnover £	Operating Costs £	2021 Operating Surplus £	2020 Operating Surplus £
Continuing operations				
Affordable letting activities (Note 2b)	41,189,722	22,400,530	18,789,192	18,096,797
Other activities (Note 3)	19,383,494	26,625,927	(7,242,433)	(8,263,075)
	-----	-----	-----	-----
	60,573,216	49,026,457	11,546,759	9,833,722
Discontinued operations				
Other activities (Note 3)	36,036	107,549	(71,513)	-
	-----	-----	-----	-----
2021 - Total	£60,609,252	£49,134,006	£11,475,216	£9,833,722
	=====	=====	=====	=====
2020 - Total	£57,057,496	£47,223,774		
	=====	=====		

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

	Turnover £	Operating Costs £	2021 Operating Surplus £	2020 Operating Surplus £
Affordable letting activities (Note 2b)	37,026,815	27,378,635	9,648,180	8,299,352
Other activities (Note 3)	3,522,112	4,673,637	(1,151,525)	(463,057)
	-----	-----	-----	-----
2021 - Total	£40,548,927	£32,052,272	£8,496,655	£7,836,295
	=====	=====	=====	=====
2020 - Total	£38,782,143	£30,945,848		
	=====	=====		

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

2 (b) Consolidated Particulars of Turnover, Operating Costs and Operating Surplus or Deficit from Affordable Letting Activities	Mid-market &				
	General Housing Needs	Supported Housing Accommod.	Shared Ownership	Held for Lease	2021 Total
	£	£	£	£	2020 Total £
Income from lettings					
Rent receivable net of service charges	28,585,657	237,629	571,949	6,501,411	32,373,383
Service charges	1,863,964	35,408	25,098	489,371	4,148,073
Gross income from rents and service charges	30,449,621	273,037	597,047	6,990,782	36,521,456
Less voids	(657,295)	(13,412)	(17,696)	(158,850)	(773,750)
Net income from rents and service charges	29,792,326	259,625	579,351	6,831,932	35,747,706
Grants released from deferred income	2,963,912	-	69,988	233,587	2,999,608
Revenue grants from the Scottish Ministers	459,001	-	-	-	333,371
Total turnover	33,215,239	259,625	649,339	7,065,519	39,080,685
Expenditure on lettings					
Management & maintenance administration costs	7,338,937	72,436	137,773	1,330,260	8,687,918
Service costs	2,092,777	16,656	20,037	412,905	2,347,989
Reactive & void maintenance costs	1,135,411	38,301	55,350	228,046	1,389,569
Planned, cyclical & major repairs costs	914,478	2,064	900	141,082	704,816
Bad debts – rents and service charges	486,558	-	-	36,631	268,278
Depreciation of affordable let properties	6,726,271	-	125,977	1,122,019	7,585,318
Operating costs	18,694,432	129,457	340,037	3,270,943	20,983,888
Operating surplus / (deficit) 2021	£14,520,807	£130,168	£309,302	£3,794,576	£18,096,797
Operating surplus / (deficit) 2020	£12,859,052	£(24,677)	£335,011	£4,927,411	£18,096,797

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

2 (b) Association Particulars of Turnover, Operating Costs and Operating Surplus or Deficit from Affordable Letting Activities	General Supported				Mid- Market &		2020 Total £
	General Housing Needs £	Supported Housing Accomm. £	Shared Ownership £	Held for Lease £	2021 Total £		
Income from lettings							
Rent receivable net of service charges	28,529,532	213,017	571,949	2,648,753	31,963,251	28,566,759	
Service charges	1,863,439	35,408	25,098	83,547	2,007,492	3,724,182	
Gross income from rents and service charges	30,392,971	248,425	597,047	2,732,300	33,970,743	32,290,941	
LESS: Rent losses from voids	(639,308)	(13,412)	(17,696)	-	(670,416)	(605,139)	
Net income from rents and service charges	29,753,663	235,013	579,351	2,732,300	33,300,327	31,685,802	
Grants released from deferred income	2,963,912	-	69,988	233,587	3,267,487	2,999,608	
Revenue grants from Scottish Ministers	459,001	-	-	-	459,001	333,371	
Total turnover	33,176,576	235,013	649,339	2,965,887	37,026,815	35,018,781	
Expenditure on lettings							
Management & maintenance administration costs	7,383,358	189,665	137,773	632,807	8,343,603	8,179,376	
Service costs	3,191,847	11,771	20,037	70,998	3,294,653	3,171,732	
Reactive & Void maintenance costs	4,409,639	-	55,350	46,952	4,511,941	4,704,839	
Planned, cyclical & major repairs costs	2,754,640	-	900	55,406	2,810,946	2,875,138	
Bad debts – rents and service charges	486,558	-	-	-	486,558	232,512	
Depreciation of affordable let properties	6,726,271	-	125,977	1,078,686	7,930,934	7,555,832	
Impairment of affordable let properties	-	-	-	-	-	-	
Operating costs	24,952,313	201,436	340,037	1,884,849	27,378,635	26,719,429	
Operating surplus / (deficit) 2021	£8,224,263	£33,577	£309,302	£1,081,038	£9,648,180	£8,299,352	
Operating surplus / (deficit) 2020	£5,901,779	£48,591	£335,011	£2,013,971			

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(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) 2021 £	Operating Surplus/ (deficit) 2020 £
Continuing activities									
Wider role	-	243	-	-	243	-	-	243	7,945
Factoring	-	-	-	84,184	84,184	18,420	65,592	172	14,516
Uncapitalised development administration costs	835,639	-	-	-	835,639	-	1,036,681	(201,042)	192,467
Support activities	-	-	336,987	235,599	572,586	-	708,022	(135,436)	(31,358)
Care activities	-	-	15,823,423	297,548	16,120,971	-	14,569,488	1,551,483	457,410
Contracted out services undertaken for other organisations	-	-	-	30,087	30,087	-	45,194	(15,107)	(11,686)
Commercials	-	-	-	312,195	312,195	3,486	309,936	(1,227)	352,633
Central charges	-	-	-	-	-	-	1,309,695	(1,309,695)	(1,183,117)
Other activities	-	-	-	1,427,589	1,427,589	-	8,559,413	(7,131,824)	(8,061,885)
	835,639	243	16,160,410	2,387,202	19,383,494	21,906	26,604,021	(7,242,433)	(8,263,075)
Discontinued activities									
Other activities	-	-	-	36,036	36,036	1,020	106,529	(71,513)	-
2021 Total	£835,639	£243	£16,160,410	£2,423,238	£19,419,530	£22,926	£26,710,550	(£7,313,946)	(£8,263,075)
2020 Total	£991,427	£7,945	£14,926,008	£2,051,431	£17,976,811	£27,560	£26,212,326		

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
For the year ended 31st March 2021

(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) 2021 £	Operating Surplus/ (deficit) 2020 £
Wider role	-	243	-	-	243	-	-	243	7,945
Factoring	-	-	-	84,184	84,184	18,420	65,592	172	14,516
Uncapitalised development administration costs	835,639	-	-	-	835,639	-	1,036,681	(201,042)	192,467
Support activities	-	-	336,987	235,599	572,586	-	708,022	(135,436)	(31,358)
Commercials	-	-	-	272,940	272,940	3,486	301,498	(32,044)	293,112
Central charges	-	-	-	1,309,695	1,309,695	-	1,309,695	-	-
Other activities	-	-	-	446,825	446,825	-	1,230,243	(783,418)	(939,739)
2021 Total	£835,639	£243	£336,987	£2,349,243	£3,522,112	£21,906	£4,651,731	£(1,151,525)	£(463,057)
2020 Total	£991,427	£7,945	£327,841	£2,436,149	£3,763,362	£27,649	£4,198,770		

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

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

Association	Proceeds from sales £	Cost of Sales £	2021 Profit / (Loss) on Sales £	Proceeds from sales £	2020 Profit / (Loss) on Sales £
One off Sales	-	-	-	410,372	(2,781)
Shared Ownership	285,000	213,373	71,627	298,875	132,351
Sale of other fixed assets	-	-	-	-	-
	-----	-----	-----	-----	-----
	285,000	213,373	71,627	709,247	129,570
Consolidated					
One off Sales	192,812	147,949	44,863	68,948	(562,975)
Sale of other fixed assets	-	-	-	640	640
	-----	-----	-----	-----	-----
	£477,812	£361,322	£116,490	£778,835	£(432,765)
	=====	=====	=====	=====	=====

(5) Finance Income

	Consolidated		Association	
	2021 £	2020 £	2021 £	2020 £
Interest receivable	12,737	57,744	127,489	157,118
Dividends receivable	-	-	48,000	48,000
	-----	-----	-----	-----
	£12,737	£57,744	£175,489	£205,118
	=====	=====	=====	=====

(6) Finance Costs

	Consolidated		Association	
	2021 £	2020 £	2021 £	2020 £
Interest payable	7,037,847	7,272,050	6,390,376	6,620,709
Other financing costs – income	-	-	-	-
Other financing costs – cost	71,879	39,311	71,879	39,311
Pension interest expense	3,453	161,983	3,446	128,983
	-----	-----	-----	-----
	£7,113,179	£7,473,344	£6,465,701	£6,789,003
	=====	=====	=====	=====

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

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(7) Pension Remeasurement

	Consolidated		Association	
	2021	2020	2021	2020
	£	£	£	£
Impact of changes in assumptions (Note 22)	(567)	533	(567)	533
Amendments to the contribution schedule (Note 22)	(80,189)	-	-	-
	£(80,756)	£533	£(567)	£533

(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	
	2021	2020	2021	2020
	£	£	£	£
The emoluments payable to key management personnel and former key management personnel amount to:-				
Emoluments excluding employers pension	806,873	767,503	652,496	613,126
Employers pension contributions	63,231	61,899	53,879	52,547
Total emoluments payable	£870,104	£829,402	£706,375	£665,673

The emoluments payable to, or received by, the Group Chief Executive amount to:-

Emoluments excluding employers pension	145,125	133,364	145,125	133,364
Employers pension contributions	11,988	11,531	11,988	11,531
Total emoluments payable	£157,113	£144,895	£157,113	£144,895

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

£60,001 - £70,000	1	2	1	1
£70,001 - £80,000	2	4	1	4
£80,001 - £90,000	4	1	3	-
£90,001 - £100,000	-	-	-	-
£100,001 - £110,000	1	1	1	1
£110,001 - £120,000	-	-	-	-
£120,001 - £130,000	-	-	-	-
£130,001 - £140,000	-	1	-	1
£140,001 - £150,001	1	-	1	-

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

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(9) Employee Information

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

	Consolidated		Association	
	2021	2020	2021	2020
Office Staff	231	227	192	186
Wardens, Caretakers & Cleaners	37	37	37	37
Support Staff	780	865	-	-
Maintenance	154	154	15	13
	-----	-----	-----	-----
	1,202	1,283	244	236
	=====	=====	=====	=====
The average number of full time equivalent	912	899	219	211
	====	====	====	====

Staff Costs (including Key Management Personnel Emoluments):

	Consolidated		Association	
	2021	2020	2021	2020
	£	£	£	£
Wages and Salaries	25,259,074	24,772,593	7,422,317	6,836,891
Social Security Costs	2,129,008	2,052,944	737,010	670,519
Pension Costs	902,803	883,948	455,765	423,591
	-----	-----	-----	-----
	£28,290,885	£27,709,485	£8,615,092	£7,931,001
	=====	=====	=====	=====
Redundancy/termination payments included in above	Nil	Nil	Nil	Nil

(10) Investment Property

	2021	2020
	£	£
Valuation		
At 1 April 2020	45,000	45,000
Additions at cost	-	-
Loss on revaluation	-	-
	-----	-----
At 31 March 2021	£45,000	£45,000
	=====	=====

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:

	2021	2020
	£	£
Historic cost	£61,250	£61,250
	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(11) Operating Surplus

Operating surplus is stated after charging:	Consolidated		Association	
	2021	2020	2021	2020
	£	£	£	£
Depreciation – Housing property	7,873,921	7,261,197	7,831,281	7,231,711
Depreciation – Disposals	100,346	324,121	99,653	324,121
Depreciation – Other fixed assets	924,633	939,573	565,756	571,637
Amortisation of grant	3,267,487	2,999,609	3,267,487	2,999,609
Operating lease – plant & Machinery	16,718	15,011	-	-
- other	-	600	132,468	135,877
- motor vehicles	12,117	22,452	12,117	22,452
External auditor’s remuneration for all group companies (including VAT):-				
- In their capacity as auditors	50,440	59,035	21,767	21,855
- In respect of other services	2,832	47,520	2,832	-

(12) Tax on Profit On Ordinary Activities – Consolidated

	2021	2020
	£	£
Corporation tax at 19% (2020 – 19%)	100,755	91,958
Terminal loss provisions	-	-
Under-provision	-	-
Deferred tax	(84,970)	10,534
	-----	-----
	£15,785	£102,492
	=====	=====

(13) Service Charge Equalisation Account

	Consolidated		Association	
	2021	2020	2021	2020
	£	£	£	£
Balance at beginning of Year	-	(526,787)	-	(526,787)
Transfer of Property Revenue to account	-	(84,315)	-	(84,315)
Transfer to SOCI – Exceptional Item (see Note 35)	-	611,102	-	611,102
	-----	-----	-----	-----
Balance at End of Year	£-	£-	£-	£-
	=====	=====	=====	=====
Being:- Debtor Balance (see Note 19)	-	-	-	-
Creditors Balance (see Note 20)	-	-	-	-
	-----	-----	-----	-----
Balance at End of Year	£-	£-	£-	£-
	=====	=====	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(14) Housing Stock Analysis

	Consolidated		Association	
	2021	2020	2021	2020
General Housing Needs	6,574	6,344	6,544	6,310
Supported Housing Accommodation	207	213	203	209
Shared Ownership	213	216	213	216
Mid-Market	999	949	854	804
	-----	-----	-----	-----
	7,993	7,722	7,814	7,539
	-----	-----	-----	-----
Other Units				
Factored	486	491	486	491
Feu Superior for Landscaping	802	802	802	802
	-----	-----	-----	-----
	1,288	1,293	1,288	1,293
	-----	-----	-----	-----
Total Units	9,281	9,015	9,102	8,832
	=====	=====	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2021

(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 2020	425,217,634	82,073,223	13,716,485	-	-	87,665,826	12,713,340	-	621,386,508
Schemes completed	36,997,049	(36,997,049)	-	-	-	449,087	(449,087)	-	-
Transfer to current assets	-	-	-	-	-	(73,867)	-	-	(73,867)
Reclassification	-	(126,388)	-	-	-	-	126,388	-	-
Additions	1,899,489	35,775,398	-	-	-	7,948,435	5,298,158	-	50,921,480
Disposals	(511,829)	(166)	(216,089)	-	-	(139,278)	(2,513)	-	(869,875)
At 31 March 2021	463,602,343	80,725,018	13,500,396	-	-	95,850,203	17,686,286	-	671,364,246
Depreciation									
At 1 April 2020	82,122,744	-	1,851,355	-	-	4,790,052	-	-	88,764,151
Charge for the year	6,632,095	-	125,977	-	-	1,115,849	-	-	7,873,921
Disposals	(417,653)	-	(13,150)	-	-	(513)	-	-	(431,316)
At 31 March 2021	88,337,186	-	1,964,182	-	-	5,905,388	-	-	96,206,756
Net Book Value At 31 March 2021	£375,265,157	£80,725,018	£11,536,214	£-	£-	£89,944,815	£17,686,286	£-	£575,157,490
Net Book Value At 31 March 2020	£343,094,890	£82,073,223	£11,865,130	£-	£-	£83,875,774	£12,713,340	£-	£532,622,357

Total expenditure on works to existing properties amounted to £12,469,223, for which no Social Housing Grants were received during the year. Of this, £1,400,315 was capitalised for the replacement of components, £8,447,609 capitalised for properties and infrastructure costs and £2,621,299 charged to the Statement of Comprehensive Income in the year. During the year £438,286 of development administration costs and interest of £746,583 were capitalised.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2021

(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 2020	425,217,634	82,073,223	13,716,485	-	-	85,498,249	12,713,340	-	619,218,931
Schemes completed	36,997,049	(36,997,049)	-	-	-	449,087	(449,087)	-	-
Reclassification	-	(126,388)	-	-	-	-	126,388	-	-
Additions	1,899,486	35,775,398	-	-	-	7,517,830	5,298,158	-	50,490,872
Disposals	(511,829)	(166)	(216,089)	-	-	(5,731)	(2,513)	-	(736,328)
At 31 March 2021	463,602,340	80,725,018	13,500,396	-	-	93,459,435	17,686,286	-	668,973,475
Depreciation									
At 1 April 2020	82,122,746	-	1,851,355	-	-	4,761,138	-	-	88,735,239
Charge for the year	6,632,095	-	125,977	-	-	1,073,209	-	-	7,831,281
Disposals	(417,653)	-	(13,150)	-	-	(254)	-	-	(431,057)
At 31 March 2021	88,337,188	-	1,964,182	-	-	5,834,093	-	-	96,135,463
Net Book Value at 31 March 2021	£375,265,152	£80,725,018	£11,536,214	£-	£-	£87,625,342	£17,686,286	£-	£572,838,012
Net Book Value at 31 March 2020	£343,094,888	£82,073,223	£11,865,130	£-	£-	£80,737,111	£12,713,340	£-	£530,483,692

Total expenditure on works to existing properties amounted to £16,740,202, for which no Social Housing Grants were received during the year. Of this, £1,294,644 was capitalised for the replacement of components, £8,122,671 capitalised for properties, and infrastructure costs and £7,322,887 charged to the statement of comprehensive income in the year. During the year £438,286 of development administration costs and interest of £746,583 were capitalised.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2021

(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 £	Other £	Total 2021 £	Total 2020 £
Cost or valuation										
At 1 April 2020	4,677,657	8,954,028	445,714	54,574	4,069,528	1,930,986	110,723	10,000	20,253,210	20,039,058
Additions in Year	-	-	-	-	247,689	183,402	-	-	431,091	560,301
Business Combination	-	-	-	-	-	-	-	-	-	611,786
Disposal	-	-	-	-	(93,917)	(83,233)	-	-	(177,150)	(957,935)
At 31 March 2021	4,677,657	8,954,028	445,714	54,574	4,223,300	2,031,155	110,723	10,000	20,507,151	20,253,210
Depreciation										
At 1 April 2020	1,106,531	1,973,254	395,799	52,069	3,196,698	1,335,611	101,424	-	8,161,386	7,586,732
Charge for Year	83,946	181,879	9,595	501	371,508	271,451	5,753	-	924,633	939,573
Disposal	-	-	-	-	(93,917)	(83,233)	-	-	(177,150)	(364,919)
At 31 March 2021	1,190,477	2,155,133	405,394	52,570	3,474,289	1,523,829	107,177	-	8,908,869	8,161,386
Net Book Value										
At 31 March 2021	£3,487,180	£6,798,895	£40,320	£2,004	£749,011	£507,326	£3,546	£10,000	£11,598,282	
Net Book Value										
At 31 March 2020	£3,571,126	£6,980,774	£49,915	£2,505	£872,830	£595,375	£9,299	£10,000	£12,091,824	

Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2021

(16) Association Tangible Fixed Assets - Other Fixed Assets

	Commercial Property £	Office Property £	Housing Furniture Equipment £	Supported Furniture Equipment £	Office Furniture Equipment £	Motor Vehicles £	Other £	Total 2021 £	Total 2020 £
Cost									
At 1 April 2020	4,677,658	8,334,237	445,716	54,574	3,565,715	28,054	10,000	17,115,954	16,438,943
Additions in Year	-	-	-	-	226,749	-	-	226,749	162,155
Business Combination	-	-	-	-	-	-	-	-	611,210
Disposal	-	-	-	-	(93,917)	-	-	(93,917)	(96,354)
At 31 March 2021	4,677,658	8,334,237	445,716	54,574	3,698,547	28,054	10,000	17,248,786	17,115,954
Depreciation									
At 1 April 2020	1,106,529	1,834,168	395,796	52,069	2,884,202	28,054	-	6,300,818	5,825,535
Charge for Year	83,946	163,314	9,595	501	308,400	-	-	565,756	571,637
Disposal	-	-	-	-	(93,917)	-	-	(93,917)	(96,354)
At 31 March 2021	1,190,475	1,997,482	405,391	52,570	3,098,685	28,054	-	6,772,657	6,300,818
Net Book Value									
At 31 March 2021	£3,487,183	£6,336,755	£40,325	£2,004	£599,862	£ -	£10,000	£10,476,129	
Net Book Value									
At 31 March 2020	£3,571,129	£6,500,069	£49,920	£2,505	£681,513	£ -	£10,000	£10,815,136	

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(17) Investments

	Consolidated		Association	
	2021	Restated 2020	2021	Restated 2020
	£	£	£	£
Investments - Subsidiaries				
At 1 April 2020	-	-	5,062,366	2,562,366
Additions in year	-	-	-	2,500,000
	-----	-----	-----	-----
At 31 March 2021	£ -	£ -	£5,062,366	£5,052,366
	=====	=====	=====	=====
Investments - Subsidiaries	£ -	£ -	£5,062,366	£5,062,366
	=====	=====	=====	=====
Investments – Homestake (see Note 37)	£570,784	£570,784	£570,784	570,784
	=====	=====	=====	=====
	£45,000	£45,000	£ -	£ -
	=====	=====	=====	=====
Investments – Investment property	=====	=====	=====	=====

(18) Stock

	Consolidated		Association	
	2021	2020	2021	2020
	£	£	£	£
Housing properties - completed	20,367,427	21,845,946	-	-
Stock	385,761	240,668	-	-
	-----	-----	-----	-----
	£20,753,188	£22,086,614	£ -	£ -
	=====	=====	=====	=====

(19) Debtors

	Consolidated		Association	
	2021	2020	2021	2020
	£	£	£	£
Rental Debtors	2,081,520	2,113,927	2,006,098	1,998,462
Provision for Bad Debts	(1,203,163)	(947,164)	(1,181,401)	(892,550)
	-----	-----	-----	-----
	878,357	1,166,763	824,697	1,105,912
Other Grants & HAG Receivable	3,426,556	2,915,947	3,426,556	2,915,947
Other Loan to Employee	3,476	4,321	3,476	4,321
VAT receivable	-	-	3,055	1,202
Other Debtors	3,516,617	2,505,319	1,673,144	1,454,876
Amounts due from Subsidiaries	-	-	269,277	554,312
	-----	-----	-----	-----
	£7,825,006	£6,592,350	£6,200,205	£6,036,570
	=====	=====	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(20) Creditors: amounts falling due within one year

	Consolidated		Association	
	2021	2020	2021	2020
	£	£	£	£
Prepaid Rents & Service Charges	777,569	719,747	773,133	661,658
Loan interest and Principal	1,250,171	2,250,828	1,250,171	2,249,843
Contracts for Capital Works	4,922,611	3,798,849	4,922,611	3,798,849
Other Taxation & Social Security	627,360	616,934	220,080	172,710
VAT Payable	12,320	5,871	12,320	5,871
Other Creditors	9,089,355	7,958,130	5,538,292	5,238,300
Due to Subsidiary	-	108,435	467,854	478,928
Homestake	217,555	217,555	217,555	217,555
Deferred Income	3,258,386	3,011,481	3,258,386	3,011,481
Deferred tax (see Note 23)	8,728	93,698	-	-
Other provisions	1,303,421	1,303,532	26,358	160,447
Pension Provision	21,541	20,914	4,199	4,077
Housing Loans (see Note 35)	41,625,721	1,062,397	26,000,000	1,000,000
	-----	-----	-----	-----
	£63,114,738	£21,168,371	£42,690,959	£16,999,719
	=====	=====	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

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

	Consolidated		Association	
	2021	Restated 2020	2021	Restated 2020
	£	£	£	£
Housing Loans	180,685,026	192,769,941	180,113,774	176,574,694
Non Housing Loans	461,233	461,233	461,233	461,233
Deferred Income	318,262,259	297,040,303	317,578,366	296,356,410
Derivative Financial Instruments	6,526,623	8,321,205	6,526,623	8,321,205
	-----	-----	-----	-----
Total	£505,935,141	£498,592,682	£504,679,996	£481,713,542
	=====	=====	=====	=====

Borrowings are repayable as follows:

	Consolidated		Association	
	2021	2020	2021	2020
	£	£	£	£
Housing Loans				
Within 1 Year	41,625,721	1,062,397	26,000,000	1,000,000
Between 1 & 2 Years	1,501,606	1,058,935	1,425,000	1,000,000
Between 2 & 5 Years	11,626,066	20,090,091	11,425,000	4,350,000
More than 5 Years	167,557,354	171,620,915	167,263,774	171,224,694
	-----	-----	-----	-----
	£222,310,747	£193,832,338	£206,113,774	£177,574,694
	=====	=====	=====	=====
Non Housing Loans				
Within 1 Year	-	-	-	-
Between 1 & 2 Years	-	-	-	-
Between 2 & 5 Years	-	-	-	-
More than 5 Years	461,233	461,233	461,233	461,233
	-----	-----	-----	-----
	£461,233	£461,233	£461,233	£461,233
	=====	=====	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(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 + 0.24%	01/10/2042	Interest only then capital & interest	13,726,851	13,726,851
Fixed 2.26%	31/7/2045	Interest only then capital & interest	24,733,600	24,733,600
Libor + 0.875%	31/7/2045	Interest only then capital & interest	(266,400)	(266,400)
Libor + 1.25%	17/08/2028	Interest only then bullet repayment	28,170,838	28,170,838
Libor + 0.24%	02/10/2037	Interest only then capital & interest	18,981,480	18,981,480
Fixed 5.193%	22/04/2038	Interest only then bullet repayment	34,660,637	34,660,637
Fixed 3.87% + 0.24%	01/10/2042	Interest only then capital & interest	4,995,422	4,995,422
Fixed 3.97% + 0.24%	01/10/2042	Interest only then capital & interest	4,995,141	4,995,141
Fixed 3.86%	25/01/2025	Interest only then bullet repayment	6,950,398	6,950,398
Fixed 3.33%	04/04/2034	Interest only then bullet repayment	9,949,654	9,949,654
Fixed 3.69%	04/04/2044	Interest only then bullet repayment	34,813,286	34,813,286
Fixed 3.76%	05/04/2049	Interest only then bullet repayment	9,945,940	9,945,940
Fixed 3.79%	04/10/2049	Interest only then bullet repayment	14,918,160	14,918,160
Fixed 5.89%	29/10/2021	Fully amortising	207,532	-
Fixed 5.88%	26/06/2030	Fully amortising	136,149	-
Libor + 1.75%	11/05/2032	Fully amortising	156,370	-
Libor + 0.7%	19/4/2025	Fully amortising	139,402	-
-	-	No fixed repayment	6,600	-
Fixed 4.0%	30/06/2020	Interest only then capital & interest	15,550,920	-
			-----	-----
			£222,771,980	£206,575,007
			=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

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

The deferred income balance is made up as follows:

	Homes (Scotland) Grants £	Other Housing Grants £	Homestake £	Other Grants £	Total £
Consolidated					
Deferred income as at 1 April 2020 – Restated (See Note 37)	289,697,978	8,815,944	570,784	967,078	300,051,784
Additional income received	24,624,578	240,411	-	-	24,864,989
Disposals	(117,417)	-	-	-	(117,417)
Released to Statement of Comprehensive Income	(3,106,057)	(129,317)	-	(43,337)	(3,278,711)
Deferred income as at 31 March 2021	£311,099,082	£8,927,038	£570,784	£923,741	£321,520,645
Association					
Deferred income as at 1 April 2020 – Restated (See Note 37)	289,069,380	8,815,942	570,784	911,785	299,367,891
Additional income received	24,624,578	240,411	-	-	24,864,989
Disposals	(117,417)	-	-	-	(117,417)
Transfer to stock	-				-
Released to Statement of Comprehensive Income	(3,106,057)	(129,317)	-	(43,337)	(3,278,711)
Deferred income as at 31 March 2021	£310,470,484	£8,927,036	£570,784	£868,448	£320,836,752

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

	Consolidated		Association	
	2021 £	Restated 2020 £	2021 £	Restated 2020 £
Due within 1 year	3,258,386	3,011,481	3,258,386	3,011,481
Due in 1 year or more	318,206,961	297,040,303	317,578,366	296,356,410
	£321,465,352	£300,051,784	£320,836,752	£299,367,891

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(22) Provisions for liabilities – Pension Provision

SFHA Pension	Consolidated		Association	
	2021 £	2020 £	2021 £	2020 £
Provision at 1 April 2020	775,000	7,663,014	688,000	6,149,680
Initial recognition of multi-employer defined benefit scheme	-	-	-	-
Unwinding of the discount factor (interest expense)	3,000	160,103	3,000	128,682
Deficit contribution paid	(1,365,672)	(1,408,117)	(1,130,075)	(1,166,362)
Remeasurements – impact of any change in assumptions	5,239,672	(5,640,000)	4,292,075	(4,424,000)
Net Pension Deficit at 31 March 2021	£4,652,000	£775,000	£3,853,000	£688,000
Due within 1 year	-	-	-	-
Due in more than 1 year	4,652,000	775,000	3,853,000	688,000
	£4,652,000	£775,000	£3,853,000	£688,000
	£16,604	£19,661	£16,604	£19,661
	£16,604	£19,661	£16,604	£19,661

Pension Trust's Growth Plan	Consolidated		Association	
	2021 £	2020 £	2021 £	2020 £
Provision at 1 April 2020	19,661	23,851	19,661	23,851
Unwinding of the discount factor (interest expense)	443	301	443	301
Deficit contribution paid	(4,067)	(3,958)	(4,067)	(3,958)
Remeasurements – impact of any change in assumptions	567	(533)	567	(533)
Remeasurements – amendments to the contribution schedule	-	-	-	-
Provision as 31 March 2021	£16,604	£19,661	£16,604	£19,661
Due within 1 year	4,199	4,077	4,199	4,077
Due in more than 1 year	12,405	15,584	12,405	15,584
	£16,604	£19,661	£16,604	£19,661

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(22) Provisions for liabilities – Pension Provision (continued)

YMCA	Consolidated		Association	
	2021	2020	2021	2020
	£	£	£	£
Provision at 1 April 2020	92,638	108,983	-	-
Pension remeasurement	80,189	-	-	-
Deficit contribution paid	(16,837)	(16,345)	-	-
	-----	-----	-----	-----
Provision as 31 March 2021	£155,990	£92,638	£ -	£ -
	=====	=====	=====	=====
Due within 1 year	17,342	16,837	-	-
Due in more than 1 year	138,648	75,801	-	-
	-----	-----	-----	-----
	£155,990	£92,638	£ -	£ -
	=====	=====	=====	=====

Summary of pension deficit funding liability

	Consolidated		Association	
	2021	2020	2021	2020
	£	£	£	£
Due within 1 year				
Pension Trust's Growth Plan	4,199	4,077	4,199	4,077
YMCA	17,342	16,837	-	-
	-----	-----	-----	-----
	£21,541	£20,914	£4,199	£4,077
	=====	=====	=====	=====
Due in more than 1 year				
Pension Trust's Growth Plan	12,405	15,584	12,405	15,584
YMCA	138,648	75,801	-	-
	-----	-----	-----	-----
	£151,053	£91,385	£12,405	£15,584
	=====	=====	=====	=====

(23) Provision for Deferred Taxation – Consolidated

	2021	2020
	£	£
Accelerated Capital Allowances	8,728	93,698
Tax losses carried forward	-	-
	-----	-----
Provision for deferred tax	£8,728	£93,698
	=====	=====
Provision at 1 April 2020	93,698	83,164
Underprovision from previous year	-	-
Deferred tax charge in profit & loss account	(84,970)	10,534
	-----	-----
Provision at 31 March 2021	£8,728	£93,698
	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(24) Financial Instruments

The carrying amounts of financial instruments are as follows:

	Consolidated		Association	
	2021	2020	2021	2020
	£	£	£	£
Financial Liabilities				
Measured at fair value through the Statement of Comprehensive Income				
- Derivative financial instruments (Note 21)	6,526,623	8,321,205	6,526,623	8,321,205
	-----	-----	-----	-----
	6,526,623	8,321,205	6,526,623	8,321,205
Measured at amortised cost				
- Bank loans (Note 21)	222,771,980	194,293,571	206,575,007	178,035,927
	-----	-----	-----	-----
	£229,298,603	£202,614,776	£213,101,630	£186,357,132
	=====	=====	=====	=====

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

	Consolidated		Association	
	2021	2020	2021	2020
Income and expense				
Financial liabilities measured at amortised cost	(£71,879)	(£39,311)	(£71,879)	(£39,311)
Net gains and (losses) (including changes in fair value)				
Financial liabilities measured at fair value through the Statement of Comprehensive income	£1,794,582	£(143,485)	£1,794,582	£(143,485)

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	
	2021	2020	2021	2020
Interest income	£12,737	£57,744	£127,489	£157,118
Interest expense	£7,109,726	£7,311,361	£6,462,255	£6,660,020

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

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(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.

Non-controlling Interest

The portion of equity in a subsidiary that is not attributable to the parent, Hillcrest Homes (Scotland) Limited.

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.

(26) Pensions

Retirement Benefits

(a) Pension Obligations - SFHA Pension Scheme

Hillcrest Homes (Scotland) Limited and its subsidiary Hillcrest Futures Limited participates in the Scottish Homes (Scotland)'s Pension Scheme ("the scheme"), a multi-employer scheme which provides benefits to some 150 non-associated employers. The scheme is a defined benefit scheme in the UK.

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 last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2018. This valuation revealed a deficit of £121m. A Recovery Plan has been put in place to eliminate the deficit which will run to either 30 September 2022 or 31 March 2023 (depending on funding levels) for the majority of employers, although certain employers have different arrangements.

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

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(26) Pensions (continued)

Retirement Benefits

(a) Pension Obligations - SFHA Pension Scheme

For financial years ending on or before 28 February 2019, it has not been possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward accounting year-ends from 31 March 2019 to 29 February 2020 inclusive. Similarly, actuarial valuations of the scheme was carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive., and as at 30 September 2020 to inform the liabilities for accounting year ends from 31 March 2021 to 28 February 2022 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

Defined Benefits assets and obligations

The assumptions that have the most significant effect on the valuation of Homes' and Hillcrest Future's defined benefit pension arrangement are those relating to the rate of return on investments and the rates of increases in salaries and pensions. The key actuarial assumptions at the 31 March 2021 were as follows:

	Hillcrest Futures Limited	Hillcrest Homes (Scotland) Limited
	% per annum	% per annum
Discount Rate	2.18%	2.15%
Inflation (RPI)	3.27%	3.29%
Inflation (CPI)	2.87%	2.86%
Salary Growth	3.87%	3.86%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

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

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(26) Pensions (continued)

Retirement Benefits

(a) Pension Obligations - SFHA Pension Scheme

Present Values of Defined Benefit Obligation, Fair Value of Assets and Defined Benefit Liability

	Consolidation		Homes	
	2021 (£000's)	2020 (£000's)	2021 (£000's)	2020 (£000's)
Fair value of plan assets	44,929	42,162	36,887	34,514
Present Value of defined benefit obligation	49,581	42,937	40,740	35,202
Deficit in plan	(4,652)	(775)	(3,853)	(688)
Unrecognised Surplus	-	-	-	-
Defined Benefit Liability to be recognised	(4,652)	(775)	(3,853)	(688)

Reconciliation of the Opening and Closing Balances of the Defined Benefit Obligation

	Consolidation 2021 (£000's)	Association 2021 (£000's)
Defined benefit obligation at start of period	42,937	35,202
Expenses	45	37
Interest Expense	995	817
Actuarial gains due to scheme experience	(439)	(373)
Actuarial gains due to changes in demographic assumptions	-	-
Actuarial gains due to changes in financial assumptions	8,288	6,769
Benefits paid and expenses	(2,245)	(1,712)
	-----	-----
Defined benefit obligation at end of period	49,581	40,740
	=====	=====

Reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets

	Consolidation 2021 (£000's)	Association 2021 (£000's)
Fair value of plan assets at start of period	42,160	34,514
Interest income	992	814
Experience on plan assets (excluding amounts included in interest income) - gain	2,610	2,104
Contributions by the employer	1,410	1,167
Benefits paid and expenses	(2,245)	(1,712)
	-----	-----
Fair value of plan assets at end of period	44,927	36,887
	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(26) Pensions (continued)

Retirement Benefits

(a) Pension Obligations - SFHA Pension Scheme

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2020 to 31 March 2021 for Hillcrest Homes and Hillcrest Futures was £2,918,000 and £684,000 respectively.

Defined Benefit Costs Recognised in Statement of Comprehensive Income

	Consolidation 2021 (£000's)	Association 2021 (£000's)
Expenses	45	37
Net interest expense	3	3
	-----	-----
Defined benefit costs recognised in statement of comprehensive income	48	40
	=====	=====

Defined Benefit Costs Recognised in Other Comprehensive Income

	Consolidation 2021 (£000's)	Association 2021 (£000's)
Experience on plan assets (excluding amounts included in interest income) - gain	2,610	2,104
Experience gains and losses arising on the plan liabilities – gain	439	373
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	-	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	(8,288)	(6,769)
	-----	-----
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain	(5,239)	(4,292)
	=====	=====
Total amount recognised in other comprehensive income – gain	(5,239)	(4,292)
	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(26) Pensions (continued)

Retirement Benefits

(a) Pension Obligations - SFHA Pension Scheme

<u>Assets</u>	Consolidation		Association	
	2021 (£000's)	2020 (£000's)	2021 (£000's)	2020 (£000's)
Global Equity	6,950	5,799	5,706	4,747
Absolute Return	2,214	2,589	1,818	2,119
Distressed Opportunities	1,536	770	1,261	630
Credit Relative Value	1,295	1,014	1,063	830
Alternative Risk Premia	1,803	3,379	1,480	2,766
Fund of Hedge Funds	-	-	-	-
Emerging Market Debts	1,811	1,499	1,487	1,227
Risk Sharing	1,605	1,335	1,318	1,093
Insurance-Linked Securities	939	1,131	771	926
Property	805	785	661	643
Infrastructure	2,509	2,486	2,060	2,035
Private Debt	1,058	836	869	684
Opportunistic Illiquid Credit	1,150	1,026	944	840
High Yield	1,178	-	967	-
Opportunistic Credit	1,228	-	1,008	-
Cash	16	-	13	-
Corporate Bond Fund	3,388	3,081	2,782	2,522
Liquid Credit	776	1,105	637	905
Long Lease Property	1,043	1,030	856	843
Secure Income	2,469	2,340	2,027	1,916
Over 15 Years Gilts	21	535	17	438
Liability Driven Investment	10,801	11,103	8,868	9,089
Net Current Assets	334	319	274	261
	-----	-----	-----	-----
Total Assets	£44,929	£42,162	£36,887	£34,514
	=====	=====	=====	=====

None of the fair values of the assets shown above include any direct investments in the employers own financial instruments or any property occupied by, or other assets used by, the employer.

(b) Pensions Trust's Growth Plan

Homes participates in the scheme, a multi-employer scheme which provides benefits to some 950 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.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(26) Pensions (continued)

Retirement Benefits

(b) Pensions Trust's Growth Plan

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 2017. This valuation showed assets of £794.9M, liabilities of £926.4M and a deficit of £131.5M. 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 2019 to 31 January 2025: £11,243,000 per annum
(payable monthly and increasing by 3% each on 1st April)

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

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 22.

	2021	2020
Assumption - the rate of discount - % per annum	0.66%	2.53%

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 Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(26) Pensions (continued)

Retirement Benefits

(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 £Nil (20120 - £Nil).

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 £17,342 per annum over the period to April 2029, accordingly this is shown as a liability in note 22 to these accounts. In addition, Cair Scotland is required to contribute £3,067 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 2020. 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 2.59% and 1.09% respectively, the increase in pensions in payment of 2.99% (for RPI capped at 5% p.a.), and the average life expectancy from normal retirement age (of 65) for a current male pensioner of 22.0 years, female 24.4 years to 23.7 years for a male pensioner and female 26.1 years, retiring in 20 years time. The result of the valuation showed that the actuarial value of the assets was £141.6m. This represented 79% of the benefits that had accrued to members.

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

The valuation prepared as at 1 May 2020 showed that the YMCA pension plan had a deficit of £36 million. Cair Scotland has been advised that it will need to make monthly contributions of £1,449 from 1 May 2021. 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 8 years commencing 1 May 2021.

(27) Legislative Provisions

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

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(28) Related Parties

For part of the previous financial year two members of the Committee of Management were also tenants of Homes. The tenancies were on the same terms as for other tenants and no advantage could be gained from the position. During this financial year, Committee members were charged rent totaling nil (2020 - £4,314). As at 31 March 2021 no amount (2020 – 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.

Leith Links NHT 2011 LLP

On 14 November 2014 Hillcrest Homes (Scotland), who are members of Leith Links NHT 2011 LLP, obtained a loan note for the amount of £1,089,000 which is repayable by Leith Links NHT 2011 LLP when the properties begin to be sold. It pays interest at 11% per annum and at 31 March 2021 interest payable stood at £119,790 (2020 – £119,790).

In addition to the interest charges, the profits achieved by the LLP are allocated to Hillcrest Homes (Scotland) Limited as the developer of the LLP. Movement to the members accounts are as follows;-

	2021		2020	
	Hillcrest £	CEC £	Hillcrest £	CEC £
Member remuneration	381,347	622,037	385,775	622,037
Drawings – Interest	(119,790)	(622,037)	(119,790)	(622,037)
	-----	-----	-----	-----
Profit allocation	£261,557	£-	£265,985	£-
	=====	=====	=====	=====

During the year Hillcrest Enterprises Limited, a charitable company wholly owned by Hillcrest Homes (Scotland) Limited, provided management, administrative and insurance services to Leith Links LLP which amounted to £228,744 (2020 - £227,279). During the year, major repairs to the units were carried out by Hillcrest Enterprises Limited at a total cost of £12,265 (2020: £21,905).

£11,045 was due to Hillcrest Enterprises Limited as at 31st March 2021 (2020 - £31,015) in relation to recharged expenses.

Leith Links LLP were due Hillcrest Homes (Scotland) Limited £Nil (2020 - £59,895) in relation to interest due on loans.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(28) Related Parties (continued)

Upper Dens Landscaping Limited

There were no material transactions between Hillcrest Homes (Scotland) Limited and its associated company Upper Dens Landscaping Limited.

(29) Subsidiaries Information

Details of the investments in which Hillcrest Homes 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
Hillcrest Futures Limited	Scotland	See Note 29 (a)	100%	Provides care & Support services
Hillcrest Maintenance Limited	Scotland	See Note 29 (a)	100%	Provision of maintenance services
Hillcrest Enterprises (2019) Limited	Scotland	See Note 29 (a)	100%	Dormant Company
Hillcrest Enterprises Limited	Scotland	See Note 29 (b)	100%	Provision of mid-market rented accommodation and rented accommodation for people with special needs
Cair Scotland	Scotland	See Note 29 (h)	100%	Provides services and support to services users with drug addictions
Leith Links NHT 2011 LLP	Scotland	See Note 29 (g)	50%	Provision of mid-market rented accommodation
Upper Dens Landscaping Limited	Scotland	See Note 29 (a) and Note 29 (f)	50%	Manages common ground
Explorer Heat Limited	Scotland	See Note 29 (a)	100%	Dormant since incorporation
Hillcrest Foundation	Scotland	See Note 29 (i)	50%	Wider role activities

- a) These subsidiaries and related undertakings are companies Limited by guarantee and do not have a share capital.
- b) These subsidiaries have a share capital.
- c) No company is unincorporated.
- d) Employees within Hillcrest have joint contracts of employment. Any time spent by an employee is recharged to the relevant group company.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(29) Subsidiaries Information (continued)

- e) Hillcrest Homes (Scotland) Limited is the ultimate parent company of the group.
- f) Hillcrest Homes (Scotland) 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

- g) Leith Links NHT 2011 LLP is a Limited Liability Partnership and is controlled by its member Hillcrest Homes (Scotland) Limited.
- h) Cair Scotland Limited is a 100% owned subsidiaries of Hillcrest Futures Limited.
- i) Hillcrest Foundation is a 100% owned charity of Hillcrest Homes (Scotland) Limited with 50% voting rights

(30) Capital Commitments

	2021 £	2020 £
Housing Properties Association		
Capital expenditure that has been contracted for but has not been provided for in the Financial Statements	£45,548,287 =====	£43,063,197 =====
Consolidation		
Capital expenditure that has been contracted for but has not been provided for in the Financial Statements	£45,703,205 =====	£43,063,197 =====

Capital expenditure for contracted costs will continue to September 2023.

Consolidation & Association

The estimated amount of contracts for capital expenditure authorised by Committee of Management which has not been contracted for	£25,357,024 =====	£24,564,506 =====
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Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

(30) Capital Commitments (continued)

Capital expenditure for authorised developments will continue to June 2024.

The amounts contracted for at 31st March 2021 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 Homes (Scotland) Limited

Should the Association decide to end participation in the SFHA Pension Scheme there would be a potential liability of £26,977,252, of which £3,853,000 relates to the scheme deficit contributions and has been included as a liability as at 31 March 2021. Should the Association decide to end participation in the SFHA Pension Trust Growth Plan there would be a potential liability of £43,754, of which £16,604 relates to the scheme deficit contributions and has been included as a liability as at 31 March 2021. There is no intention at present to cease membership of either pension scheme.

Hillcrest Futures Limited

Should the Company decide to end participation in the SFHA Pension Scheme there would be a potential liability of £6,109,479 payable, of which £799,000 relates to the scheme deficit contributions and has been included as a liability as at 31 March 2021. There is no intention at present to cease membership of the Pension scheme.

(32) Financial Commitments

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

	Consolidated		Association	
	2021	2020	2021	2020
	£	£	£	£
Property				
Less than one year	146,898	211,904	127,842	192,987
Between 1 – 5 years	373,009	429,594	372,073	407,573
Over 5 years	207,770	300,112	207,770	300,112
Plant & Machinery				
Less than one year	3,588	-	-	-
Between 1 – 5 years	-	7,282	-	-
Motor Vehicles				
Between 1 – 5 years	19,021	8,245	13,119	8,245

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(33) Goodwill

	2021	2020
Consolidated	£	£
As at 1 April 2020	38,420	46,105
Released to Statement of Comprehensive Income	(7,684)	(7,685)
	-----	-----
As at 31 March 2021	£30,736	£38,420
	=====	=====

(34) Business Acquisitions

On 1 April 2019 all of the original housing stock owned by Northern Housing Company Limited and all assets and liabilities was transferred to the parent company Hillcrest Homes (Scotland) Limited at nil consideration. All trading activities within Northern Housing Company Limited ceased from 1 April 2019 at which date they were transferred to Hillcrest Enterprises Limited.

This resulted in a gain on business combination of £22,616,886.

(35) Exceptional Item

Hillcrest Homes implemented a new rent harmonisation strategy during the year ended 31 March 2020 which involved combining rents and service charges into one rental income charge. With the abolishment of separate service charges, a one-time adjustment has been made to release the service charge equalisation debtor and creditor balances into the statement of comprehensive income – see Note 13 for details.

There was a further release of provision balances held, resulting in an overall net release of income of £2,404,053 to the statement of comprehensive income for the 2020 financial year.

Consolidated

During the financial year ending 31 March 2021, additional costs were incurred in relation to COVID-19. The costs related mainly to staff costs including, Furlough and shielding costs, additional PPE, cleaning and travel costs as the companies all worked through the pandemic. £1,170,317 costs are recognised for this financial year due to the unforeseen expenditure occurring as a direct result of Covid-19 lockdown restrictions being imposed and change in PPE requirements.

(36) Impairment of Stock

Consolidated

Following the sale of the 145 properties on 9th April 2021, in line with the accounting policy for stock valuation, the stock value has been reduced to reflect the agreed sales value to Hillcrest Homes (Scotland) Limited at £20.3M. This has resulted in a reduction in value to the stock at 31st March 2021 for £1,570,862.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2021

(37) Events after the end of the period

On 1st April 2021 Hillcrest Homes acquired Hunters Hall Housing Co-operative and all assets and liabilities at that date were transferred to Hillcrest Homes at nil consideration.

On 9th April 2021, the stock held in Leith Links NHT 2011 LLP was purchased in full by Hillcrest Homes.

(38) Prior Year Adjustment

The prior year adjustment takes into account the recognition of sales on Homestake properties that occurred in previous financial years. The adjustment reflects the reduced investment and respective HAG liability for those sales. There was no impact on the Statement of Comprehensive Income or Total Reserves for the Consolidated or Association's results.

