

Hillcrest Homes (Scotland) Limited

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

**Report and Consolidated Financial Statements for the Year Ended
31st March 2022**

Hillcrest Homes (Scotland) Limited
Report and Consolidated Financial Statements
for the year ended 31st March 2022

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Hillcrest Homes (Scotland) Limited

Members, Executives and Advisers

Governing Body

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) – resigned 22 December 2021
Mr. C. Robertson	(Elected)
Mr. C. Weir	(Elected) – resigned 1 September 2021
Mr. G Wilson	(Elected) – resigned 12 August 2021
Ms. A. Fyfe	(Elected) – appointed 12 August 2021
Mr. J. Lumsden	(Elected) – resigned 16 June 2022
Mr. T. Kirby	(Elected) – appointed 12 August 2021
Mr. D. Hogg	(Elected) – appointed 12 th August 2021
Mr. R. Burnett	(Elected) – appointed 12 th August 2021

Key Management Personnel

Group Chief Executive	Mrs. A. Linton
Deputy Chief Executive/Company Secretary	Ms. F. Morrison
Director of Finance	Mrs. L. Dryden
Director of Corporate Services	Ms. L. Don
Director of Development	Mr. D. Zwirlein – retired 31 July 2021
Director of Property	Mr. M. Percival
Director of Housing	Mr. B. Sander – retired 31 May 2022
Managing Director of Hillcrest Futures	Mrs. J. Dunlop
Managing Director of Hillcrest Enterprises	Mr. S. Dow – retired 13 June 2022

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 Canada

Solicitors

Thorntons WS
Whitehall House
33 Yeaman Shore
Dundee
DD1 4BJ

Miller Hendry
13 Ward Road
Dundee
DD1 1LU

Hillcrest Homes (Scotland) Limited
Report of the Governing Body
for the year ended 31st March 2022

The Governing Body presents their report and the audited Financial Statements for the year ended 31st March 2022.

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.

Governing Body and Executive Officers

The Governing Body, Executive Officers and Advisers of Hillcrest Homes are set out in pages 2 and 3. Each Member of the Governing Body 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 Governing Body.

Election to the Governing Body is contained within the rules. All Governing Body Members must be members of Hillcrest Homes. The maximum number of Governing Body Members is 15. Governing Body Members are elected at the Annual General Meeting. One-third of the Governing Body 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 Governing Body (continued)
for the year ended 31st March 2022

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. The company is planned to be removed from the Companies House and Charities register.

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 1 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 and is planned to be removed from the Companies House register.

Hillcrest Enterprises Limited (HE) 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. The property stock was sold to Hillcrest Homes (Scotland) Limited on 9 April 2021 and trading activities have ceased during the financial year 2021/22.

Cair Scotland Limited (CS) is a company limited by guarantee with charitable status and a wholly owned subsidiary of Hillcrest Futures. Cair Scotland Limited's 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 was set up to undertake the maintenance and servicing of the district heating system which is part of the Sailmaker development.

Hillcrest Foundation is a registered charity 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.

Hillcrest Homes (Scotland) Limited
Report of the Governing Body (continued)
for the year ended 31st March 2022

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.

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 Hillcrest to maintain both financial strength and growth within the group.

Operating performance

The financial year to 31st March 2022 continued to be challenging due to ongoing Covid restrictions being in place at the start of the financial year. As the UK eased out of these restrictions, there was a period of catch up in regards to the maintenance programme and developments progressing a bit faster. The delivery of the maintenance programme was impacted at the start of the year. Non-emergency work not able to be undertaken at the start of the year was caught up where possible in later months.

The delivery of the development programme has had some challenges with increasing material costs and supply shortages as well as labour shortages impacting contractors. This has had a clear impact on the completion of some sites. With inflation continuing to rise, this will be an area of review to monitor the costs of delivering the current programme.

Hybrid working for staff continued and is now part of the standard operational working week. It was recognised that with the new processes and systems in place to accommodate lockdown, customer service was maintained at a high level and not impacted by having staff work remotely.

Hillcrest Homes (Scotland) Limited
Report of the Governing Body (continued)
For the year ended 31st March 2022

Operating performance (continued)

The focus on rent collection continued throughout the financial year. The work undertaken throughout the pandemic and beyond to support tenants, enabling them to access further financial support has shown great results with rent arrears being at a manageable level at year end as well as a manageable level of bad debts. This will continue to be focused on as it is predicted fuel poverty in particular will impact a number of tenants.

There has been a continued considerable investment in the Business Transformation project throughout 2021/22. A number of key processes were automated to enable staff to have greater access to data to support their role enabling them to be more effective and efficient. All departments and companies processes within the Group will continue to be assessed with new processes implemented.

Financial Review

Hillcrest Homes, the parent company achieved an overall surplus of £7.6M in 2022, compared to a surplus of £4.1M in 2021. This excludes the actuarial adjustments on pension, exceptional items and business combinations. The results for Hillcrest Homes are reflected on page 23.

The pension scheme actuarial valuation reflected an overall gain between the 2 financial years of £6.8M. Adjustments to the pension scheme will continue to be included to reflect the fluctuating pension market and different assumptions used.

Turnover overall increased by £3.1M (7.6%) to £43.6M, (2021 - £1.8M, 4.6%) with rental and service charge income increasing by £3.1M (9.2%) (2021 - £1.7M, 5.2%).

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 ongoing substantial development programme being rolled out. Although Covid did restrict some development activity, the Association continued to deliver a high level of handovers in the financial year.

The Homes (group) position also reflected an increase in turnover of £1.3M (2.2%), (2021 - £3.6M, 6.2%). The results for Homes is reflected on page 22. Homes (group) achieved a surplus of £5.3M in 2022 (2021 - £6.2M). This excludes the actuarial adjustments on pension, exceptional items and business combinations.

The subsidiary company Hillcrest Futures actuarial pension gain was in line with Hillcrest Homes resulting in an overall gain of £8.3M between the 2 financial years.

The impact on income on the subsidiary companies as a result of restrictions easing for Covid-19 was noted. A substantial change is recognised in Hillcrest Maintenance in the financial year 2021/22. Turnover increased by £4.9M in 2021/22 to £13.7M as the company was able to deliver the maintenance programmes for both Hillcrest Homes and Hillcrest Enterprises. Hillcrest Futures income however, was reasonably static for the services retained. Any increased cost of delivery of services to projects due to Covid absence or Covid related costs was compensated by income received through the Covid costs reclaim scheme.

Hillcrest Homes (Scotland) Limited
Report of the Governing Body (continued)
For the year ended 31st March 2022

Financial Review (continued)

Hillcrest Homes made aggregate donations of £34,197 in the year to 31 March 2022.

There was continued extensive investment in new housing provision in 2021/22. There was an investment of £57.6M in housing development by Hillcrest Homes during the financial year ended 31 March 2022. To assist with this investment, £31.7M was received from Government grants with the balance met by private finance. The second £25M drawdown from the £50M new loan deal from Royal Bank of Scotland was received in 2021/22. The new loan was used to repay the Revolving Credit Facility, to enable the facility to be accessed to meet the lending requirements for the developing programme.

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 £8.7M was held in the bank by Hillcrest Homes, which will be used to finance development costs.

Growth

During the financial year to 31 March 2022, due to the level of development, Hillcrest Homes took into management a further 434 units. This included the purchase of 145 units at Sailmaker from the subsidiary Leith Links NHT 2011 Limited. The 434 units were a mixture of traditional social rented and mid-market rented property. Following the transfer of Hunters Hall on 1st April 2021 to Hillcrest Homes, a further 201 general needs units were also added to the stock numbers. Hillcrest Homes continues to have a healthy development programme with 1,423 units planned for development and purchase in the forthcoming 3-year period.

A detailed housing stock analysis is provided in Note 13.

Revenue Reserves

This reflects past years' activities and has to provide for the 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 £84.5M which the Governing Body believes to be adequate.

Additional information about the reserves is provided in Note 25.

Treasury Management

Hillcrest Homes Treasury function operates within a framework of clearly defined Governing Body approved policies and procedures. These serve to control the use of financial instruments and the Governing Body 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.

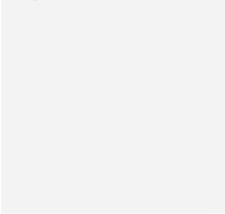
The investment activity undertaken by Hillcrest is prudent to try to maximise the returns on free funds.

Hillcrest Homes (Scotland) Limited
Report of the Governing Body (continued)
For the year ended 31st March 2022

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 2022/23.

By Order of the Governing Body



8th August 2022

Hillcrest Homes (Scotland) Limited
Strategic Report
For the year ended 31st March 2022

The Governing Body present their strategic report for the year ended 31 March 2022.

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 2025. 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

Hillcrest Homes embraces all areas of sustainability to reduce its carbon footprint. Detailed plans are being drafted for approval by the Governing Body around new developments, retrofitting of older stock, fuel replacement and active travel. Hillcrest will develop and embed the ESG standard over the next financial year and provide the Governing Body with a full report.

Hillcrest Homes also recognises its role in supporting sustainable communities. We do this through different initiatives in different parts of the organisation. Hillcrest Homes continues to provide dedicated energy advice support and guidance, tenancy sustainment services and benefit advice. Hillcrest has developed its apprenticeship programme across all companies. At March 22, there were 10 apprentices employed across the group with plans to increase this to 21 during the financial year to 31 March 23. Hillcrest Maintenance also offers work experience and work placements to school children. Hillcrest Futures continues to provide activities to service users through the Hubs for a range of activities including drama, arts and crafts, cycling and walking groups, bowling and cookery.

The Hillcrest Foundations activities increased during the financial year to March 2022. The Foundations aims are to 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.

Hillcrest Homes (Scotland) Limited
Strategic Report
For the year ended 31st March 2022

Sustainability and Corporate Responsibility (continued)

The initial couple of years from incorporation has focused on delivering projects within the group. The current strategy is to expand the access to these funds to external organisations, who are working within the communities that Hillcrest currently operate within.

To evaluate the level of social impact from the various projects Hillcrest provided or contributed to, a social impact measurement exercise was carried out to measure the amount of wellbeing delivered by a sample of projects that received funding throughout the financial year ended March 22 from Hillcrest Foundation or from external sources. The methodology used the Social Value Bank, which measures the improvements in an individual's wellbeing and produces a monetary value that the individual would require to experience the same improvement in wellbeing. The results from reviewing a varied number of projects noted that the value per £ funded ranged from £0.68 per £1 to £3.41 per £1, giving an overall average of £1.46.

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 embedded within a hybrid working model, this e-learning platform has continued to expand, offering additional options for remote learning to all staff.

Hillcrest has invested in an extensive leadership training course for all line managers over the past 2 financial years. The delivery of the course was delayed due to the pandemic, however the training course adapted to meet the hybrid method of working. The training course is focused on adapting to change and embedding the Hillcrest core values to ensure our leaders of today can continue to improve to be leaders for the future.

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.

Hillcrest Homes (Scotland) Limited
Strategic Report
For the year ended 31st March 2022

Employee Involvement (continued)

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 is 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.

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.

Tenancy Sustainment

A key priority for all our housing services is to help tenants sustain their tenancies and prevent homelessness. Our specialist teams proactively support tenants which has shown a positive impact on the rent arrears results, with the rent arrear performance being below the target for almost 2 years. With the rising cost of living and fuel poverty becoming a major issue with tenants, this area of support for the tenants will continue to be an area of priority throughout 2022/23. An overarching Tackling Poverty Together Strategy has been developed during 2021/22 to encompass all areas that impact on our tenants.

Tenant Involvement

Hillcrest Homes has a tenant involvement strategy, detailed action plan and now over 400 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 consultations or surveys. Our resident group, HART (Hillcrest Action for Residents & Tenants), focusses solely on scrutiny to help review services and suggest improvements or efficiencies. We also formally consult annually on our rent increase and undertake an annual satisfaction survey. This survey helps gather data from 500 tenants to measure satisfaction with both housing and repair services, value for money & rent affordability. In June 2022, we implemented a customer engagement survey platform which will increase tenant engagement and provide real time dashboard feedback so we can track our performance over time.

Hillcrest Homes (Scotland) Limited
Strategic Report
For the year ended 31st March 2022

Principal risks and uncertainties

The Governing Body monitor the overall risk profile of the Association. In addition, the Governing Body 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 Governing Body identify risks that are not acceptable, they develop action plans to mitigate them with clear allocation of responsibilities and timescales for completion and ensure that progress towards implementing these plans is monitored and reported upon.

Financial loss due to delays in contract handovers of new developments

Risk

There is a risk there will be further delays in development completions due to labour shortages and increasing material costs, due to rising inflation and shortages in material supplies. These issues have arisen following on from the delays impacted by the imposed Covid restrictions. If the delays in the completion of the contracts 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 an element of 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 continue to increase due to an unprecedented level of material demand globally and rising inflation. For some material costs, increases have been in the region of 20%.

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.

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.

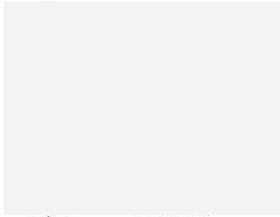
Hillcrest Homes (Scotland) Limited
Strategic Report
For the year ended 31st March 2022

Impact of Cyber Security Breach (continued)

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 plus accreditation in 2022/23.

By Order of the Governing Body



8th August 2022

Hillcrest Homes (Scotland) Limited
Statement of Governing Body's Responsibilities
for the year ended 31st March 2022

Housing Association legislation requires the Governing Body 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 Governing Body 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 Governing Body 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 Governing Body 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 Governing Body 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 Governing Body have taken all the steps that they ought to have taken to make themselves aware of that information.

Statement of Internal Financial Control

The Governing Body 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.

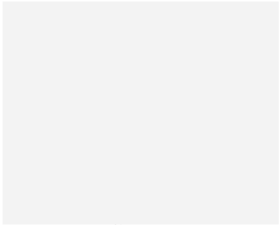
Such systems of internal financial control can only provide reasonable and not absolute assurance against material misstatement or loss.

Hillcrest Homes (Scotland) Limited
Statement of Governing Body's Responsibilities
for the year ended 31st March 2022 (continued)

Key procedures which the Governing Body 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 Governing Body Members, staff and agents.
- (2) A system of budgetary control is implemented with investigation of variances and reporting to the Governing Body on a quarterly basis.
- (3) A strategic plan and medium-term projections have been prepared and approved by the Governing Body. These are reviewed annually.
- (4) The Governing Body 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 Governing Body 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 Governing Body has reviewed the effectiveness of the system of internal financial controls in existence for the year ended 31 March 2022 and until 8 August 2022. 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.



8th August 2022

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 Governing Body'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 Governing Body 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 Governing Body

As explained more fully in the Governing Body's responsibilities statement, (set out on pages 15 and 16), the Governing Body 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 Governing Body 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 Governing Body 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 Governing Body 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 include, but are 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.

For and on behalf of Findlays
Chartered Accountants and Statutory Auditor
11 Dudhope Terrace
Dundee
DD3 6TS
8th August 2022

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 15 and 16 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.

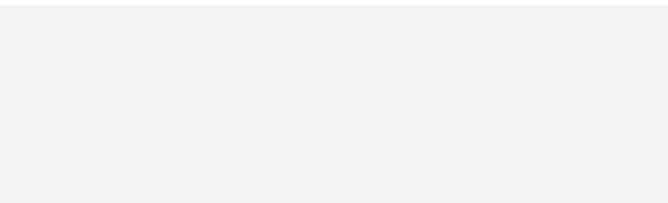
Basis of opinion

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 Governing Body and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Governing Body'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.



For and on behalf of Findlays
Chartered Accountants and Statutory Auditor
11 Dudhope Terrace
Dundee
DD3 6TS

8th August 2022

Hillcrest Homes (Scotland) Limited
Consolidated Statement of Comprehensive Income
for the year ended 31st March 2022

	<u>Notes</u>	2022 £	2021 £
Turnover	2(a)	61,920,682	60,609,252
Operating expenditure	2(a)	(52,699,580)	(49,134,006)
Operating surplus/(deficit)	11	9,221,102	11,475,246
Gain/(loss) on disposal of tangible fixed assets	4	342,782	116,490
Finance income	5	3,451	12,737
Finance costs	6	(6,904,092)	(7,113,179)
Pension remeasurement	7	8,597	(80,756)
Movement in fair value of financial instruments	24	2,807,725	1,794,582
Surplus/(deficit) before tax		£5,479,565	£6,205,120
Taxation	12	(141,778)	(15,785)
Surplus/(deficit) after tax		£5,337,787	£6,189,335
Exceptional item	34	(390,835)	(1,170,317)
Impairment of stock	35	-	(1,570,862)
Actuarial profits / (losses) in respect of pension scheme	21	3,039,591	(5,239,672)
Business Combination	33	3,012,486	-
Total comprehensive income for the year		£10,999,029	£(1,791,516)

Of the activities undertaken were continuing activities.

The notes on pages 32 to 73 form part of the Financial Statements

Hillcrest Homes (Scotland) Limited
Association Statement of Comprehensive Income
for the year ended 31st March 2022

	Notes	2022 £	2021 £
Turnover	2(a)	43,619,474	40,548,927
Operating expenditure	2(a)	(35,397,213)	(32,052,285)
Operating surplus/(deficit)	11	8,222,261	8,496,642
Gain/(loss) on disposal of tangible fixed assets	4	327,333	71,627
Return on Investment	16	3,035,868	-
Finance income	5	52,331	175,489
Finance costs	6	(6,871,221)	(6,465,701)
Pension remeasurement	7	8,597	(567)
Movement in fair value of financial instruments	24	2,807,725	1,794,582
Surplus before and after taxation for the year		£7,582,894	£4,072,072
Actuarial gain/(loss) in respect of pension scheme	21	2,467,000	(4,292,075)
Business Combination	34	3,012,486	-
Total comprehensive income for the year		£13,062,380 =====	£(220,003) =====

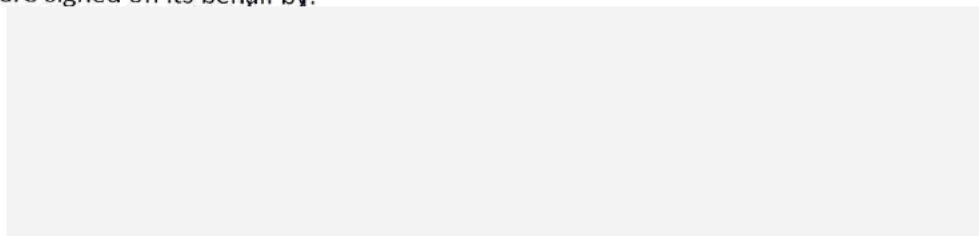
All income and expenditure derive from continuing activities.

The notes on pages 32 to 73 form part of the Financial Statements

Hillcrest Homes (Scotland) Limited
Association Statement of Financial Position as at 31st March 2022

	<u>Notes</u>	2022 £	2021 £
Fixed Assets			
Tangible fixed assets	14/15	639,390,252	583,314,141
Investments	16	2,982,892	5,633,150
		<u>642,373,144</u>	<u>588,947,291</u>
Current Assets			
Trade and other debtors	18	5,674,432	6,200,207
Cash and cash equivalents		8,718,105	22,431,342
		<u>14,392,537</u>	<u>28,631,549</u>
Less: Creditors: amounts falling due within one year	20	<u>(21,445,263)</u>	<u>(42,690,959)</u>
Net current Assets / (liabilities)		(7,052,726)	(14,059,410)
Total Assets Less Current Liabilities		635,320,418	574,887,881
Creditors: amounts falling due after more than one year	21	(555,494,493)	(504,679,996)
Pension – deficit funding liability	22	(2,475)	(12,405)
Pension – defined benefit liability	22	(418,600)	(3,853,000)
		<u>(555,915,568)</u>	<u>(508,545,401)</u>
Total net assets		£79,404,850	£66,342,480
Reserves			
Share capital		53	63
Income and expenditure reserve	25	79,404,797	66,342,417
		<u>£79,404,850</u>	<u>£66,342,480</u>

The Financial Statements on pages 22 to 73 were approved by the Governing Body on 8th August 2022 and were signed on its behalf by:

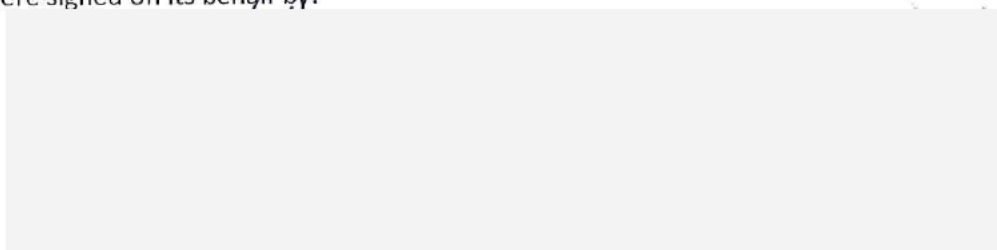


The notes on pages 32 to 73 form part of these financial statements

Hillcrest Homes (Scotland) Limited
Consolidated Statement of Financial Position as at 31st March 2022

	Notes	2022	2021
		£	£
Fixed assets			
Tangible fixed assets	14/15	642,949,246	586,755,773
Investments	16	527,892	615,784
		-----	-----
		643,477,138	587,371,557
Current assets			
Stock	17	457,611	20,753,188
Trade and other debtors	18	6,672,903	7,825,006
Short term investments	19	1,000,000	-
Cash and cash equivalents		17,366,577	32,096,990
		-----	-----
		25,497,091	60,675,184
Less: Creditors: amounts falling due within one year	20	(26,944,205)	(63,114,738)
		-----	-----
Net current liabilities		(1,447,114)	(2,439,554)
Total assets less current liabilities		642,030,024	584,932,003
Creditors: amounts falling due after more than one year	21	(556,297,629)	(505,935,141)
Pension – deficit funding liability	22	(120,967)	(151,053)
Pension – defined benefit liability	22	(418,600)	(4,652,000)
		-----	-----
		(556,837,196)	(510,738,194)
		-----	-----
Total net assets		£85,192,828	£74,193,809
		=====	=====
Reserves			
Share capital		53	63
Income and expenditure reserve	25	84,602,492	73,694,142
Restricted reserve	25	567,225	468,864
Negative goodwill	25	23,056	30,738
Non-controlling interest	25	2	2
		-----	-----
Total reserves		£85,192,828	£74,193,809
		=====	=====

The Financial statements on pages 22 to 73 were approved by the Governing Body on 8th August 2022 and were signed on its behalf by:



The notes on pages 32 to 73 form part of these financial statements

Hillcrest Homes (Scotland) Limited
 Association Statement of Changes in Reserves
 for the year ended 31st March 2022

	Share Capital £	Income & Expenditure Reserve £	Total £
At 31 March 2021 and 1 April 2021	63	66,342,417	66,342,480
Surplus for the year	-	4,547,026	4,547,026
Return on Investment	-	3,035,868	3,035,868
Actuarial gains/ (losses) in respect of pension scheme	-	2,467,000	2,467,000
Gain from business acquisition	-	3,012,486	3,012,486
Total comprehensive income	-	13,062,380	13,062,380
Share capital issued/cancelled	(10)	-	(10)
At 31 March 2022	£53	£79,404,797	£79,404,850

Hillcrest Homes (Scotland) Limited
 Consolidated Statement of Changes in Reserves
 for the year ended 31st March 2022

	Share Capital £	Income & Expenditure Reserve £	Restricted Reserve £	Non- Controlling Interest £	Negative goodwill £	Total £
At 31 March 2021 and 1 April 2021	63	73,694,142	468,864	2	30,738	74,193,809
Surplus for the year	-	5,337,787	-	-	-	5,337,787
Business combination	-	3,012,486	-	-	-	3,012,486
Exceptional item	-	(390,835)	-	-	-	(390,835)
Actuarial gains in respect of pension scheme	-	3,039,591	-	-	-	3,039,591
Total comprehensive income	-	10,999,029	-	-	-	10,999,029
Share capital issued/cancelled	(10)	-	-	-	-	(10)
Released to statement of comprehensive income	-	7,682	-	-	(7,682)	-
Transfer to/(from) designated reserve	-	(98,361)	98,361	-	-	-
At 31 March 2022	£53	£84,602,492	£567,225	£2	£23,056	£85,192,828

Hillcrest Homes (Scotland) Limited
Association Statement of Cash Flows
for the year ended 31st March 2022

	Notes	2022 £	2021 £
Net cash generated from operating activities	(Note i)	12,956,929	12,641,654
Cash flow from investing activities			
Purchase of tangible fixed assets		(60,595,774)	(49,593,859)
Proceeds from sale of tangible fixed assets		585,115	374,232
Proceeds from return on investments		5,598,233	-
Grants received		32,640,480	24,354,380
Grants repaid		(195,018)	(117,417)
Interest receivable		52,331	223,489
		(21,914,633)	(24,759,175)
Cash flow from financing activities			
Issue of share capital		3	2
Interest payable		(5,255,536)	(7,461,927)
New secured loans		32,500,000	55,000,000
Repayment of borrowings		(32,000,000)	(26,000,000)
		(4,755,533)	21,538,075
Net change in cash and cash equivalents		(13,713,237)	9,420,554
Cash flow from increase in debt		(500,000)	(29,000,000)
Cash and cash equivalents at 1 April 2021		(185,808,976)	(166,229,530)
Cash and cash equivalents at 31 March 2022		£(200,022,213)	£(185,808,976)

Hillcrest Homes (Scotland) Limited
Consolidated Statement of Cash Flows
for the year ended 31st March 2022

	Notes	2022	2021
		£	£
Net cash generated from operating activities	(Note i)	35,197,880	14,156,424
		-----	-----
Cash flow from investing activities			
Purchase of tangible fixed assets		(61,201,063)	(50,231,488)
Proceeds from sale of tangible fixed assets		678,320	477,812
Investment short term investment		(1,000,000)	-
Grants received		32,640,084	24,354,380
Grants repaid		(195,018)	(102,216)
Interest receivable		3,451	12,737
		-----	-----
		(29,074,226)	(25,488,775)
		-----	-----
Cash flow from financing activities			
Issue of share capital		3	2
Interest payable		(5,288,407)	(8,113,836)
New secured loans		32,500,000	55,157,402
Repayment of borrowings		(48,065,663)	(26,218,069)
		-----	-----
		(20,854,067)	20,825,499
		-----	-----
Net change in cash and cash equivalents		(14,730,413)	9,493,148
Cash flow from increase in debt		15,565,664	(28,939,333)
		-----	-----
Cash and cash equivalents at 1 April 2021		(192,340,305)	(172,894,120)
		-----	-----
Cash and cash equivalents at 31 March 2022		£(191,505,054)	£(192,340,305)
		=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Association Statement of Cash Flows
for the year ended 31st March 2022

Consolidated
Note i

Cash flow from operating activities	2022	2021
	£	£
Surplus/ (Loss) for year	9,221,102	11,475,246
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	6,458,799	5,597,080
Decrease/(increase) in stock	20,295,577	1,407,293
Decrease/(increase) in trade and other debtors	228,751	(722,049)
Increase/(decrease) in trade and other creditors	(612,690)	(401,716)
Shares cancelled	(13)	(10)
Decrease / (increase) in loan fair value	97,944	(460,920)
Taxation	(100,755)	-
Abortive costs	-	2,679
Impairment of stock and exceptional item	(390,835)	(2,741,179)
	-----	-----
	35,197,880	14,156,424
	=====	=====

Association
Note i

Cash flow from operating activities	2022	2021
	£	£
Surplus for the year	8,222,261	8,496,642
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	6,089,048	5,118,323
Decrease/(increase) in stock	-	-
Decrease/(Increase) in trade and other debtors	(397,575)	298,974
Increase/(decrease) in trade and other creditors	(1,054,736)	(810,576)
Shares cancelled	(13)	(10)
Decrease / (increase) in loan fair value	97,944	(460,920)
Abortive costs	-	2,679
	-----	-----
Net cash generated from operating activities	12,956,929	12,641,654
	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Association Statement of Cash Flows
for the year ended 31st March 2022

Consolidated – note ii
Analysis of changes in net debt

	At 1 April 2021	Cashflow	Other non-cash changes	At 31 March 2022
	£	£	£	£
Cash and cash equivalents:				
Cash at bank and in hand	<u>32,096,990</u>	<u>(14,730,413)</u>	-	<u>17,366,577</u>
Borrowings:				
Debt due within one year	(41,625,721)	48,065,664	(7,877,010)	(1,437,067)
Debt due after more than one year	<u>(182,811,574)</u>	<u>(32,500,000)</u>	<u>7,877,010</u>	<u>(207,434,564)</u>
	<u>(224,437,295)</u>	<u>15,565,664</u>	-	<u>(208,871,631)</u>
Total	<u>(192,340,305)</u>	<u>835,251</u>	-	<u>(191,505,054)</u>

Association – note ii
Analysis of changes in net debt

	At 1 April 2021	Cashflow	Other non-cash changes	At 31 March 2022
	£	£	£	£
Cash and cash equivalents:				
Cash at bank and in hand	<u>22,431,342</u>	<u>(13,713,237)</u>	-	<u>8,718,105</u>
Borrowings:				
Debt due within one year	(26,000,000)	32,000,000	(7,425,000)	(1,425,000)
Debt due after more than one year	<u>(182,240,318)</u>	<u>(32,500,000)</u>	<u>7,425,000</u>	<u>(207,315,318)</u>
	<u>(208,240,318)</u>	<u>(500,000)</u>	-	<u>(208,740,318)</u>
Total	<u>(185,808,976)</u>	<u>(14,213,237)</u>	-	<u>(200,022,213)</u>

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2022

(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 2022

(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 2022

(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 2022

(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 2022

(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 2022

(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 2022

(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 2022 are accounted for as an expense within the Statement of Comprehensive Income and respective creditor included within Note 19.

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

Pre-April 2014 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 25). 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 2022

(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.

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.

(t) Financial instruments

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

(u) Goodwill

Goodwill arising from the merger on 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 Governing Body exercise judgement in applying the Association's accounting policies.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2022

(1) (v) Significant Estimates (continued)

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.

(w) Short term investments

Funds held in short term deposit accounts for a term over 3 months are presented at their full deposited value with any interest accruing being included within debtors.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2022

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

	Turnover £	Operating Costs £	2022 Operating Surplus £	2021 Operating Surplus £
Continuing operations				
Affordable letting activities (Note 2b)	43,900,719	24,554,237	19,346,482	18,789,192
Other activities (Note 3)	18,019,963	28,145,343	(10,125,380)	(7,242,433)
	-----	-----	-----	-----
	61,920,682	52,699,580	9,221,102	11,546,759
Discontinued operations				
Other activities (Note 3)	-	-	-	(71,513)
	-----	-----	-----	-----
2022 - Total	£61,920,682	£52,699,580	£9,221,102	£11,475,246
	=====	=====	=====	=====
2021 - Total	£60,609,252	£49,134,006		
	=====	=====		

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

	Turnover £	Operating Costs £	2022 Operating Surplus £	2021 Operating Surplus £
Affordable letting activities (Note 2b)	40,249,806	31,228,490	9,021,316	9,648,180
Other activities (Note 3)	3,369,668	4,168,723	(799,055)	(1,151,525)
	-----	-----	-----	-----
2022 - Total	£43,619,474	£35,397,213	£8,222,261	£8,496,655
	=====	=====	=====	=====
2021 – Total	£40,548,927	£32,052,272		
	=====	=====		

Hillcrest Homes (Scotland) Limited

Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2022

2	(b) Consolidated Particulars of Turnover, Operating Costs and Operating Surplus or Deficit from Affordable Letting Activities	General Supported				Mid-market &		2022 Total £	2021 Total £
		Needs Housing £	Housing Accomm. £	Shared Ownership £	Held for Lease £	2022 Total £			
	Income from lettings								
	Rent receivable net of service charges	31,210,479	236,519	572,399	6,980,738	39,000,135	35,896,646		
	Service charges	1,559,080	36,754	25,440	479,176	2,100,450	2,413,841		
	Gross income from rents and service charges	32,769,559	273,273	597,839	7,459,914	41,100,585	38,310,487		
	Less voids	(786,035)	(3,261)	(36,414)	(251,341)	(1,077,051)	(847,253)		
	Net income from rents and service charges	31,983,524	270,012	561,425	7,208,573	40,023,534	37,463,234		
	Grants released from deferred income	3,359,047	-	42,920	212,369	3,614,336	3,267,487		
	Revenue grants from the Scottish Ministers	262,849	-	-	-	262,849	459,001		
	Total turnover	35,605,420	270,012	604,345	7,420,942	43,900,719	41,189,722		
	Expenditure on lettings								
	Management & maintenance administration costs	7,648,001	220,430	132,647	1,306,562	9,307,640	8,879,406		
	Service costs	1,946,996	16,854	12,715	564,525	2,541,090	2,542,375		
	Reactive & void maintenance costs	1,164,034	4,176	15,049	284,861	1,468,120	1,422,769		
	Planned, cyclical & major repairs costs	1,138,736	1,812	14,598	801,263	1,956,409	1,058,524		
	Bad debts – rents and service charges	(21,434)	-	-	32,911	11,477	523,189		
	Depreciation of affordable let properties	8,083,291	-	107,348	1,078,862	9,269,501	7,974,267		
	Operating costs	19,959,624	243,272	282,357	4,068,984	24,554,237	22,400,530		
	Operating surplus 2022	£15,645,796	£26,740	£321,988	£3,351,958	£19,346,482	£18,789,192		
	Operating surplus 2021	£14,555,146	£130,168	£309,302	£3,794,576				

Hillcrest Homes (Scotland) Limited

Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2022

2 (b) Association Particulars of Turnover, Operating Costs and Operating Surplus or Deficit from Affordable Letting Activities	General Housing		Supported Housing		Shared Ownership		Mid- Market & Held for Lease		2021 Total	
	£	£	£	£	£	£	£	£	£	£
Income from lettings										
Rent receivable net of service charges	31,187,344	253,772	572,399	3,485,652	35,499,167				31,963,251	
Service charges	1,558,570	36,754	25,440	73,448	1,694,212				2,007,492	
Gross income from rents and service charges	32,745,914	290,526	597,839	3,559,100	37,193,379				33,970,743	
LESS: Rent losses from voids	(781,083)	(3,261)	(36,414)	-	(820,758)				(670,416)	
Net income from rents and service charges	31,964,831	287,265	561,425	3,559,100	36,372,621				33,300,327	
Grants released from deferred income	3,359,047	-	42,920	212,369	3,614,336				3,267,487	
Revenue grants from Scottish Ministers	262,849	-	-	-	262,849				459,001	
Total turnover	35,586,727	287,265	604,345	3,771,469	40,249,806				37,026,815	
Expenditure on lettings										
Management & maintenance administration costs	7,860,030	214,023	133,147	803,524	9,010,724				8,343,603	
Service costs	3,076,523	17,625	12,715	70,437	3,177,300				3,294,653	
Reactive & Void maintenance costs	5,308,172	73	15,049	69,523	5,392,817				4,511,941	
Planned, cyclical & major repairs costs	4,429,364	2,649	14,598	33,111	4,479,722				2,810,946	
Bad debts – rents and service charges	(21,434)	-	-	-	(21,434)				486,558	
Depreciation of affordable let properties	8,083,291	-	107,348	998,722	9,189,361				7,930,934	
Impairment of affordable let properties	-	-	-	-	-				-	
Operating costs	28,735,946	234,370	282,857	1,975,317	31,228,490				27,378,635	
Operating surplus / (deficit) 2022	£6,850,781	£52,895	£321,488	£1,796,152	£9,021,316				£9,648,180	
Operating surplus / (deficit) 2021	£8,224,263	£33,577	£309,302	£1,081,038						

Hillcrest Homes (Scotland) Limited

Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2022

(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) 2022	Operating Surplus/ (deficit) 2021
	£	£	£	£	£	£	£	£	£
Continuing activities									
Wider role	-	195	-	-	195	-	-	195	243
Factoring	-	-	-	77,608	77,608	33,451	57,928	(13,771)	172
Uncapitalised development administration costs	742,174	-	-	-	742,174	-	1,012,867	(270,693)	(201,042)
Support activities	-	-	339,348	155,599	494,947	-	450,361	44,586	(135,436)
Care activities	-	-	15,545,887	239,549	15,785,436	-	15,423,256	362,180	1,551,483
Contracted out services undertaken for other organisations	-	-	-	38,570	38,570	-	15,744	22,826	(15,107)
Commercials	-	-	-	502,521	502,521	12,882	189,248	300,391	(1,227)
Central charges	-	-	-	-	-	-	1,378,027	(1,378,027)	(1,309,695)
Other activities	-	-	-	378,512	378,512	-	9,571,579	(9,193,067)	(7,131,824)
	742,174	195	15,885,235	1,392,359	18,019,963	46,333	28,099,010	(10,125,380)	(7,242,433)
Discontinued activities									
Other activities	-	-	-	-	-	-	-	-	(71,513)
2022 Total	£742,174	£195	£15,885,235	£1,392,359	£18,019,963	£46,333	£28,099,010	(£10,125,380)	(£7,313,946)
2021 Total	£835,639	£243	£16,160,410	£2,423,238	£19,419,530	£22,926	£26,710,550		

Hillcrest Homes (Scotland) Limited

Notes to the Consolidated Financial Statements (continued)
For the year ended 31st March 2022

(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) 2022	Operating Surplus/ (deficit) 2021
	£	£	£	£	£	£	£	£	£
Wider role	-	195	-	-	195	-	-	195	243
Factoring	-	-	-	77,608	77,608	33,451	57,928	(13,771)	172
Uncapitalised development administration costs	742,174	-	-	-	742,174	-	1,012,867	(270,693)	(201,042)
Support activities	-	-	339,348	155,599	494,947	-	450,361	44,586	(135,436)
Commercials	-	-	-	507,715	507,715	12,882	192,929	301,904	(32,044)
Central charges	-	-	-	1,378,027	1,378,027	-	1,378,027	-	-
Other activities	-	-	-	169,002	169,002	-	1,030,278	(861,276)	(783,418)
2022 Total	£742,174	£195	£339,348	£2,287,951	£3,369,668	£46,333	£4,122,390	£(799,055)	£(1,151,525)
2021 Total	£835,639	£243	£336,987	£2,349,243	£3,522,112	£21,906	£4,651,731		

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2022

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

	Proceeds from sales £	Cost of Sales £	2022 Profit / (Loss) on Sales £	Proceeds from sales £	2021 Profit / (Loss) on Sales £
Association					
Shared Ownership	599,125	271,792	327,333	285,000	71,627
	<u>£599,125</u>	<u>£271,792</u>	<u>£327,333</u>	<u>£285,000</u>	<u>£71,627</u>
Consolidated					
Shared Ownership	599,125	271,792	327,333	285,000	71,627
One off Sales	114,077	97,931	16,146	192,812	44,863
Sale of other fixed assets	5,932	6,629	(697)	-	-
	<u>£719,134</u>	<u>£376,352</u>	<u>£342,782</u>	<u>£477,812</u>	<u>£116,490</u>

(5) Finance Income

	Consolidated		Association	
	2022 £	2021 £	2022 £	2021 £
Interest receivable	3,451	12,737	4,331	127,489
Dividends receivable	-	-	48,000	48,000
	<u>£3,451</u>	<u>£12,737</u>	<u>£52,331</u>	<u>£175,489</u>

(6) Finance Costs

	Consolidation		Association	
	2022 £	2021 £	2022 £	2021 £
Interest payable	6,733,051	7,037,847	6,700,180	6,390,376
Other financing costs – income	-	-	-	-
Other financing costs – cost	97,945	71,879	97,945	71,879
Pension interest expense	73,096	3,453	73,096	3,446
	<u>£6,904,092</u>	<u>£7,113,179</u>	<u>£6,871,221</u>	<u>£6,465,701</u>

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 2022

(7) Pension Remeasurement

	Consolidated		Association	
	2022	2021	2022	2021
	£	£	£	£
Impact of changes in assumptions (Note 21)	8,597	(567)	8,597	(567)
Amendments to the contribution schedule (Note 21)	-	(80,189)	-	-
	£8,597	£(80,756)	£8,597	£(567)

(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	
	2022	2021	2022	2021
	£	£	£	£
The emoluments payable to key management personnel and former key management personnel amount to:-				
Emoluments excluding employers pension	1,009,715	808,873	630,673	652,496
Employers pension contributions	72,087	63,231	54,080	53,879
Total emoluments payable	£1,081,802	£807,104	£684,753	£706,375

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

Emoluments excluding employers pension	138,042	145,125	138,042	145,125
Employers pension contributions	12,072	11,988	12,072	11,988
Total emoluments payable	£150,114	£157,113	£150,114	£157,113

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

£60,001 - £70,000	2	1	1	1
£70,001 - £80,000	-	2	-	1
£80,001 - £90,000	6	4	4	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	1	1
£140,001 - £150,001	-	-	-	-

No emoluments were paid to any member of the Governing Body.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2022

(9) Employee Information

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

	Consolidated		Association	
	2022	2021	2022	2021
Office Staff	243	231	204	192
Wardens, Caretakers & Cleaners	34	37	34	37
Support Staff	792	780	-	-
Maintenance	166	154	12	15
	-----	-----	----	----
	1,235	1,202	250	244
	=====	=====	====	====
The average number of full time equivalent	1,138	912	222	219
	=====	=====	====	====

Staff Costs (including Key Management Personnel Emoluments):

	Consolidated		Association	
	2022	2021	2022	2021
	£	£	£	£
Wages and Salaries	25,691,641	25,259,074	7,618,078	7,422,317
Social Security Costs	2,194,756	2,129,008	753,539	737,010
Pension Costs	912,107	902,803	469,840	455,765
	-----	-----	-----	-----
	£28,798,504	£28,290,885	£8,841,457	£8,615,092
	=====	=====	=====	=====
Redundancy/termination payments included in above	£44,620	Nil	£44,620	Nil

(10) Investment Property

	2022	2021
	£	£
Valuation		
At 1 April 2021	45,000	45,000
Additions at cost	-	-
Loss on revaluation	-	-
	-----	-----
At 31 March 2022	£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:

	2022	2021
	£	£
Historic cost	£61,250	£61,250
	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2022

(11) Operating Surplus

Operating surplus is stated after charging:	Consolidated		Association	
	2022	2021	2022	2021
	£	£	£	£
Depreciation – Housing property	9,068,134	7,873,921	9,019,758	7,831,281
Depreciation – Disposals	201,367	100,346	169,603	99,653
Depreciation – Other fixed assets	894,572	924,633	524,756	565,756
Amortisation of grant	3,614,336	3,267,487	3,614,336	3,267,487
Operating lease – plant & Machinery	16,666	16,718	-	-
- other	199,354	-	272,327	132,468
- motor vehicles	12,340	12,117	12,340	12,117
External auditor's remuneration for all group companies (including VAT):-				
- In their capacity as auditors	62,212	50,440	28,426	21,767
- In respect of other services	666	2,832	-	2,832

(12) Tax on Profit On Ordinary Activities – Consolidated

	2022	2021
	£	£
Corporation tax at 19% (2021 – 19%)	87,603	100,755
Terminal loss provisions	-	-
Under-provision	-	-
Deferred tax	54,175	(84,970)
	£141,778	£15,785
	=====	=====

(13) Housing Stock Analysis

	Consolidated		Association	
	2022	2021	2022	2021
General Housing Needs	7,035	6,574	7,007	6,544
Supported Housing Accommodation	211	207	207	203
Shared Ownership	206	213	206	213
Mid-Market	1,024	999	1,024	854
	8,476	7,993	8,444	7,814
	-----	-----	-----	-----
Other Units				
Factored	486	486	486	486
Feu Superior for Landscaping	800	802	800	802
	1,286	1,288	1,286	1,288
	-----	-----	-----	-----
Total Units	9,762	9,281	9,730	9,102
	=====	=====	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2022

(14) Consolidated Tangible Fixed Assets – Housing Properties

	Housing Properties Held for Letting	Housing Properties Under Construction	Shared Ownership Held for Letting	Shared Ownership Under Construction	Held for Letting Supported	Held for Letting For Lease	Held for Lease under Construction	Mid-Market Held for Letting	Total
	£	£	£	£	£	£	£	£	£
Cost or valuation									
At 1 April 2021	463,602,343	80,725,018	13,500,396	-	-	95,850,203	17,686,286	-	671,364,246
Schemes completed	33,267,382	(33,267,382)	-	-	-	5,383,407	(5,383,407)	-	-
Business acquisition	3,882,390	-	-	-	-	-	-	-	3,882,390
Reclassification	1,373,298	-	-	-	(1,373,298)	-	-	-	-
Additions	4,305,983	28,863,715	-	-	20,636,801	8,330,202	-	-	62,136,703
Disposals	(1,393,064)	-	(273,817)	-	(61,764)	-	-	-	(1,728,645)
At 31 March 2022	505,038,332	76,321,351	13,226,579	-	120,435,349	20,633,081	-	-	735,654,692
Depreciation									
At 1 April 2021	88,337,186	-	1,964,182	-	-	5,905,388	-	-	96,206,756
Charge for the year	7,817,862	-	107,348	-	-	1,128,902	-	-	9,054,112
Disposals	(1,218,504)	-	(16,035)	-	-	(1,666)	-	-	(1,236,205)
At 31 March 2022	94,936,544	-	2,055,495	-	7,032,624	-	-	-	104,024,663
Net Book Value At 31 March 2022	£410,101,788	£76,321,351	£11,171,084	£-	£113,402,725	£20,633,081	£-	£-	£631,630,029
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

Total expenditure on works to existing properties amounted to £28,367,312, for which £11,389,968 Social Housing Grants were received during the year. Of this, £3,602,841 was capitalised for the replacement of components, £21,617,098 capitalised for properties and infrastructure costs and £3,424,529 charged to the Statement of Comprehensive Income in the year. During the year £1,269,246 of development administration costs and interest of £681,494 were capitalised.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2022

(14) 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 2021	463,602,340	80,725,018	13,500,396	-	-	93,459,435	17,686,286	-	668,973,475
Schemes completed	33,267,382	(33,267,382)	-	-	-	5,383,407	(5,383,407)	-	-
Reclassification	1,373,298	-	-	-	-	(1,373,298)	-	-	-
Transfer of engagement	3,882,390	-	-	-	-	-	-	-	3,882,390
Additions	4,305,986	28,863,715	-	-	-	20,377,677	8,330,202	-	61,877,580
Disposals	(1,393,064)	-	(273,817)	-	-	-	-	-	(1,666,881)
At 31 March 2022	505,038,332	76,321,351	13,226,579	-	-	117,847,221	20,633,081	-	733,066,564
Depreciation									
At 1 April 2021	88,337,188	-	1,964,182	-	-	5,834,093	-	-	96,135,463
Charge for the year	7,898,002	-	107,348	-	-	998,722	-	-	9,004,072
Disposals	(1,218,506)	-	(16,035)	-	-	-	-	-	(1,234,541)
At 31 March 2022	95,016,684	-	2,055,495	-	-	6,832,815	-	-	103,904,994
Net Book Value at 31 March 2022	£410,021,648	£76,321,351	£11,171,084	£-	£-	£111,014,406	£20,633,081	£-	£629,161,570
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

Total expenditure on works to existing properties amounted to £34,556,198, for which Social Housing Grants of £11,389,968 were received during the year. Of this, £3,497,170 was capitalised for the replacement of components, £21,186,490 capitalised for properties, and infrastructure costs and £9,872,539 charged to the statement of comprehensive income in the year. During the year £1,269,246 of development administration costs and interest of £681,494 were capitalised.

Hillcrest Homes (Scotland) Limited

Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2022

(15) 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		
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
Cost or valuation																			
At 1 April 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									
Reclassification	-	-	(5,418)	-			5,418	-											
Additions in Year	-	2,502	-	-	297,268	278,470	-	-	578,240	431,091									
Business Combination	-	33,418	-	-	11,816	-	-	-	45,234	-									
Disposal	-	(1,400)	-	-	(167,038)	(77,346)	-	-	(245,784)	(177,150)									
At 31 March 2022	4,677,657	8,988,548	445,714	54,574	4,359,928	2,232,279	116,141	10,000	20,884,841	20,507,151									
Depreciation																			
At 1 April 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									
Reclassification	-	-	-	-	(608)	-	608	-											
Charge for Year	83,946	190,000	7,452	401	331,201	278,677	2,895	-	894,572	924,633									
Disposal	-	(1,400)	-	-	(159,071)	(77,346)	-	-	(237,817)	(177,150)									
At 31 March 2022	1,274,423	2,343,733	412,846	52,971	3,645,811	1,725,160	110,680	-	9,565,624	8,908,869									
Net Book Value																			
At 31 March 2022	£3,403,234	£6,644,815	£32,868	£1,603	£714,117	£507,119	£5,461	£10,000	£11,319,217	£11,319,217									
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	£11,598,282									

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2022

(15) Association Tangible Fixed Assets - Other Fixed Assets

	Commercial Property £	Office Property £	Housing Furniture Equipment £	Supported Furniture Equipment £	Office Furniture Equipment £	Motor Vehicles £	Other £	Total 2022 £	Total 2021 £
Cost									
At 1 April 2021	4,677,658	8,334,237	445,716	54,574	3,698,547	28,054	10,000	17,248,786	17,115,954
Additions in Year	-	-	-	-	232,072	-	-	232,072	226,749
Business Combination	-	33,418	-	-	11,816	-	-	45,234	-
Disposal	-	-	-	-	(120,138)	-	-	(120,138)	(93,917)
At 31 March 2022	4,677,658	8,367,655	445,716	54,574	3,822,297	28,054	10,000	17,405,954	17,248,786
Depreciation									
At 1 April 2021	1,190,475	1,997,482	405,391	52,570	3,098,685	28,054	-	6,772,657	6,300,818
Charge for Year	83,946	171,301	7,452	401	261,653	-	-	524,753	565,756
Disposal	-	-	-	-	(120,138)	-	-	(120,138)	(93,917)
At 31 March 2022	1,274,421	2,168,783	412,843	52,571	3,240,200	28,054	-	7,177,272	6,772,657
Net Book Value									
At 31 March 2022	£3,403,237	£6,189,872	£32,873	£1,603	£582,097	£ -	£10,000	£10,228,682	
Net Book Value									
At 31 March 2021	£3,487,183	£6,336,755	£40,325	£2,004	£599,862	£ -	£10,000	£10,476,129	

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2022

(16) Investments

	Consolidated		Association	
	2022	2021	2022	2021
	£	£	£	£
Investments - Subsidiaries				
At 1 April 2021	-	-	5,062,366	5,062,366
Release of investment	-	-	(2,562,366)	-
	-----	-----	-----	-----
At 31 March 2022	£ -	£ -	£2,500,000	£5,062,366
	=====	=====	=====	=====
Investments - Subsidiaries	£ -	£ -	£2,500,000	£5,062,366
	=====	=====	=====	=====
Investments – Homestake (see Note 37)				
At 1 April 2021	570,784	570,784	570,784	570,784
Disposals in year	(87,892)	-	(87,892)	-
	-----	-----	-----	-----
At 31 March 2022	£482,892	£570,784	£482,892	£570,784
	=====	=====	=====	=====
Investment - Homestake	£482,892	£570,784	£482,892	£570,784
	=====	=====	=====	=====
Investments – Investment property	£45,000	£45,000	£ -	£ -
	=====	=====	=====	=====

During the year to 31 March 2022, Hillcrest Homes purchased the entirety of Leith Links' properties. Ultimately leaving Leith Links with no asset base and having the intention to cease in the 2022/23 financial year.

Hillcrest Homes have received the excess funds after repayment of all liabilities which totals £5,598,233. As Leith Links no longer retained any assets capable of producing income, it was deemed that the investment in Leith Links has been fully realised, and as such the return on the investment is noted as the amount received over and above the original investment cost.

Surpluses distributed	£5,598,233
Original cost of investment	(£2,562,365)

Return on investment	£3,035,868
	=====

(17) Stock

	Consolidated		Association	
	2022	2021	2022	2021
	£	£	£	£
Housing properties - completed	-	20,367,427	-	-
Stock	457,611	385,761	-	-
	-----	-----	-----	-----
	£457,611	£20,753,188	£ -	£ -
	=====	=====	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2022

(18) Debtors

	Consolidated		Association	
	2022	2021	2022	2021
	£	£	£	£
Rental Debtors	1,632,506	2,081,520	1,585,941	2,006,095
Provision for Bad Debts	(457,108)	(1,203,163)	(454,701)	(1,181,401)
	1,175,398	878,357	1,131,240	824,697
Other Grants & HAG Receivable	2,503,206	3,426,556	2,503,206	3,426,556
Other Loan to Employee	9,873	3,476	9,873	3,476
VAT receivable	-	-	-	3,055
Other Debtors	2,984,426	3,516,617	1,909,484	1,673,146
Amounts due from Subsidiaries	-	-	120,629	269,277
	£6,672,903	£7,825,006	£5,674,432	£6,200,207

(19) Short term investments

Consolidated

	2022	2021
	£	£
Cash held on fixed term deposits	<u>1,000,000</u>	<u>-</u>
	<u>1,000,000</u>	<u>-</u>

(20) Creditors: amounts falling due within one year

	Consolidated		Association	
	2022	2021	2022	2021
	£	£	£	£
Prepaid Rents & Service Charges	893,933	777,569	893,933	773,133
Loan interest and Principal	2,792,760	1,250,171	2,792,760	1,250,171
Contracts for Capital Works	6,436,489	4,922,611	6,436,489	4,922,611
Other Taxation & Social Security	449,107	627,360	183,304	220,080
VAT Payable	475	12,320	475	12,320
Other Creditors	9,669,253	9,089,355	5,340,488	5,538,292
Due to Subsidiary	-	-	536,044	467,854
Homestake	217,555	217,555	217,555	217,555
Deferred Income	3,613,940	3,258,386	3,613,940	3,258,386
Deferred tax (see Note 23)	62,902	8,728	-	-
Other provisions	1,349,149	1,303,421	3,856	26,358
Pension Provision	21,575	21,541	1,419	4,199
Housing Loans (see Note 21)	1,437,067	41,625,721	1,425,000	26,000,000
	£26,944,205	£63,114,738	£21,445,263	£42,690,959

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2022

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

	Consolidated		Association	
	2022	2021	2022	2021
	£	£	£	£
Housing Loans	205,405,961	180,685,026	205,286,718	180,113,774
Non Housing Loans	461,233	461,233	461,233	461,233
Deferred Income	346,711,537	318,262,259	346,027,644	317,578,366
Derivative Financial Instruments	3,718,898	6,526,623	3,718,898	6,526,623
	-----	-----	-----	-----
Total	£556,297,629	£505,935,141	£555,494,493	£504,679,996
	=====	=====	=====	=====

Borrowings are repayable as follows:

	Consolidated		Association	
	2022	2021	2022	2021
	£	£	£	£
Housing Loans				
Within 1 Year	1,437,067	41,625,721	1,425,000	26,000,000
Between 1 & 2 Years	1,462,796	1,501,606	1,450,000	1,425,000
Between 2 & 5 Years	11,505,392	11,626,066	11,462,175	11,425,000
More than 5 Years	192,437,773	167,557,354	192,374,543	167,263,774
	-----	-----	-----	-----
	£206,843,028	£222,310,747	£206,711,718	£206,113,774
	=====	=====	=====	=====
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 2022

(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	13,727,775	13,727,775
Fixed 2.26%	31/7/2045	Interest only then capital & interest	24,746,753	24,746,753
Libor + 1.70%	31/7/2045	Interest only then capital & interest	24,740,954	24,740,954
Libor + 0.875%	17/08/2028	Interest only then bullet repayment	4,709,226	4,709,226
Libor + 0.24%	02/10/2037	Interest only then capital & interest	17,983,102	17,983,102
Fixed 5.193%	22/04/2038	Interest only then bullet repayment	34,673,841	34,673,841
Fixed 3.87% + 0.24%	01/10/2042	Interest only then capital & interest	4,995,617	4,995,617
Fixed 3.97% + 0.24%	01/10/2042	Interest only then capital & interest	4,995,347	4,995,347
Fixed 3.86%	25/01/2025	Interest only then bullet repayment	6,962,175	6,962,175
Fixed 3.33%	04/04/2034	Interest only then bullet repayment	9,952,721	9,952,721
Fixed 3.69%	04/04/2044	Interest only then bullet repayment	34,818,525	34,818,525
Fixed 3.76%	05/04/2049	Interest only then bullet repayment	9,947,060	9,947,060
Fixed 3.79%	04/10/2049	Interest only then bullet repayment	14,919,855	14,919,855
Fixed 5.88%	26/06/2030	Fully amortising	124,710	-
-	-	No fixed repayment	6,600	-
			----- £207,304,261 =====	----- £207,172,951 =====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2022

(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 2021	311,099,084	8,927,036	570,784	923,741	321,520,645
Additional income received	31,717,130	-	-	-	31,717,130
Disposals	(195,018)	-	(87,892)	-	(282,910)
Transfer of engagement Released to Statement of Comprehensive Income	984,948 (3,462,329)	- (109,163)	- -	- (42,844)	984,948 (3,614,336)
Deferred income as at 31 March 2022	£340,143,815	£8,817,873	£482,892	£880,897	£350,325,477
	=====	=====	=====	=====	=====
Association					
Deferred income as at 1 April 2021	310,470,484	8,927,036	570,784	868,448	320,836,752
Additional income received	31,717,130	-	-	-	31,717,130
Disposals	(195,018)	-	(87,892)	-	(282,910)
Transfer of engagement Released to Statement of Comprehensive Income	984,948 (3,462,329)	- (109,163)	- -	- (42,844)	984,948 (3,614,336)
Deferred income as at 31 March 2022	£339,515,215	£8,817,873	£482,892	£825,604	£349,641,584
	=====	=====	=====	=====	=====

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

	Consolidated		Association	
	2022 £	2021 £	2022 £	2021 £
Due within 1 year	3,613,940	3,258,386	3,613,940	3,258,386
Due in 1 year or more	346,711,537	318,206,961	346,027,644	317,578,366
	£350,325,477	£321,465,352	£349,641,584	£320,836,752
	=====	=====	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2022

(22) Provisions for liabilities – Pension Provision

SFHA Pension	Consolidated		Association	
	2022 £	2021 £	2022 £	2021 £
Provision at 1 April 2021	4,652,000	775,000	3,853,000	688,000
Transfer of engagement	150,000	-	150,000	-
Unwinding of the discount factor (interest expense)	88,000	3,000	73,000	3,000
Deficit contribution paid	(1,431,809)	(1,365,672)	(1,190,400)	(1,130,075)
Remeasurements – impact of any change in assumptions	(3,063,591)	(5,239,672)	(2,467,000)	4,292,075
Unrecognised surplus	24,000	-	-	-
Net Pension Deficit at 31 March 2022	£418,600	£4,652,000	£418,600	£3,853,000
Due within 1 year	-	-	-	-
Due in more than 1 year	418,600	4,652,000	418,600	3,853,000
	£418,600	£4,652,000	£418,600	£3,853,000

Pension Trust's Growth Plan	Consolidated		Association	
	2022 £	2021 £	2022 £	2021 £
Provision at 1 April 2021	16,604	19,661	16,604	19,661
Unwinding of the discount factor (interest expense)	96	443	96	443
Deficit contribution paid	(4,209)	(4,067)	(4,209)	(4,067)
Remeasurements – impact of any change in assumptions	(90)	567	(90)	567
Remeasurements – amendments to the contribution schedule	(8,507)	-	(8,507)	-
Provision as 31 March 2022	£3,894	£16,604	£3,894	£16,604
Due within 1 year	1,419	4,199	1,419	4,199
Due in more than 1 year	2,475	12,405	2,475	12,405
	£3,894	£16,604	£3,894	£16,604

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2022

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

YMCA	Consolidated		Association	
	2022	2021	2022	2021
	£	£	£	£
Provision at 1 April 2021	155,990	92,638	-	-
Pension remeasurement	-	80,189	-	-
Deficit contribution paid	(17,342)	(16,837)	-	-
Provision as 31 March 2022	£138,648	£155,990	£ -	£ -
Due within 1 year	20,156	17,342	-	-
Due in more than 1 year	118,492	138,648	-	-
	£138,648	£155,990	£ -	£ -

Summary of pension deficit funding liability

	Consolidated		Association	
	2022	2021	2022	2021
	£	£	£	£
Due within 1 year				
Pension Trust's Growth Plan	1,419	4,199	1,419	4,199
YMCA	20,156	17,342	-	-
	£21,575	£21,541	£1,419	£4,199
Due in more than 1 year				
Pension Trust's Growth Plan	2,475	12,405	2,475	12,405
YMCA	118,492	138,648	-	-
	£120,967	£151,053	£2,475	£12,405

(23) Provision for Deferred Taxation – Consolidated

	2022	2021
	£	£
Accelerated Capital Allowances	8,728	8,728
Tax losses carried forward	-	-
Provision for deferred tax	£8,728	£8,728
Provision at 1 April 2021	8,728	93,698
Underprovision from previous year	-	-
Deferred tax charge in profit & loss account	54,175	(84,970)
Provision at 31 March 2022	£62,903	£8,728

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2022

(24) Financial Instruments

The carrying amounts of financial instruments are as follows:

	Consolidated		Association	
	2022	2021	2022	2021
	£	£	£	£
Financial Liabilities				
Measured at fair value through the Statement of Comprehensive Income				
- Derivative financial instruments (Note 20)	3,718,898	6,526,623	3,718,898	6,526,623
	-----	-----	-----	-----
	3,718,898	6,526,623	3,718,898	6,526,623
Measured at amortised cost				
- Bank loans (Note 20)	207,304,261	222,771,980	207,172,951	206,575,007
	-----	-----	-----	-----
	£211,023,159	£229,298,603	£210,891,849	£213,101,630
	=====	=====	=====	=====

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

	Consolidated		Association	
	2022	2021	2022	2021
Income and expense				
Financial liabilities measured at amortised cost	(£97,945)	(£71,879)	(£97,945)	(£71,879)
Net gains and (losses) (including changes in fair value)				
Financial liabilities measured at fair value through the Statement of Comprehensive income	£2,807,725	£1,794,582	£2,807,725	£1,794,582

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	
	2022	2021	2022	2021
Interest income	£3,451	£12,737	£4,331	£127,489
Interest expense	£6,904,091	£7,109,726	£6,798,125	£6,462,255

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 2022

(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 2022

(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 each year. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2021. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2022 to 28 February 2023 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 2022 were as follows:

	Hillcrest Futures Limited	Hillcrest Homes (Scotland) Limited
	% per annum	% per annum
Discount Rate	2.79%	2.79%
Inflation (RPI)	3.54%	3.62%
Inflation (CPI)	3.17%	3.21%
Salary Growth	4.17%	4.21%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2022	21.6
Female retiring in 2022	23.9
Male retiring in 2042	22.9
Female retiring in 2042	25.4

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2022

(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				
	2022	Consolidation 2021	2022	Homes 2021
	(£000's)	(£000's)	(£000's)	(£000's)
Fair value of plan assets	46,885	44,929	38,855	36,887
Present Value of defined benefit obligation	47,280	49,581	39,274	40,740
Deficit in plan	(395)	(4,652)	(419)	(3,853)
Unrecognised Surplus	(24)	-	-	-
Defined Benefit Liability to be recognised	(419)	(4,652)	(419)	(3,853)

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

	Consolidation 2022	Association 2022
	(£000's)	(£000's)
Defined benefit obligation at start of period	50,980	42,139
Expenses	47	39
Interest Expense	1,078	891
Actuarial gains due to scheme experience	596	431
Actuarial gains due to changes in demographic assumptions	162	137
Actuarial gains due to changes in financial assumptions	(3,727)	(3,014)
Benefits paid and expenses	(1,856)	(1,349)
Defined benefit obligation at end of period	47,280	39,274

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

	Consolidation 2022	Association 2022
	(£000's)	(£000's)
Fair value of plan assets at start of period	46,178	38,136
Interest income	990	818
Experience on plan assets (excluding amounts included in interest income) - gain	95	21
Contributions by the employer	1,478	1,229
Benefits paid and expenses	(1,856)	(1,349)
Fair value of plan assets at end of period	46,885	38,855

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2022

(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 2021 to 31 March 2022 for Hillcrest Homes and Hillcrest Futures was £839,000 and £246,000 respectively.

Defined Benefit Costs Recognised in Statement of Comprehensive Income

	Consolidation 2022 (£000's)	Association 2022 (£000's)
Expenses	47	39
Net interest expense	88	73
	-----	-----
Defined benefit costs recognised in statement of comprehensive income	135	112
	=====	=====

Defined Benefit Costs Recognised in Other Comprehensive Income

	Consolidation 2022 (£000's)	Association 2022 (£000's)
Experience on plan assets (excluding amounts included in interest income) - gain	95	21
Experience gains and losses arising on the plan liabilities – gain	(596)	(431)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	(162)	(137)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	3,727	3,014
	-----	-----
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain	3,064	2,467
	=====	=====
Total amount recognised in other comprehensive income – gain	3,064	2,467
	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2022

(26) Pensions (continued)

Retirement Benefits

(a) Pension Obligations - SFHA Pension Scheme

<u>Assets</u>	Consolidation		Association	
	2022	2021	2022	2021
	(£000's)	(£000's)	(£000's)	(£000's)
Global Equity	9,270	6,950	7,682	5,706
Absolute Return	2,149	2,214	1,781	1,818
Distressed Opportunities	1,681	1,536	1,393	1,261
Credit Relative Value	1,504	1,295	1,246	1,063
Alternative Risk Premia	1,937	1,803	1,605	1,480
Emerging Market Debts	1,745	1,811	1,446	1,487
Risk Sharing	1,529	1,605	1,267	1,318
Insurance-Linked Securities	982	939	814	771
Property	1,215	805	1,007	661
Infrastructure	2,926	2,509	2,425	2,060
Private Debt	1,180	1,058	978	869
Opportunistic Illiquid Credit	1,554	1,150	1,288	944
High Yield	456	1,178	378	967
Opportunistic Credit	163	1,228	135	1,008
Cash	130	16	108	13
Corporate Bond Fund	2,964	3,388	2,456	2,782
Liquid Credit	300	776	249	637
Long Lease Property	1,351	1,043	1,120	856
Secure Income	2,505	2,469	2,076	2,027
Over 15 Years Gilts	19	21	16	17
Liability Driven Investment	11,345	10,801	9,402	8,868
Current Hedging	(171)	-	(142)	-
Net Current Assets	151	334	125	274
	-----	-----	-----	-----
Total Assets	£46,885	£44,929	£38,855	£36,887
	=====	=====	=====	=====

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 6380 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 2022

(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 2020. This valuation showed assets of £800.3M, liabilities of £831.9M and a deficit of £31.6M. 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 2022 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.

	2022	2021
Assumption - the rate of discount - % per annum	2.35%	0.66%

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 2022

(26) Pensions (continued)

Retirement Benefits

(c) Cair Scotland – YMCA pension

The charity operates a defined contribution pension plan for its employees. As there were no employees during both financial years, the amount recognised as an expense in the year was £Nil (2021 - £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 £20,156 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 £4,078 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 7 years commencing 1 May 2022.

(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 2022

(28) Related Parties

During the year one member of the Governing Body was also a tenant of Homes. The tenancy is on the same terms as for other tenants and no advantage could be gained from the position. During this financial year, Governing Body members were charged rent totaling £5,016 (2021 - nil). As at 31 March 2022 no amount (2021 – nil) was due to the Association.

Where members of the Governing Body 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. The properties were sold to Hillcrest Homes (Scotland) Limited on 9th April 2021. The loan note paid interest at 11% per annum and at 31 March 2022 interest payable stood at £2,954 (2021 – £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:-

	Hillcrest	2022 CEC	Hillcrest	2021 CEC
	£	£	£	£
Member remuneration	(587,162)	15,338	381,347	622,037
Drawings – Interest	(2,954)	(15,338)	(119,790)	(622,037)
Trading Profit allocation	(590,116)	-	261,557	-
Impairment of Stock	-	-	(1,575,325)	-
Profit / (Loss) allocation	£(590,116)	£-	£(1,313,768)	£-

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 £4,907 (2021 - £228,744). During the year, major repairs to the units and certification of the work was carried out by Hillcrest Enterprises Limited at a total cost of Nil (2021: £12,265).

On 31st March 2022 Leith Links LLP were due to Hillcrest Homes (Scotland) Limited £3,263 (2021 – £Nil) in relation to recharges of expenses. During the year, major repairs to the units and certification of the work was carried out by Hillcrest Homes at a total cost of £594,205 (2021: £Nil). Leith Links LLP were also due Hillcrest Enterprises Limited £442 (2021 - £11,045) in relation to recharged expenses and rent payments.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2022

(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 2022

(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

	2022	2021
	£	£
Housing Properties Association		
Capital expenditure that has been contracted for but has not been provided for in the Financial Statements	£46,144,925 =====	£45,548,287 =====
Consolidation		
Capital expenditure that has been contracted for but has not been provided for in the Financial Statements	£46,154,871 =====	£45,703,205 =====
Capital expenditure for contracted costs will continue to September 2023.		
Consolidation & Association		
The estimated amount of contracts for capital expenditure authorised by Governing Body which has not been contracted for	£25,357,024 =====	£25,357,024 =====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2022

(30) Capital Commitments (continued)

Capital expenditure for authorised developments will continue to February 2025. The amounts contracted for at 31st March 2022 will be funded by Scottish Ministers, financed from private loans or met from the Association's reserves.

	2022	2021
	£	£
Other Assets – Consolidated & Association		
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	£2,800,000 =====	£ - =====

(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 £17,008,507 of which £419,000 relates to the scheme deficit contributions and has been included as a liability as at 31 March 2022. Should the Association decide to end participation in the SFHA Pension Trust Growth Plan there would be a potential liability of £45,942, of which £3,894 relates to the scheme deficit contributions and has been included as a liability as at 31 March 2022. 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 £3,667,394 payable, of which £Nil relates to the scheme deficit contributions and has been included as a liability as at 31 March 2022. 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	
	2022	2021	2022	2021
	£	£	£	£
Property				
Less than one year	184,925	146,898	250,683	127,842
Between 1 – 5 years	492,363	373,009	492,363	372,073
Over 5 years	184,685	207,770	184,685	207,770
Plant & Machinery				
Less than one year	11,974	3,588	-	-
Between 1 – 5 years	16,677	-	-	-
Motor Vehicles				
Between 1 – 5 years	1,217	19,021	1,217	13,119

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2022

(33) Goodwill

	2022	2021
Consolidated	£	£
As at 1 April 2021	30,736	38,420
Released to Statement of Comprehensive Income	(7,684)	(7,684)
	-----	-----
As at 31 March 2022	£23,052	£30,736
	=====	=====

(34) Business Acquisitions

On 1 April 2021 all assets and liabilities of Hunters Hall Housing Co-operative were transferred to the Hillcrest Homes (Scotland) Limited at nil consideration. All trading activities within Hunters Hall Housing Co-operative ceased from 1 April 2021 at which date they also transferred to Hillcrest Homes (Scotland) Limited.

This resulted in a gain on business combination of £3,012,486.

(35) Exceptional Item

Consolidated

During the two financial years ending 31 March 2022, 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. £390,835 (2021-£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 as noted within Leith Links NHT 2011 LLP financial statements, in line with the accounting policy of 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 31 March 2021 for £1,570,862.