

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 2025

Hillcrest Homes (Scotland) Limited
Report and Consolidated Financial Statements
for the year ended 31st March 2025

	Page
Members, Executives and Advisers	2 - 3
Report of the Governing Body	4 - 8
Strategic Report	9 - 13
Statement of the Governing Body's responsibilities	14 - 15
Report of the Auditors	16 - 18
Report of the Auditors on Corporate Governance Matters	20
Statements of Comprehensive Income	21 - 22
Statements of Financial Position	23 - 24
Statements of Changes in Reserves	25 - 26
Statements of Cash Flows	27 - 31
Notes to the Financial Statements	31 - 69

Hillcrest Homes (Scotland) Limited

Members, Executives and Advisers

Governing Body

Mr. D. Boyle	Chairperson
Mr. P. Shepherd	Operations Sub Committee Convenor
Ms. A. Fyfe	Audit & General Purposes Sub Committee Convenor
Ms. J. Roberts	(Elected) – resigned 15/08/2024)
Mr. C. Robertson	(Elected)
Mr. D. Hogg	(Elected)
Mr. R. Burnett	(Elected)
Mr. S. Qadar	(Elected)
Prof. M. McMurdo	(Elected)
Mr. E. Jones	(Elected)
Mr. S. Elder	(Elected)
Mr. B. Matheson	(Casual Vacancy) – appointed 19/11/2024

Key Management Personnel

Chief Executive	Mrs A. Linton
Deputy Chief Executive	Ms. F. Morrison
Company Secretary	Ms. L. Don (appointed 1 April 2024)
Director of Corporate Services	Ms. L. Don
Director of Finance and Property	Mr. M. Percival
Director of Hillcrest Futures	Mr. J. Booth

Registered Office

1 Explorer Road
Dundee
DD2 1EG

Auditors

External Auditor

CT Audit Limited
Chartered Accountants &
Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL

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

Virgin Bank
Jubilee House
Gosforth
Newcastle upon Tyne
NE3 4PL

Solicitors

Thorntons WS
Whitehall House
33 Yeaman Shore
Dundee
DD1 4BJ

Harper McLeod
The Ca'd'oro
45 Gordon Street
Glasgow
G1 3PE

Hillcrest Homes (Scotland) Limited
Report of the Governing Body
for the year ended 31st March 2025

The Governing Body presents their report and the audited Financial Statements for the year ended 31st March 2025.

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 (FRS 102)*, the Statement of Recommended Practice for Registered Social Landlords 2018 and comply with the Registered Social Landlords Determination of Accounting Requirements 2024.

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 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
Report of the Governing Body (continued)
for the year ended 31st March 2025

Principal Activities (continued)

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 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.

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.

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.

Home for Aged and Infirm (Ferry House) is a registered charity of which Hillcrest Homes is the controlling member. Ferry House provides a residential home for care. Ferry House closed on the 31st March 2024 to all residents. The property will be transferred to Hillcrest Homes with plans being drawn up for approval and the building re-purposed for affordable housing.

Hillcrest Homes (Scotland) Limited
Report of the Governing Body (continued)
for the year ended 31st March 2025

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;

- | | |
|-------------------|--|
| <i>Excellence</i> | Demonstrate determination and purpose to deliver the best outcomes for the people we support. |
| <i>Inclusion</i> | Value and appreciate the contribution of others and be an effective team member. |
| <i>Innovation</i> | Willing to make things better, by developing new ideas or by doing things differently and be open to change. |
| <i>Respect</i> | 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 2025 was very challenging. Increasing inflation and increasing bank base interest rates has had a significant adverse impact to costs and surplus levels. The new development programme was also adversely impacted due to increasing construction costs and contractor resource difficulties. This has delayed the handover of some new developments and reduced 2024/25 rental income.

Hybrid working for staff is now firmly embedded across the organisation and new processes and systems are in place to allow staff to work remotely and continue to deliver a high quality service.

There continued to be a very high focus on rent collection throughout the financial year. The work undertaken throughout the pandemic and beyond to support tenants, enabling them to access further financial support continues to show great results with low rent arrears and bad debt write off costs reducing. This will continue to be a priority focus, reducing levels of fuel poverty and cost of living difficulties.

Hillcrest Homes (Scotland) Limited
Report of the Governing Body (continued)
for the year ended 31st March 2025

Operating performance (continued)

There continues to be a considerable investment in Business Transformation and a new Head of Innovation and Improvement was appointed to lead the Business Transformation, IT and Sustainability Teams. All department and company processes within the Group will continue to be assessed, existing processes streamlined, and new processes implemented as required.

Financial Review

Hillcrest Homes, the parent company, achieved an overall surplus of £2.0M in 2025, compared to a surplus of £1M in 2024. This excludes the actuarial adjustments on pension, exceptional items and business combinations. The results for Hillcrest Homes are reflected on page 22.

The pension scheme actuarial valuation reflected an overall gain between the two financial years of £0.3M. Adjustments to the pension scheme will continue to be included to reflect the fluctuating pension market and different assumptions used.

Turnover overall increased by £6.1m (12%) to £57.9M, (2024 - £51.9M) with rental and service charge income increasing by £4.6M (11%) (2024- £3.5M).

Additional information on the breakdown of turnover is provided in the Notes 2 and 3 of the Financial Statements. The above inflation increase in turnover is attributed to the ongoing substantial development programme being rolled out and 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 £8.0M (11%), (2024 - £3.9M) The results for Homes (group) is reflected on page 21. Homes (group) achieved a surplus of £2.3M in 2025 (2024 - £1M). This excludes the actuarial adjustments on pension, exceptional items and business combinations.

Subsidiary income levels were broadly in line with Budget. Each of the subsidiaries managed the adverse impact of increasing inflation and costs and reported a surplus / profit for 2024-25 in line with or ahead of Budget.

Hillcrest Homes made aggregate donations of £10,000 in the year to 31 March 2025.

There was continued extensive investment in new housing provision in 2024/25. There was an investment of £40.5M in housing development by Hillcrest Homes during the financial year ended 31 March 2025. To assist with this investment, £18.2M was received from Government grants with the balance met by private finance.

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 £6.8M was held in the bank by Hillcrest Homes, which will be used to finance development costs.

Hillcrest Homes (Scotland) Limited
Report of the Governing Body (continued)
for the year ended 31st March 2025

Future Review

Hillcrest reviewed the borrowing facilities in 2024 and secured further funding of £60 million in the year to March 2024. To date approximately £18m of this has been drawn down and this will cover the year to 31 March 2026. This included fixing a number of longer term deals to provide financial stability and certainty in interest rate payments. Future projections, particularly after year 1 of the business planning forecasts show increased surpluses and a more stable financial outlook. Hillcrest Homes works closely with all Local Authority Partners in the preparation of the SHiP to maximise grant allocation for the ongoing development programme.

Growth

During the financial year to 31 March 2025, due to the level of development, Hillcrest Homes took into management a further 280 units. In the forthcoming 3 years, it is anticipated that there will be a further 500 of handovers.

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 £89.2M which the Governing Body believes to be adequate but not excessive.

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.

Auditors

CT Audit Limited are auditors to the Association after being appointed in the year after tendering exercise.

By Order of the Governing Body

D. Boyle
Chairperson



Hillcrest Homes (Scotland) Limited
Strategic Report
For the year ended 31st March 2025

The Governing Body present their strategic report for the year ended 31 March 2025.

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 2028. 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 and subsidiary entities embrace all areas of sustainability and transitioning to a low carbon future. To date two ESG Reports have been prepared with the principal aim to see continuous improvement every year. A full ESG framework is in place across the organisation with a working group fully supporting and delivering on this. We have adopted the Sustainability Reporting Standard for Social Housing (SRS) which is central to our approach in this area and demonstrating our ESG credentials. Our 'Net Zero Strategy' is in the process of being drafted with the aim of this being approved by the Hillcrest Homes Governing Body in the next few months.

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. 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 Foundation's activities increased during the financial year to March 2025. The Foundation's aims are to provide an opportunity to support external community initiatives and build on our Corporate Social Responsibility. The Foundation enables 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 2025

Sustainability and Corporate Responsibility (continued)

The initial couple of years from incorporation has focused on delivering projects within the group. Over the last two years, the Foundation was open to external bids and 20 bids from external organisations were supported to the amount of £108k (2024: £118k)

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.

Hillcrest Homes is in the process of implementing an Organisational Development model to support the business to achieve its organisational strategy and objectives. The Organisational Development model will ensure that the work being carried out across the business aligns with our goals, supports our recruitment and retention strategy, centralises data driven decision making and enables the business to prepare the workforce for the future through succession planning, workforce planning and staff development.

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 2025

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 which is embedded in the decision-making processes within the organisation and applied consistently. Hillcrest has also published a Modern Slavery Statement in compliance with Section 54 of the Modern Slavery Act 2015. The organisation has established an Equality, Diversity and Inclusion Action Group to further review our statutory requirements. The primary requirement is to ensure that there is no discrimination or less favourable treatment on the grounds of any protected characteristic, this being, Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Belief or Religion, Sex and Sexual Orientation. The EDI strategy specifically sets out our commitment to ensuring equality within all levels of the organisation. This means we treat our people equally without discrimination.

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 arrears performance being below the target for almost two years. Energy prices have begun to stabilise, and inflation is starting to fall. Through our Tackling Poverty Together Strategy, we will continue to focus on, working with our most vulnerable tenants, to sustain tenancies and achieve positive outcomes

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 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 and rent affordability.

Hillcrest Homes (Scotland) Limited
Strategic Report
For the year ended 31st March 2025

Principal risks and uncertainties

The Governing Body monitor the overall risk profile of the Association and Group. In addition, the Governing Body is responsible for determining clear policies as to what the Association and Group considers to be acceptable levels of risk. The Governing Body review the risk appetite for Hillcrest Homes on an annual basis, taking into account the operating environment, strategic objectives and financial stability. 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 risk 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

Hillcrest are working with partners to expedite handovers in accordance with contracts, taking into account extensions or time awarded. Revised financial projections and continuous review to assess impact. Reports are considered by the Operations Sub-Committee quarterly and Governing Body 6-monthly.

Financial impact due to increase in interest levels

Risk

There is a risk that continued increased interest rate levels will have a negative financial impact on the Association due to the level of variable rate loans that the Association holds.

Mitigation

Hillcrest has a number of fixed rate loans in place. Discussions ongoing with financial advisors. Financial projections continue to be revised, providing a clearer indication on the impact to enable key decisions to be made on how to progress.

Data and information risk due to system failures and misconfigurations of cyber security

Risk

There is a risk that system failures, vulnerabilities in configuration in security tools and systems used could result in the Association being susceptible to a cyber-attack.

Mitigation

Hillcrest has several measures and controls in place including some of the following vulnerability assessments, cybersecurity insurance, continuous security testing and firewall management. Hillcrest is a member of the Cyber and Fraud Centre Scotland and has introduced new threat intelligence software 'Checkpoint' to detect sophisticated phishing and malware threats.

Hillcrest Homes (Scotland) Limited
Strategic Report
For the year ended 31st March 2025

Strategic delivery risk due to reduction in housing supply programme

Risk

There is a risk that the reduction in the housing supply programme with the Scottish Government results in Hillcrest not being able to continue to build and expand sustainable communities.

Mitigation

Hillcrest collaborates with local authorities and the Scottish Government to ensure our development projects are prioritised. We are actively campaigning for longer term funding positions to be made clearer to allow future planning.

Major change risk due to retiral of Chief Executive

Risk

There is a risk that considerable knowledge and experience of the housing sector and the history of Hillcrest is lost with the retiral of the Chief Executive.

Mitigation

A robust recruitment and interview process was put in place to ensure the best candidate was appointed. A comprehensive induction process and handover has been completed to ensure the new Chief Executive has all appropriate information transferred.

Financial Risk due to government rent controls

Risk

There is a financial risk to the organisation due to the government imposed rent controls in the mid-market housing sector.

Mitigation

Development of mid-market properties has been paused until there is greater clarity around the current situation. We continue to engage with the Scottish Government and other key stakeholders to advocate for balanced and practical rent control measures through open and constructive dialogue.

Financial risk due to loss of key contractors

Risk

There is a financial risk to the organisation to allow continued developing due to reduction and loss of key contractors in the housing sector.

Mitigation

We will continue with monitoring, risk assessment and detailed financial scrutiny of contractors prior to any new contracts being signed. Regular on-site management is crucial to try and avoid any termination during developments.

By Order of the Governing Body

D. Boyle

Chairperson



Hillcrest Homes (Scotland) Limited
Statement of Governing Body's Responsibilities
for the year ended 31st March 2025

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.

Hillcrest Homes (Scotland) Limited
for the year ended 31st March 2025 (continued)
Statement of Governing Body's Responsibilities in respect 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.

It is the Governing Body's responsibility to establish and maintain the systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements of the Group's systems include ensuring that:

- formal policies and procedures are in place, including the on-going documentation of key systems and rules in relation to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of the Group's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the governing body to monitor the key business risks, financial objectives and progress being made towards achieving the financial plans set for the year and for the medium term;
- quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Governing Body;
- the Governing Body received reports from management and from external and internal auditors, to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Group is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Governing Body has reviewed the effectiveness of the system of internal financial control in existence in the Group for the year ended 31 March 2025. No weaknesses were found in 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.

D. Boyle
Chairperson



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 2025 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 2024 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 2024.

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:

- proper books of account have not been kept by the association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the association in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the association; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Governing Body

As explained more fully in the Governing Body's responsibilities statement, (set out on page 14), 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.

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

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.

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.

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the association operates in and how the Association is complying with the legal and regulatory frameworks;
- inquired of management and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

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

As a result of these procedures, we consider that the most significant laws and regulations that have a direct impact on the financial statements were, but not limited to, FRS 102, Housing SORP 2018, the Scottish Housing Regulator's Determination of Accounting Requirements 2024, the Co-operative and Community Benefit Societies Act 2014 and the Housing (Scotland Act) 2010. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures against the requirements of the relevant financial reporting standards.

We also performed audit procedures to inquire of management, and those charged with governance whether the Association is in compliance with these laws and regulations, inspected correspondence with regulatory authorities including mandatory submissions to the Regulator, reviewed minutes of meetings of the Governing Body and relevant sub-committees, and reviewed available online information.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. 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 Part 7 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.



CT Audit Limited
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH 3 6NL

21 July 2025

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

Corporate Governance


In addition to our audit of the financial statements, we have reviewed your statement on page 15 concerning the Association's compliance with the information required by the Regulatory Standards for systemically important RSLs in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator.

Basis of opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 15 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.


CT Audit Limited
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

21 July 2025

Hillcrest Homes (Scotland) Limited
Consolidated Statement of Comprehensive Income
for the year ended 31st March 2025

	<u>Notes</u>	2025	2024
		£	£
Turnover	2(a)	78,691,638	70,653,418
Operating expenditure	2(a)	(66,315,218)	(61,140,742)
Operating surplus	11	12,376,420	9,512,676
Gain on disposal of tangible fixed assets	4	749,919	984,997
Finance income	5	321,444	231,346
Finance costs	6	(11,254,507)	(10,211,945)
Movement in fair value of financial instruments	24	189,975	499,934
Surplus before tax		2,383,251	£1,017,008
Taxation	12	(102,502)	(524)
Surplus after tax		2,280,749	1,016,484
Actuarial profits / (losses) in respect of pension scheme	22	333,371	(2,054,582)
Gain on Revaluation of Asset	34	-	598,669
Total comprehensive income for the year		2,614,120	(439,429)

All income and expenditure derive from continuing activities.

The Financial statements were approved by the Governing Body on 15th July 2025 and were signed on its behalf by:

David Boyle CHAIRPERSON

Alison FyfeGOVERNING BODY MEMBER

Lesley Donohue SECRETARY

The notes on pages 31 to 69 form part of the Financial Statements

Hillcrest Homes (Scotland) Limited
Association Statement of Comprehensive Income
for the year ended 31st March 2025

	Notes	2025 £	2024 £
Turnover	2(a)	57,951,541	51,878,423
Operating expenditure	2(a)	(45,751,776)	(42,160,864)
Operating surplus	11	12,199,765	9,717,559
Gain on disposal of tangible fixed assets	4	698,139	859,831
Finance income	5	148,021	125,555
Finance costs	6	(11,216,446)	(10,205,647)
Movement in fair value of financial instruments	24	189,975	499,934
Surplus before and after taxation for the year		2,019,454	997,232
Actuarial gain/(loss) in respect of pension scheme	22	305,600	(1,703,000)
Total comprehensive income for the year		2,325,054	(705,768)

All income and expenditure derive from continuing activities.

The Financial statements were approved by the Governing Body on 15th July 2025 and were signed on its behalf by:

David Boyle CHAIRPERSON

Alison Fyfe GOVERNING BODY MEMBER

Lesley Don SECRETARY

The notes on pages 31 to 69 form part of the Financial Statements

Hillcrest Homes (Scotland) Limited
Consolidated Statement of Financial Position as at 31st March 2025

	Notes	2025 £	2024 £
Fixed assets			
Tangible fixed assets	14/15	761,225,789	733,505,395
Investments	16	378,430	456,938
		761,604,219	733,962,333
Current assets			
Stock	17	401,550	426,137
Trade and other debtors	18	11,049,568	12,375,445
Short term investments	19	3,000,000	3,000,000
Cash and cash equivalents		12,174,330	10,135,316
		26,625,448	25,936,898
Less: Creditors: amounts falling due within one year	20	(25,706,424)	(35,820,793)
Net current liabilities		919,024	(9,883,895)
Total assets less current liabilities		762,523,243	724,078,438
Creditors: amounts falling due after more than one year	21	(669,316,308)	(633,244,270)
Pension – deficit funding liability	22	-	(32,748)
Pension – defined benefit liability	22	(3,588,187)	(3,796,787)
		(672,904,495)	(637,073,805)
Total net assets		89,618,748	87,004,633
Reserves			
Share capital		48	53
Income and expenditure reserve	25	89,150,957	86,456,848
Restricted reserve	25	467,741	540,046
Negative goodwill	25	-	7,684
Non-controlling interest	25	2	2
Total reserves		89,618,748	87,004,633

The Financial statements were approved by the Governing Body on 15th July 2025 and were signed on its behalf by:

David Boyle CHAIRPERSON

Alison FyfeGOVERNING BODY MEMBER

Lesley Don SECRETARY

Hillcrest Homes (Scotland) Limited
Association Statement of Financial Position as at 31st March 2025

	<u>Notes</u>	2025 £	2024 £
Fixed Assets			
Tangible fixed assets	14/15	756,465,072	728,828,832
Investments	16	2,833,430	2,911,938
		<hr/>	<hr/>
		759,298,502	731,740,770
Current Assets			
Trade and other debtors	18	10,353,399	11,295,736
Cash and cash equivalents		6,843,016	4,787,810
		<hr/>	<hr/>
		17,196,415	16,083,546
Less: Creditors: amounts falling due within one year	20	<hr/> (22,484,500) <hr/>	<hr/> (31,651,058) <hr/>
Net current Assets / (liabilities)		(5,288,085)	(15,567,512)
Total Assets Less Current Liabilities		754,010,417	716,173,258
Creditors: amounts falling due after more than one year	21	(668,187,813)	(632,522,103)
Pension – defined benefit liability	22	(2,955,000)	(3,108,600)
		<hr/>	<hr/>
		(671,142,813)	(635,630,703)
		<hr/>	<hr/>
Total net assets		82,867,604	80,542,555
		<hr/>	<hr/>
Reserves			
Share capital		48	53
Income and expenditure reserve	25	82,867,556	80,542,502
		<hr/>	<hr/>
		82,867,604	80,542,555
		<hr/>	<hr/>

The Financial Statements were approved by the Governing Body on 15th July 2025 and were signed on its behalf by:

David Boyle ...		CHAIRPERSON
Alison Fyfe.....		GOVERNING BODY MEMBER
Lesley Don		SECRETARY

The notes on pages 31 to 69 form part of these financial statements

Hillcrest Homes (Scotland) Limited
Consolidated Statement of Changes in Reserves
for the year ended 31st March 2025

	Share Capital £	Income & Expenditure Reserve £	Restricted Reserve £	Non- Controlling Interest £	Negative goodwill £	Total £
At 31 March 2024 and 1 April 2024	53	86,456,848	540,046	2	7,684	87,004,633
Surplus for the year	-	2,280,749	-	-	-	2,280,749
Actuarial gains in respect of pension scheme	-	333,371	-	-	-	333,371
Total comprehensive income	-	2,614,120	-	-	-	2,614,120
Share capital cancelled	(5)	-	-	-	-	(5)
Released to statement of comprehensive income	-	7,684	-	-	(7,684)	-
Transfer to/(from) designated reserve	-	72,305	(72,305)	-	-	-
At 31 March 2025	48	89,150,957	467,741	2	-	89,618,748

Hillcrest Homes (Scotland) Limited
Association Statement of Changes in Reserves
for the year ended 31st March 2025

	Share Capital £	Income & Expenditure Reserve £	Total £
At 31 March 2024 and 1 April 2024			
Surplus for the year	53	80,542,502	80,542,555
Return on Investment	-	2,019,454	2,019,454
Actuarial gains in respect of pension scheme	-	-	-
		305,600	305,600
		-----	-----
Total comprehensive income	-	2,325,054	2,325,054
Share capital cancelled	(5)	-	(5)
		-----	-----
At 31 March 2025	48	82,867,556	82,867,604
	=====	=====	=====

Hillcrest Homes (Scotland) Limited
Consolidated Statement of Cash Flows
for the year ended 31st March 2025

	Notes	2025 £	2024 £
Net cash generated from operating activities	(Note i)	20,426,683	17,487,334
		-----	-----
Cash flow from investing activities			
Purchase of tangible fixed assets		(44,521,524)	(47,124,956)
Proceeds from sale of tangible fixed assets		2,054,966	(822,788)
Investment short term investment		-	3,000,000
Grants received		20,916,008	12,076,688
Grants repaid		(631,474)	(743,788)
Interest receivable		369,351	231,346
		-----	-----
		(21,812,673)	(33,383,498)
		-----	-----
Cash flow from financing activities			
Interest payable		(13,084,839)	(9,732,040)
New secured loans		25,000,000	25,000,000
Repayment of borrowings		(8,490,157)	(1,598,964)
		-----	-----
		3,425,004	13,668,996
		-----	-----
Net change in cash and cash equivalents		2,039,014	(2,227,168)
Cash flow from increase in debt		(16,509,843)	(21,796,332)
		-----	-----
Cash and cash equivalents at 1 April 2024		(250,628,349)	(226,604,849)
		-----	-----
Cash and cash equivalents at 31 March 2025		(265,099,178)	(250,628,349)
		=====	=====

Hillcrest Homes (Scotland) Limited
Association Statement of Cash Flows
for the year ended 31st March 2025

	Notes	2025 £	2024 £
Net cash generated from operating activities	(Note i)	19,337,287	16,464,147
		-----	-----
Cash flow from investing activities			
Purchase of tangible fixed assets		(43,242,817)	(45,962,123)
Proceeds from sale of tangible fixed assets		2,003,187	2,088,150
Grants received		20,915,735	12,076,687
Grants repaid		(709,982)	(526,233)
Interest receivable		148,021	125,555
		-----	-----
		(20,885,856)	(32,197,964)
		-----	-----
Cash flow from financing activities			
Issue of share capital			-
Interest payable		(12,921,225)	(9,725,742)
New secured loans		25,000,000	25,000,000
Repayment of borrowings		(8,475,000)	(1,586,838)
		-----	-----
		3,603,775	13,687,420
		-----	-----
Net change in cash and cash equivalents		2,055,206	(2,046,397)
Cash flow from increase in debt		(16,525,000)	(23,413,160)
		-----	-----
Cash and cash equivalents at 1 April 2024		(261,940,670)	(236,481,113)
		-----	-----
Cash and cash equivalents at 31 March 2025		(276,410,464)	(261,940,670)
		=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Association Statement of Cash Flows
for the year ended 31st March 2025

**Consolidated
Note i**

Cash flow from operating activities	2025	2024
	£	£
Surplus/ (Loss) for year	12,376,420	10,314,197
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	7,537,698	7,264,621
Decrease/(increase) in stock	24,587	(34,098)
Decrease/(increase) in trade and other debtors	(1,420,243)	(474,406)
Increase/(decrease) in trade and other creditors	1,920,860	586,907
Shares cancelled	(5)	-
Decrease / (increase) in loan fair value	-	(141,213)
Taxation	(12,634)	(28,674)
	20,426,683	17,487,334
	=====	=====

**Association
Note i**

Cash flow from operating activities	2025	2024
	£	£
Surplus for the year	12,199,764	9,717,559
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	7,406,990	6,816,369
Decrease/(Increase) in trade and other debtors	(1,803,508)	(518,539)
Increase/(decrease) in trade and other creditors	1,534,046	584,019
Shares cancelled	(5)	-
Decrease / (increase) in loan fair value	-	(136,838)
Abortive costs	-	1,577
	19,337,287	16,464,147
	=====	=====
Net cash generated from operating activities		

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Association Statement of Cash Flows
for the year ended 31st March 2025

Consolidated – note ii
Analysis of changes in net debt

	At 1 April 2024 £	Cashflow £	Other non- cash changes £	At 31 March 2025 £
Cash and cash equivalents:				
Short term cash investments	3,000,000	-	-	3,000,000
Cash at bank and in hand	<u>10,135,316</u>	<u>2,039,014</u>	-	<u>12,174,330</u>
	13,135,316	2,039,014		15,174,330
Borrowings:				
Debt due within one year	(8,495,532)	6,981,143	-	(1,514,389)
Debt due after more than one year	<u>(255,268,133)</u>	<u>(23,490,986)</u>	-	<u>(278,759,119)</u>
	<u>(263,763,665)</u>	<u>(16,509,843)</u>	-	<u>(280,273,508)</u>
Total	<u>(250,628,348)</u>	<u>(14,470,829)</u>	=	<u>(265,099,178)</u>

Association – note ii
Analysis of changes in net debt

	At 1 April 2024 £	Cashflow £	Other non- cash changes £	At 31 March 2025 £
Cash and cash equivalents:				
Cash at bank and in hand	<u>4,787,810</u>	<u>2,055,206</u>	-	<u>6,843,016</u>
Borrowings:				
Debt due within one year	(8,482,738)	6,982,738	-	(1,500,000)
Debt due after more than one year	<u>(258,245,742)</u>	<u>(23,507,738)</u>	-	<u>(281,753,480)</u>
	<u>(266,728,480)</u>	<u>(16,525,000)</u>	-	<u>(283,253,480)</u>
Total	<u>(261,940,670)</u>	<u>(14,469,794)</u>	=	<u>(276,410,464)</u>

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2025

(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 2024.

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 meets the definition of a public entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless other 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 cashflow from rental of social housing stock.

(b) Basis of Consolidation

The Group financial statements consolidate the financial statements of Hillcrest Homes (Scotland) Limited and its subsidiary companies. Surpluses 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 2025

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

(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 contract.

Where the outcome cannot be measured 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 contract 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.

(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

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2025

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

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.

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 where costs are higher than anticipated, and other changes in technology, market, economy and legislation.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2025

(iii) Impairment (Continued)

If such an 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.

(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.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2025

(1) (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.

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.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2025

(1) (h) Investments (continued)

(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.

(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.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2025

(1) (o) Employee benefits

All staff are 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 2025 are accounted for as an expense within the Statement of Comprehensive Income and respective creditor included within Note 20.

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

Pre-April 2014 Hillcrest Homes and Hillcrest Futures operated a defined benefit scheme, the assets of this Scheme are held separately from those of the companies in an independently administered fund (see Note 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.

(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 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:

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2025

(1) (r) Taxation (continued)

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

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

(s) 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.

(t) 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.

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.

(u) Short term cash investments

Funds held in short term cash 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 2025

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

	Turnover £	Operating Costs £	2025 Operating Surplus £	2024 Operating Surplus £
Continuing operations				
Affordable letting activities (Note 2b)	56,904,878	30,188,938	26,715,940	23,019,645
Other activities (Note 3)	21,786,760	36,126,280	(14,339,520)	(13,505,969)
	-----	-----	-----	-----
	78,691,638	66,315,218	12,376,420	9,512,676
	-----	-----	-----	-----
2025 - Total	78,691,638	66,315,218	12,376,420	9,512,676
	=====	=====	=====	=====
2024 - Total	70,653,418	61,140,742		
	=====	=====		

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

	Turnover £	Operating Costs £	2025 Operating Surplus £	2024 Operating Surplus £
Affordable letting activities (Note 2b)	52,066,076	40,770,068	11,296,008	9,493,265
Other activities (Note 3)	5,885,465	4,981,708	903,757	224,294
	-----	-----	-----	-----
2025 - Total	57,951,541	45,751,776	12,199,765	9,717,559
	=====	=====	=====	=====
2024 – Total	51,878,423	42,160,864		
	=====	=====		

Hillcrest Homes (Scotland) Limited

Notes to the Consolidated Financial Statements (continued)

for the year ended 31st March 2025

2 (b) Consolidated Particulars of Turnover, Operating Costs and Operating Surplus or Deficit from Affordable Letting Activities						
	General Needs Housing	Supported Housing Accomm.	Shared Ownership	Mid-market & Held for Lease	2025 Total	2024 Total
	£	£	£	£	£	£
Income from lettings						
Rent receivable net of service charges	41,121,020	263,126	448,158	9,510,197	51,342,501	45,901,599
Service charges	1,851,810	44,132	36,545	156,765	2,089,252	2,058,296
Gross income from rents and service charges	42,972,830	307,258	484,703	9,666,962	53,431,753	47,959,895
Less voids	(986,179)	(1,256)	(40,065)	(166,072)	(1,193,572)	(1,045,723)
Net income from rents and service charges	41,986,651	306,002	444,638	9,500,890	52,238,181	46,914,172
Grants released from deferred income	3,799,897	-	95,910	636,726	4,535,534	3,941,666
Revenue grants from the Scottish Ministers		-	-	-	131,163	199,377
Other revenue grants	-	-	-	-	-	-
Total turnover	45,917,711	306,002	540,548	10,140,616	56,904,878	51,055,215
Expenditure on lettings						
Management & maintenance administration costs	9,548,913	200,091	105,047	1,111,189	10,965,240	9,588,064
Service costs	2,787,518	26,849	21,491	391,801	3,227,659	5,258,486
Reactive & void maintenance costs	2,522,837	17,834	14,413	1,048,106	3,603,190	2,755,583
Planned, cyclical & major repairs costs	583,845	11,375	712	510,115	1,106,047	(340,933)
Bad debts – rents and service charges	189,545	-	-	-	189,545	277,315
Depreciation of affordable let properties	9,341,831	-	228,803	1,526,623	11,097,257	10,497,055
Operating costs	24,974,849	256,149	370,466	4,587,475	30,188,938	28,035,570
Operating surplus 2025	20,942,863	49,854	170,083	5,553,141	26,715,940	23,019,645
Operating surplus 2024	17,978,767	(96,023)	353,920	4,782,981		

Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2025

2 (b) Association Particulars of Turnover, Operating Costs and Operating Surplus or Deficit from Affordable Letting Activities						
	General Needs Housing £	Supported Housing Accomm. £	Shared Ownership £	Mid- Market & Held for Lease £	2025 Total £	2024 Total £
Income from lettings						
Rent receivable net of service charges	40,990,934	272,148	448,158	4,674,867	46,386,107	41,805,419
Service charges	1,851,810	44,132	36,545	107,312	2,039,799	2,008,154
Gross income from rents and service charges	42,842,744	316,280	484,703	4,782,179	48,425,906	43,813,573
LESS: Rent losses from voids	(985,206)	(1,256)	(40,065)	-	(1,026,527)	(933,163)
Net income from rents and service charges	41,857,538	315,024	444,638	4,782,179	47,399,379	42,880,410
Grants released from deferred income	3,799,897	-	95,910	639,727	4,535,534	3,941,665
Revenue grants from Scottish Ministers	131,163	-	-	-	131,163	199,377
Other revenue grants	-	-	-	-	-	-
Total turnover	45,788,598	315,024	540,548	5,421,906	52,066,076	47,021,452
Expenditure on lettings						
Management & maintenance administration costs	10,738,157	217,528	105,047	1,075,406	12,136,138	10,815,248
Service costs	4,880,220	20,459	21,491	33,709	4,955,879	4,942,947
Reactive & Void maintenance costs	8,561,960	28,745	14,413	36,922	8,642,040	7,623,354
Planned, cyclical & major repairs costs	3,725,463	8,162	712	15,004	3,749,341	3,452,835
Bad debts – rents and service charges	189,545	-	-	-	189,545	277,315
Depreciation of affordable let properties	9,342,191	-	228,803	1,526,131	11,097,125	10,416,488
Operating costs	37,437,536	274,894	370,466	2,687,172	40,770,068	37,528,187
Operating surplus / (deficit) 2025	8,351,062	40,130	170,082	2,734,734	11,296,008	9,493,265
Operating surplus / (deficit) 2024	6,802,024	(34,786)	353,919	2,372,108		

Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2025

(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) 2025 £	Operating Surplus/ (deficit) 2024 £
Continuing activities									
Wider role	-	100	-	-	100	-	-	100	126
Factoring	-	-	-	81,870	81,870	44,283	80,213	(42,626)	(12,346)
Uncapitalised development administration costs	824,850	-	-	-	824,850	-	1,288,774	(463,924)	(581,767)
Support activities	-	-	675,721	-	675,721	38,264	467,383	170,074	93,478
Care activities	-	-	18,946,737	(794,235)	18,152,502	-	17,770,107	382,395	608,776
Contracted out services undertaken for other organisations	-	-	-	-	-	-	-	-	15,034
Commercials	-	-	-	604,150	604,150	4,444	287,505	312,201	(16,644)
Central charges	-	-	-	(28,705)	(28,705)	-	1,559,718	(1,588,423)	(1,388,902)
Other activities	-	18,000	140,200	1,318,072	1,476,272	-	14,585,589	(13,109,317)	(12,224,726)
	824,850	18,100	19,792,658	1,181,152	21,786,760	86,991	36,039,289	(14,339,520)	(13,506,969)
2025 Total	824,850	18,100	19,792,658	1,181,152	21,786,760	86,991	36,039,289	(14,339,520)	(13,506,969)
2024 Total	569,501	126	17,718,401	1,322,205	19,598,203	98,797	33,006,375		

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
For the year ended 31st March 2025

(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) 2025 £	Operating Surplus/ (deficit) 2024 £
Wider role	-	100	-	-	100	-	-	100	126
Factoring	-	-	-	81,870	81,870	44,283	87,489	(49,9022)	(12,345)
Uncapitalised development administration costs	824,850	-	-	-	824,850	-	1,288,774	(463,924)	(581,767)
Support activities	-	-	675,721	-	675,721	-	505,647	170,074	93,478
Commercials	-	-	-	624,071	624,071	4,444	267,922	351,705	141,046
Central charges	-	-	-	2,598,359	2,598,359	-	1,559,718	1,038,641	1,115,897
Other activities	-	-	-	1,080,495	1,080,494	-	1,223,431	(142,937)	(532,141)
2025 Total	824,850	100	675,721	4,384,795	5,885,465	49,267	4,932,981	903,757	224,294
2024 Total	569,501	126	402,176	3,885,168	4,856,971	50,311	4,582,366		

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2025

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

			2025 Profit / (Loss) on Sales		2024 Profit / (Loss) on Sales
	Proceeds from sales £	Cost of Sales £		Proceeds from sales £	
Association					
Shared Ownership	80,513	45,776	34,737	313,041	71,531
Sale of other fixed assets	1,859,718	1,196,316	663,402	1,549,482	788,300
	<u>1,940,231</u>	<u>1,242,092</u>	<u>698,139</u>	<u>1,862,523</u>	<u>859,831</u>
	=====	=====	=====	=====	=====
Consolidated					
Shared Ownership	80,513	45,776	34,737	313,041	71,531
Sale of other fixed assets	1,911,497	1,196,316	715,181	1,825,660	913,466
	<u>1,992,010</u>	<u>1,242,092</u>	<u>749,918</u>	<u>2,138,701</u>	<u>984,997</u>
	=====	=====	=====	=====	=====

(5) Finance Income

	Consolidated		Association	
	2025 £	2024 £	2025 £	2024 £
Interest receivable	321,444	231,346	100,021	77,555
Dividends receivable	-	-	48,000	48,000
	<u>321,444</u>	<u>231,346</u>	<u>148,021</u>	<u>125,555</u>
	=====	=====	=====	=====

(6) Finance Costs

	Consolidation		Association	
	2025 £	2024 £	2025 £	2024 £
Interest payable	10,950,844	10,269,783	10,945,784	10,276,485
Other financing costs	118,662	(136,838)	118,662	(136,838)
Pension interest expense	185,000	79,000	152,000	66,000
	<u>11,254,506</u>	<u>10,211,945</u>	<u>11,216,446</u>	<u>10,205,647</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 2025

(7) Pension Remeasurement

	Consolidated		Association	
	2025	2024	2025	2024
	£	£	£	£
Impact of changes in assumptions (Note 22)		-	-	-
Amendments to the contribution schedule (Note 22)		-	-	-
	-----	-----	-----	-----
	£-	£-	£-	£-
	=====	=====	=====	=====

(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	
	2025	2024	2025	2024
	£	£	£	£
The emoluments payable to key management personnel and former key management personnel amount to:-				
Emoluments excluding employers pension	1,516,218	1,133,531	1,142,609	973,046
Employers pension contributions	110,914	83,402	93,703	74,332
	-----	-----	-----	-----
Total emoluments payable	1,627,132	1,216,933	1,236,312	1,047,378
	=====	=====	=====	=====
The emoluments payable to, or received by, the Group Chief Executive amount to:-				
Emoluments excluding employers pension	154,403	167,472	154,403	167,472
Employers pension contributions	13,124	12,599	13,124	12,599
	-----	-----	-----	-----
Total emoluments payable	167,527	180,071	167,527	180,071
	=====	=====	=====	=====

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

£60,001 - £70,000	6	-	4	-
£70,001 - £80,000	-	7	-	5
£80,001 - £90,000	6	1	5	1
£90,001 - £100,000	-	-	-	-
£100,001 - £110,000	3	3	2	2
£110,001 - £120,000	-	-	-	-
£120,001 - £130,000	1	1	1	1
£130,001 - £140,000	-	-	-	-
£140,001 - £150,000	-	-	-	-
£150,001 - £160,000	1	-	1	-
£160,001 - £170,000	-	1	-	1

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 2025

(9) Employee Information

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

	Consolidated		Association	
	2025	2024	2025	2024
Office Staff	255	245	216	208
Wardens, Caretakers & Cleaners	21	24	21	24
Support Staff	606	647	-	-
Maintenance	201	195	16	18
	-----	-----	-----	-----
	1,083	1,111	253	250
	=====	=====	=====	=====
The average number of full time equivalent	882	868	227	229
	=====	=====	=====	=====

Staff Costs (including Key Management Personnel Emoluments):

	Consolidated		Association	
	2025	2024	2025	2024
	£	£	£	£
Wages and Salaries	30,590,542	29,214,010	9,108,229	8,519,930
Social Security Costs	2,840,429	2,608,985	924,588	852,997
Pension Costs	1,176,960	1,113,397	523,351	492,870
	-----	-----	-----	-----
	34,607,931	32,936,392	10,556,168	9,865,797
	=====	=====	=====	=====
Redundancy/termination payments included in above		£2,158	£-	£-

(10) Investment Property - Consolidated

	2025	2024
	£	£
Valuation		
At 1 April 2024	45,000	45,000
Loss on revaluation	-	-
	-----	-----
At 31 March 2025	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:

	2025	2024
	£	£
Historic cost	61,250	61,250
	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2025

(11) Operating Surplus

Operating surplus is stated after charging:	Consolidated		Association	
	2025	2024	2025	2024
	£	£	£	£
Depreciation – Housing property	10,750,843	10,173,839	11,097,125	10,102,017
Depreciation – Disposals	418,007	318,620	418,007	314,471
Depreciation – Other fixed assets	1,146,289	909,913	690,110	535,265
Amortisation of grant	4,549,767	4,013,370	4,549,767	4,013,370
Operating lease – plant & Machinery	-	-	-	-
- other	227,037	189,458	255,901	219,801
- motor vehicles	19,395	20,881	9,896	11,875
External auditor's remuneration for all group companies (including VAT):-				
- In their capacity as auditors	89,388	94,052	57,473	44,579
- In respect of other services	3,900	-	-	-

(12) Tax on Profit On Ordinary Activities – Consolidated

	2025	2024
	£	£
Corporation tax at 25% (2024 – 19%)	34,962	12,634
Deferred tax	67,540	(13,158)
	-----	-----
	102,502	524
	=====	=====

(13) Housing Stock Analysis

	Consolidated		Association	
	2025	2024	2025	2024
General Housing Needs	7,626	7,441	7,600	7,415
Supported Housing Accommodation	209	209	205	205
Shared Ownership	197	198	197	198
Mid-Market	1,314	1,246	1,314	1,246
	-----	-----	-----	-----
	9,346	9,094	9,316	9,064
	-----	-----	-----	-----
Other Units				
Factored	484	484	459	459
Feu Superior for Landscaping	799	799	799	799
	-----	-----	-----	-----
	1,283	1,283	1,258	1,258
	-----	-----	-----	-----
Total Units	10,629	10,377	10,574	10,322
	=====	=====	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2025

(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 under Lease Construction £	Mid-Market Held for Letting £	Total £
Cost or valuation									
At 1 April 2024	583,057,352	71,750,457	12,819,580	-	-	153,481,608	20,754,637	-	841,863,634
Schemes completed	30,238,851	(30,238,851)	-	-	-	11,880,972	(11,880,972)	-	-
Business acquisition	44,563	-	-	-	-	-	-	-	44,563
Reclassification	129,123	-	-	-	-	(129,123)	-	-	-
Additions	4,766,787	24,888,235	-	-	-	662,785	10,843,336	-	41,161,143
Disposals	(2,113,286)	-	(93,214)	-	-	(576,133)	-	-	(2,782,633)
At 31 March 2025	616,123,390	66,399,845	12,726,366	-	-	165,320,109	19,717,000	-	880,286,707
Depreciation									
At 1 April 2024	109,751,621	-	2,215,180	-	-	9,188,332	-	-	121,155,133
Charge for the year	10,094,092	-	53,895	-	-	1,157,030	-	-	11,305,017
Disposals	(1,233,708)	-	(1,699)	-	-	(529)	-	-	(1,235,936)
At 31 March 2025	118,645,360	-	2,267,377	-	-	10,344,833	-	-	131,224,214
Net Book Value At 31 March 2025	497,511,385	66,391,841	10,458,990	-	-	154,975,276	19,717,001	-	749,062,493
Net Book Value At 31 March 2024	473,305,731	71,750,457	10,604,400	-	-	144,293,276	20,754,637	-	720,708,501

Total expenditure on works to existing properties amounted to £19,546,822, for which £612,141 Social Housing Grants were received during the year. Of this, £3,243,762 was capitalised for the replacement of components, £1,637,757 capitalised for properties and infrastructure costs and £14,384,712 charged to the Statement of Comprehensive Income in the year. During the year £824,848 development administration costs and interest of £1,927,770 were capitalised.

Hillcrest Homes (Scotland) Limited

Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2025

(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 2024	583,057,352	71,750,461	12,819,580	-	-	150,556,802	20,754,637	-	838,938,832
Schemes completed									
Reclassification	30,238,851	(30,238,851)	-	-	-	11,880,972	(11,880,972)	-	-
Acquisitions	129,123	-	-	-	-	(129,123)	-	-	-
Additions	44,563	-	-	-	-	-	-	-	44,563
Disposals	4,766,787	24,888,235	-	-	-	-	10,843,335	-	40,498,357
	(2,113,286)	-	(93,214)	-	-	(575,604)	-	-	(2,782,104)
At 31 March 2025	616,123,390	66,399,845	12,726,366	-	-	161,733,047	19,717,000	-	876,699,648
Depreciation									
At 1 April 2024	109,751,621	-	2,215,180	-	-	8,916,842	-	-	120,883,643
Charge for the year	10,127,447	-	53,895	-	-	1,085,305	-	-	11,266,647
Disposals	(1,233,708)	-	(1,699)	-	-	-	-	-	(1,235,407)
At 31 March 2025	118,645,360	-	2,267,376	-	-	10,002,147	-	-	130,914,883
Net Book Value at 31 March 2025	497,478,030	66,399,845	10,458,990	-	-	151,730,900	19,717,000	-	745,784,765
Net Book Value at 31 March 2024	473,305,731	71,750,461	10,604,400	-	-	141,639,960	20,754,637	-	718,055,189

Total expenditure on works to existing properties amounted to £16,815,584, for which Social Housing Grants of £612,141 were received during the year. Of this, £2,911,634 was capitalised for the replacement of components, £1,637,757 capitalised for properties, and infrastructure costs and £12,266,192 charged to the statement of comprehensive income in the year. During the year £824,848 development administration costs and interest of £1,927,770 were capitalised.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2025

(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 2025 £	Total 2024 £
Cost or valuation										
At 1 April 2024	5,820,386	9,133,426	445,714	54,574	5,216,675	2,778,348	119,327	10,000	23,578,450	22,297,432
Revaluation	-	-	-	-	-	-	-	-	-	591,527
Additions in Year	-	7,135	-	-	633,444	572,114	-	-	1,212,693	1,044,730
Disposal/ Transfer	-	(700,000)	-	-	(37,897)	(325,945)	-	-	(1,063,842)	(355,239)
At 31 March 2025	5,820,386	8,440,561	445,714	54,574	5,486,222	3,024,517	119,327	10,000	23,727,301	23,578,450
Depreciation										
At 1 April 2024	1,770,596	2,426,294	423,578	53,549	3,956,780	2,033,183	117,575	-	10,781,556	10,192,459
Revaluation	-	-	-	-	-	-	-	-	-	(6,962)
Charge for Year	122,302	174,635	4,021	-	458,433	385,149	1,752	-	1,146,292	909,913
Disposal/Transfer	-	-	-	-	(37,897)	(325,945)	-	-	(363,842)	(313,854)
At 31 March 2025	1,892,898	2,600,929	427,599	53,549	4,377,316	2,092,387	119,327	-	11,564,005	10,781,556

Net Book Value

At 31 March 2025	3,927,493	5,839,632	18,1115	1,025	1,434,906	932,130	-	10,000	12,163,296
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Net Book Value

At 31 March 2024	4,049,800	6,707,121	22,136	1,025	1,259,895	745,165	1,752	10,000	12,796,894
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Hillcrest Homes (Scotland) Limited

Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2025

(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 2025 £	Total 2024 £
Cost									
At 1 April 2024	5,820,387	7,812,533	445,716	54,574	4,577,205	28,054	10,000	18,748,469	18,290,216
Additions in Year	-	-	-	-	596,774	-	-	596,774	503,933
Transfer	-	-	-	-	-	-	-	-	-
Business Combination	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	(37,897)	-	-	(37,897)	(45,680)
At 31 March 2025	5,820,387	7,812,533	445,716	54,574	5,136,082	28,054	10,000	19,307,346	18,748,469
Depreciation									
At 1 April 2024	1,770,592	2,218,270	423,575	53,549	3,480,786	28,054	-	7,974,826	7,483,665
Charge for Year	122,301	160,797	3,816	205	402,991	-	-	690,110	535,264
Transfer	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	(37,897)	-	-	(37,897)	(44,103)
At 31 March 2025	1,892,893	2,379,067	427,391	53,754	3,845,880	28,054	-	8,627,039	7,974,826
Net Book Value									
At 31 March 2025	3,927,494	5,433,466	18,325	820	1,290,202	-	10,000	10,680,307	10,316,591
Net Book Value									
At 31 March 2024	4,049,795	5,594,263	22,141	1,025	1,096,419	-	10,000	10,773,643	10,290,216

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2025

(16) Investments

	Consolidated		Association	
	2025	2024	2025	2024
	£	£	£	£
Investments - Subsidiaries				
At 1 April 2024	-	-	2,500,000	2,500,000
Release of investment	-	-	-	-
	-----	-----	-----	-----
At 31 March 2025	-	-	2,500,00	2,500,000
	=====	=====	=====	=====
Investments - Subsidiaries	-	-	2,500,00	2,500,000
	=====	=====	=====	=====
Investments – Homestake				
At 1 April 2024				
Disposals in year	411,938	411,938	411,938	411,938
	(78,508)	-	(78,508)	-
	-----	-----	-----	-----
At 31 March 2025	333,430	411,938	333,430	411,938
	=====	=====	=====	=====
Investment - Homestake	333,430	411,938	333,430	411,938
	=====	=====	=====	=====
Investments	45,000	45,000	-	-
	=====	=====	=====	=====

(17) Stock

	Consolidated		Association	
	2025	2024	2025	2024
	£	£	£	£
Stock	401,550	426,137	-	-
	-----	-----	-----	-----
	401,550	426,137	-	-
	=====	=====	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2025

(18) Debtors

	Consolidated		Association	
	2025	2024	2025	2024
	£	£	£	£
Rental Debtors	2,028,976	2,314,822	1,963,644	2,264,971
Provision for Bad Debts	(359,904)	(684,471)	(359,904)	(684,471)
	-----	-----	-----	-----
	1,669,072	1,630,351	1,603,740	1,580,500
Other Grants & HAG Receivable	4,298,969	7,044,814	4,298,969	7,044,814
Other Loan to Employee	4,459	7,778	4,459	7,778
VAT receivable	28,894	-	28,894	-
Other Debtors	5,048,174	3,692,502	3,769,129	2,072,996
Amounts due from Subsidiaries	-	-	648,208	589,648
	-----	-----	-----	-----
	11,049,568	12,375,445	10,353,399	11,295,736
	=====	=====	=====	=====

(19) Short term cash investments

Consolidated

	2025	2024
	£	£
Cash held on fixed term deposits	3,000,000	3,000,000
	-----	-----
	3,000,000	3,000,000
	=====	=====

(20) Creditors: amounts falling due within one year

	Consolidated		Association	
	2025	2024	2025	2024
	£	£	£	£
Prepaid Rents & Service Charges	824,500	856,003	824,500	856,003
Loan interest and Principal	1,838,336	3,695,115	1,838,336	3,695,115
Contracts for Capital Works	5,498,782	7,601,905	5,498,782	7,601,905
Other Taxation & Social Security	464,676	622,046	219,919	208,067
VAT Payable	-	5,784	-	5,784
Other Creditors	11,306,124	9,792,073	7,600,741	6,064,486
Due to Subsidiary	-	-	899,235	722,409
Deferred Income	4,101,805	4,013,369	4,101,805	4,013,369
Deferred tax (see Note 23)	156,630	89,090	-	-
Other provisions	-	631,942	-	-
Pension Provision	1,182	17,934	1,182	1,182
Housing Loans (see Note 21)	1,514,389	8,495,532	1,500,000	8,482,738
	-----	-----	-----	-----
	25,706,424	35,820,793	22,484,500	31,651,058
	=====	=====	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2025

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

	Consolidated		Association	
	2025	2024	2025	2024
	£	£	£	£
Housing Loans	279,506,644	256,410,907	279,429,829	256,317,340
Non Housing Loans	461,233	461,233	461,233	461,233
Deferred Income	388,681,605	375,938,409	388,053,005	375,309,809
Derivative Financial Instruments	243,746	433,721	243,746	433,721
	-----	-----	-----	-----
Total	668,893,228	633,244,270	668,187,813	632,522,103
	=====	=====	=====	=====

Borrowings are repayable as follows:

	Consolidated		Association	
	2025	2024	2025	2024
	£	£	£	£
Housing Loans				
Within 1 Year	1 514 389	8,495,532	1,500,000	8,482,738
Between 1 & 2 Years	1,540 258	1,464,389	1,525,000	1,450,000
Between 2 & 5 Years	77,145,861	37,623,595	77,094,330	37,575,000
More than 5 Years	200,820,525	217,322,923	201,271,732	217,292,340
	-----	-----	-----	-----
	281,021,033	264,906,439	281,391,062	264,800,078
	=====	=====	=====	=====
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 2025

(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.

			Consolidated Carrying value	Association Carrying value
Interest	Maturity	Repayment terms		
Fixed	01/10/2042	Interest & capital	22,372,923	22,372,923
5.20045%				
Fixed 2.26%	31/07/2045	Interest only then capital & interest	24,796,050	24,796,050
Sonia + 1.55%	30/05/2049	Interest only then capital & interest	18,059,486	18,059,486
Sonia +	30/09/2028	Interest only then capital & interest	72,294,331	72,294,332
0.875%				
Sonia + 1.7%	30/07/2045	Interest only then capital & interest	24,774,610	24,774,610
Sonia + 0.24%	02/10/2037	Interest only then capital & interest	14,991,187	14,991,187
Fixed 5.193%	22/04/2038	Interest only then bullet	34,399,950	34,399,950
		repayment		
Fixed 3.33%	04/04/2034	Interest only then bullet	9,965,886	9,965,886
		repayment		
Fixed 3.69%	04/04/2044	Interest only then bullet	34,850,462	34,850,462
		repayment		
Fixed 3.76%	05/04/2049	Interest only then bullet	9,955,031	9,955,031
		repayment		
Fixed 3.79%	04/10/2049	Interest only then bullet	14,931,145	14,931,145
		repayment		
Fixed 5.88%	26/06/2030	Fully amortising	84,604	-
-	-	No fixed repayment	6,600	-
			-----	-----
			281,482,265	281,391,062
			=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2025

(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 2024	368,190,429	10,608,391	411,938	741,020	379,951,778
Additional income received	17,014,223	1,155,667	-	-	18,169,890
Disposals	(709,982)	-	(78,508)	-	(788,490)
Transfer of engagement Released to Statement of Comprehensive Income	(4,394,999)	(112,887)	-	(41,881)	(4,549,767)
Deferred income as at 31 March 2025	380,099,671	11,651,172	333,430	699,139	392,783,411
	=====	=====	=====	=====	=====
Association					
Deferred income as at 1 April 2024	367,561,829	10,608,391	411,938	741,020	379,323,178
Additional income received	17,014,222	1,155,667	-	-	18,169,889
Disposals	(709,982)	-	(78,508)	-	(788,490)
Transfer of engagement Released to Statement of Comprehensive Income	-	-	-	-	-
	(4,394,999)	(112,887)	-	(41,881)	(4,549,767)
Deferred income as at 31 March 2025	379,471,070	11,651,171	333,430	699,139	392,154,810
	=====	=====	=====	=====	=====

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

	Consolidated		Association	
	2025 £	2024 £	2025 £	2024 £
Due within 1 year	4,101,805	4,013,369	4,101,805	4,013,369
Due in 1 year or more	388,681,606	375,938,409	388,053,005	375,309,809
	-----	-----	-----	-----
	392,783,411	379,951,778	392,154,810	379,323,178
	=====	=====	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2025

(22) Provisions for liabilities – Pension Provision

SFHA Pension	Consolidated		Association	
	2025	2024	2025	2024
	£	£	£	£
Provision at 1 April 2024	3,796,787	1,614,187	3,108,600	1,339,600
Transfer of engagement		-	-	-
Unwinding of the discount factor (interest expense)	185,000	79,000	152,000	66,000
Deficit contribution paid		-	-	-
Remeasurements – impact of any change in assumptions	(393,600)	2,103,000	(305,600)	1,703,000
Unrecognised surplus		-	-	-
Net Pension Deficit at 31 March 2025	3,588,187	3,796,787	2,955,000	3,108,600
	=====	=====	=====	=====
Due within 1 year	-	-	-	-
Due in more than 1 year	3,855,187	3,796,787	2,955,000	3,108,600
	=====	=====	=====	=====
	3,855,187	3,796,787	2,955,000	3,108,600
	=====	=====	=====	=====

Pension Trust's Growth Plan	Consolidated		Association	
	2025	2024	2025	2024
	£	£	£	£
Provision at 1 April 2024	1,160	2,483	1,160	2,483
Unwinding of the discount factor (interest expense)	31	-	31	95
Deficit contribution paid	(1,182)	(1,419)	(1,182)	(1,419)
Remeasurements – impact of any change in assumptions	19	-	19	1
Remeasurements – amendments to the contribution schedule	-	-	-	-
	2,907		2,907	
Provision as 31 March 2025	2,935	1,160	2,935	1,160
	=====	=====	=====	=====
Due within 1 year	2,935	1,160	2,935	1,160
Due in more than 1 year	-	-	-	-
	=====	=====	=====	=====
	2,935	1,160	2,935	1,160
	=====	=====	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2025

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

YMCA	Consolidated		Association	
	2025	2024	2025	2024
	£	£	£	£
Provision at 1 April 2024	-	118,851	-	-
Pension remeasurement	-	(48,418)	-	-
Deficit contribution paid	-	(20,933)	-	-
	-----	-----	-----	-----
Provision as 31 March 2025	-	49,500	-	-
	=====	=====	=====	=====
Due within 1 year	-	16,752	-	-
Due in more than 1 year	-	32,748	-	-
	-----	-----	-----	-----
	-	49,500	-	-
	=====	=====	=====	=====

Summary of pension deficit funding liability

	Consolidated		Association	
	2025	2024	2025	2024
	£	£	£	£
Due within 1 year				
Pension Trust's Growth Plan	2,935	1,160	2,935	1,160
YMCA	-	16,752	-	-
	-----	-----	-----	-----
	2,935	17,912	2,935	1,160
	=====	=====	=====	=====
Due in more than 1 year				
Pension Trust's Growth Plan	-	-	-	-
YMCA	-	32,748	-	-
	-----	-----	-----	-----
	-	32,748	-	-
	=====	=====	=====	=====

(23) Provision for Deferred Taxation – Consolidated

	2025	2024
	£	£
Provision at 1 April 2024	89,090	102,248
Deferred tax charge/(credit)	67,540	(13,158)
	-----	-----
Provision at 31 March 2025	156,630	89,090
	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2025

(24) Financial Instruments

The carrying amounts of financial instruments are as follows:

	Consolidated		Association	
	2025	2024	2025	2024
	£	£	£	£
Financial Liabilities				
Measured at fair value through the Statement of Comprehensive Income				
- Derivative financial instruments (Note 21)	243,746	433,721	243,746	433,721
	-----	-----	-----	-----
	243,746	433,721	243,746	433,721
Measured at amortised cost				
- Bank loans (Note 21)	281,021,855	265,367,674	281,391,062	265,261,313
	-----	-----	-----	-----
	280,265,601	265,801,395	281,634,808	265,695,034
	=====	=====	=====	=====

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

	Consolidated		Association	
	2025	2024	2025	2024
Income and expense				
Financial liabilities measured at amortised cost	118,662	136,838	118,662	136,838
Net gains and (losses) (including changes in fair value)				
Financial liabilities measured at fair value through the Statement of Comprehensive income	189,975	499,934	189,975	499,934

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	
	2025	2024	2025	2024
Interest income	321,444	231,346	100,021	77,555
Interest expense	11,254,506	10,211,945	11,097,784	10,342,485

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 2025

(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.

(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 2021. This valuation revealed a deficit of £27m. A Recovery Plan has been put in place to eliminate the deficit which ran to 30 September 2022.

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 2025

(26) Pensions (continued)

Retirement Benefits

(a) Pension Obligations - SFHA Pension Scheme

For accounting purposes a valuation of the scheme was carried out with an effective date of 30 September 2023. 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 2023. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March to 28 February 2024 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 Futures' 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 2025 were as follows:

	Hillcrest Futures Limited	Hillcrest Homes (Scotland) Limited
	% per annum	% per annum
Discount Rate	5.82%	5.77%
Inflation (RPI)	3.10%	3.11%
Inflation (CPI)	2.79%	2.78%
Salary Growth	3.79%	3.78%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2025 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2025	20.2
Female retiring in 2025	22.7
Male retiring in 2045	21.5
Female retiring in 2045	24.2

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2025

(26) Pensions (continued)

Retirement Benefits

(a) Pension Obligations - SFHA Pension Scheme

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

	Consolidation		Homes	
	2025	2024	2025	2024
	(£000's)	(£000's)	(£000's)	(£000's)
Fair value of plan assets	25,759	28,775	21,341	23,902
Present Value of defined benefit obligation	29,347	32,572	24,296	27,011
Deficit in plan	(3,588)	(3,797)	(2,955)	(3,109)
Unrecognised Surplus	-	-	-	-
Defined Benefit Liability to be recognised	(3,588)	(3,797)	(2,955)	(3,109)

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

	Consolidation	Association
	2025	2025
	(£000's)	(£000's)
Defined benefit obligation at start of period	32,572	27,011
Expenses	48	40
Interest Expense	1,555	1,287
Actuarial gains due to scheme experience	2	(24)
Actuarial gains due to changes in demographic assumptions	(3,255)	(2,609)
Actuarial gains due to changes in financial assumptions	-	-
Benefits paid and expenses	(1,575)	(1,409)
Defined benefit obligation at end of period	29,347	24,296
	=====	=====

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

	Consolidation	Association
	2025	2025
	(£000's)	(£000's)
Fair value of plan assets at start of period	28,775	23,902
Interest income	1,370	1,135
Experience on plan assets (excluding amounts included in interest income) - gain	(2,859)	(2,327)
Contributions by the employer	48	40
Benefits paid and expenses	(1,575)	(1,409)
Fair value of plan assets at end of period	25,759	21,341
	=====	=====

Hillcrest Homes (Scotland) Limited

Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2025

(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 2024 to 31 March 2025 for Hillcrest Homes and Hillcrest Futures was (£1,192,000) and (£297,000) respectively.

Defined Benefit Costs Recognised in Statement of Comprehensive Income

	Consolidation 2025 (£000's)	Association 2025 (£000's)
Expenses	48	40
Net interest expense	185	152
	-----	-----
Defined benefit costs recognised in statement of comprehensive income	233	192
	=====	=====

Defined Benefit Costs Recognised in Other Comprehensive Income

	Consolidation 2025 (£000's)	Association 2025 (£000's)
Experience on plan assets (excluding amounts included in interest income) - gain	(2,859)	(2,327)
Experience gains and losses arising on the plan liabilities – gain	(2)	24
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	-	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	(3,255)	2,609
	-----	-----
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain	394	306
	=====	=====
Total amount recognised in other comprehensive income – gain	394	306
	=====	=====

**Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2025**

(26) Pensions (continued)

(b) Pensions Trust's Growth Plan

Homes participates in the scheme, a multi-employer scheme which provides benefits to some 638 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.

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.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2025

(26) Pensions (continued)

Reconciliation of the Associations opening and closing provisions is provided in Note 22.

	2025	2024
Assumption - the rate of discount - % per annum	5.31%	5.31%

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.

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 (2024 - £Nil). A Section 75 buy-out was completed in the year.

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 £16,374 per annum over the period to April 2027, accordingly this is shown as a liability in note 22 to these financial statements. In addition, Cair Scotland is required to contribute £5,215 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 2023. 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 £103.2m. This represented 92% 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 2023 showed that the YMCA pension plan had a deficit of £9.1 million. Cair Scotland has been advised that it will need to make monthly contributions of £1,364

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2025

(26) Pensions (continued)

from 1 May 2024. 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 3 years commencing 1 May 2024.

(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.

(28) Related Parties

During the year one (2024 - two) 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 £11,305 (2024 - £12,585). As at 31 March 2025 no amount (2024 – 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.

(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 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 (g)	100%	Provides services and support to services users with drug addictions

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2025

29) Subsidiaries Information (continued)

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 SCIO	Scotland	See Note 29 (h)	50%	Wider role activities
Home Of Rest For The Aged And Infirm (Ferry House)	Scotland	See Note 29 (i)	50%	Provision of home for aged and infirm

- 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.
- 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 financial statements. 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) Cair Scotland Limited is a 100% owned subsidiaries of Hillcrest Futures Limited.
- h) Hillcrest Foundation is a 100% owned charity of Hillcrest Homes (Scotland) Limited with 50% voting rights.
- i) Ferry House is a 100 % owned charity of Hillcrest Homes (Scotland) Limited with 50% voting rights.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2025

(30) Capital Commitments

	2025 £	2024 £
Housing Properties		
Association	67,698,840	65,710,285
Capital expenditure that has been contracted for but has not been provided for in the Financial Statements	=====	=====
Consolidation		
Capital expenditure that has been contracted for but has not been provided for in the Financial Statements	67,698,840 =====	65,710,285 =====
Capital expenditure for contracted costs will continue to January 2025.		
Consolidation & Association		
The estimated amount of contracts for capital expenditure authorised by Governing Body which has not been contracted for	- =====	3,195,000 =====

(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 £7,510,754 of which £Nil relates to the scheme deficit contributions and has been included as a liability as at 31 March 2025. Should the Association decide to end participation in the SFHA Pension Trust Growth Plan there would be a potential liability of £10,411, of which £1,064 relates to the scheme deficit contributions and has been included as a liability as at 31 March 2025. 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 £1,618,166 payable, of which £Nil relates to the scheme deficit contributions and has been included as a liability as at 31 March 2024. There is no intention at present to cease membership of the Pension scheme.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2025

(32) Financial Commitments

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

	Consolidated		Association	
	2025	2024	2025	2024
	£	£	£	£
Property				
Less than one year	151,940	148,030	225,901	116,191
Between 1 – 5 years	567,325	297,955	558,893	296,747
Over 5 years	-	-	-	-
Plant & Machinery				
Less than one year	-	6,250	-	-
Between 1 – 5 years	-	-	-	-
Motor Vehicles				
Less than one year	11,822	11,875	9,896	11,875
Between 1 – 5 years	16,256	7,949	5,773	7,949

(33) Goodwill

	2025	2024
	£	£
Consolidated		
As at 1 April 2024	23,052	30,736
Released to Statement of Comprehensive Income	(7,684)	(7,684)
	-----	-----
As at 31 March 2025	15,368	23,052
	=====	=====

(34) Gain on Revaluation of Asset

During the year to 31 March 2024 the property within Ferry House was revalued resulting in a gain on revaluation. All gains and losses are taken to the Statement of Comprehensive Income as they arise.