

Hillcrest Homes (Scotland) Limited
(Formerly known as Hillcrest Housing Association Limited)

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

Report and Consolidated Financial Statements for the Year Ended
31st March 2020

Hillcrest Homes (Scotland) Limited
Report and Consolidated Financial Statements
for the year ended 31st March 2020

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Hillcrest Homes (Scotland) Limited

Members, Executives and Advisers

Committee of Management

Mr. A Russell	Chairperson
Ms. V. Howard	Operations Sub Committee Convenor
Mr. D. Boyle	Audit & General Purposes Convenor
Mr. D. Scott	(Elected) – resigned 15 August 2019
Mr. M. Hussain	(Elected) – resigned 23 December 2019
Mr. P. Shepherd	(Elected)
Ms. J. Roberts	(Elected)
Mr. D. Weir	(Elected)
Mr. T. Kirby	(Elected) – resigned 10 September 2019
Mr. C. Robertson	(Elected)
Mr. C. Weir	(Elected) – appointed 15 August 2019
Mr. G Wilson	(Elected) – appointed 15 August 2019
Ms. C. Duncan	(Casual Vacancy) – appointed 26 November 2019

Key Management Personnel

Group Chief Executive	Mrs. A. Linton
Deputy Chief Executive/Company Secretary	Ms. F. Morrison
Director of Finance	Mrs. L. Dryden
Director of Corporate Services	Ms. L. Don
Director of Development	Mr. D. Zwirlein
Director of Property	Mr. M. Percival
Director of Housing	Mr. B. Sander
Managing Director of Gowrie Care	Mrs. J Dunlop
Managing Director of Hillcrest Enterprises	Mr. S. Dow

Registered Office

1 Explorer Road
Dundee
DD2 1EG

Auditors

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

Hillcrest Homes (Scotland) Limited
Members, Executives and Advisers

Bankers

Royal Bank of Scotland
3 High Street
Dundee
DD1 9LY

Barclays Commercial Bank
Aurora
1st Floor
120 Bothwell Street
Glasgow
G2 7TJ

Lloyds Bank
3rd Floor
25 Gresham Street
London
EC2V 7HN

GB Social Housing
35 Great St Helens
London
EC3A 6AP

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

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

Solicitors

Thorntons WS
Whitehall House
33 Yeaman Shore
Dundee
DD1 4BJ

Miller Hendry
13 Ward Road
Dundee
DD1 1LU

Hillcrest Homes (Scotland) Limited
Report of the Committee of Management
for the year ended 31st March 2020

The Committee of Management presents their report and the audited Financial Statements for the year ended 31st March 2020.

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 Association was formerly known as Hillcrest Housing Association Limited and changed its name on 1st July 2019 to Hillcrest Homes (Scotland) Limited. The relevant registration numbers are as follows:

Financial Conduct Authority	1603R (S)
OSCR	SC006809
Scottish Housing Regulator	RSL 125

Accounting Compliance

The financial statements of Hillcrest Homes have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)*, the Statement of Recommended Practice for Registered Social Landlords 2018, and comply with the Registered Social Landlords Determination of Accounting Requirements 2014.

Committee of Management and Executive Officers

The Committee of Management, Executive Officers and Advisers of Hillcrest Homes are set out in pages 2 and 3. Each Member of the Committee of Management holds one fully paid share of £1 in Hillcrest. The Directors of Hillcrest Homes hold no interest in the share capital and although not having the legal status of Directors act as Executives within the authority delegated by the Committee.

Election to the Committee of Management is contained within the rules. All committee Members must be members of Hillcrest Homes. The maximum number of Committee Members is 15. Committee Members are elected at the Annual General Meeting. One-third of the Committee of Members must retire annually; they can put themselves up for re-election together with any nominated member of the Association.

Sustainability and Corporate Responsibility

The management, directors and staff at Hillcrest Homes are committed to improving the performance in the development of housing and all other activities with regard to environmental, social and economic sustainability. We aim to implement all reasonably practicable measures to prevent pollution to the environment and comply with all current environmental regulations, legislation and 'other' requirements. All the companies in Hillcrest Homes have achieved the environmental accreditation standard – BS EN ISO 14001:2015 and are audited annually for reaccreditation. The standard is driven from the top with environmental impacts considered during business planning and then throughout the organisation. ISO 14001:2015 assists in reducing the risk of environmental mis-management, maximising environmental performance, ensuring legal compliance and allows the consideration of environmental impacts of construction/refurbishment.

Hillcrest Homes (Scotland) Limited
Report of the Committee of Management (continued)
for the year ended 31st March 2020

Sustainability and Corporate Responsibility (continued)

Hillcrest Homes also recognises its role in supporting sustainable communities. We do this through different initiatives in different parts of the organisation. Hillcrest Homes provides dedicated energy advice support and guidance, tenancy sustainment services and benefit advice. Hillcrest Maintenance (formerly known as Hillcrest Maintenance Services Limited) has an approved apprenticeship strategy, currently employing up to 10 apprentices a year, with a view to increase and also offers work experience and work placements to school children. Hillcrest Futures (formerly known as Gowrie Care Limited) provides activities to service users through the Hubs for a range of activities including drama, arts and crafts, cycling and walking groups, bowling and cookery.

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

Risk Management

Risk Management is an essential element of best practice corporate governance. Hillcrest Homes has an effective approach to risk management, embedding the process into the day to day activities carried out. All individuals have access to the risk register and are aware of the actions required to add to or amend risks.

The organisation has had a continued focus to risk management in identifying, mitigating and managing the risk processes throughout Hillcrest and in particular within the Subsidiary reporting. The risk register is continually reviewed and updated to ensure all risks are noted and the risks quantified.

Hillcrest Homes ensures that structures and governance continually evolve and adapt to a fast changing and challenging operating environment and that where key risks are identified, strategies are put in place to manage the risk. The Committee of Management is satisfied that there are systems in place to mitigate the company's exposure to risk.

Each company operating within Hillcrest Homes, sets their own risk appetite and will assess their own risks within the area they operate within. All new ventures are assessed through the Risk Assessing Panel meetings to explore and assess all risks involved before pursuing further any new venture or opportunity.

Review of Business and Future Development

Business review

The financial year to 31st March 2020 was a very successful year for Hillcrest Homes. At the very end of the year, however, Covid-19, a worldwide pandemic struck and a UK lockdown was announced. Hillcrest reacted quickly to the guidelines and all staff who could were working from home immediately.

Hillcrest Homes (Scotland) Limited
Report of the Committee of Management (continued)
For the year ended 31st March 2020

Business review (continued)

Emergency repairs and communal cleaning continued to be delivered but all non-essential and planned repairs were stopped immediately. A full review of the financial impacts of Covid-19 is underway with early results indicating the overall financial impact will be minimal.

To enable remote working, a number of processes and services provided by the corporate services team had to do adapt quickly. This ensured that staff within Hillcrest were still supported and a high standard of service was maintained during full lockdown restrictions.

During the financial year 2019/20, Hillcrest developed a number of key strategies as part of an overarching business transformation strategy. The aim of the business transformation project is to streamline processes and identify efficiencies in the process to absorb the growth in stock. A business transformation team will be appointed to lead the “Accelerate” project and deliver the outcomes within the agreed timescales.

During the financial year 2019/20, one key objective was of rent harmonisation exercise within Hillcrest Homes to create a more balanced rent charge across the geographical areas. Full consultation and communication with tenants was undertaken throughout the process with the new rents being applicable from 1st April 2020. A phased in approach was agreed by the Committee to restrict the annual impact on tenants with all rents being fully harmonised within 8 years.

With rental of affordable properties being the main core activity, a tenancy app has been developed which will be released during 2020/21. This tenancy app will enable tenants to have greater access to information relating to their tenancy and report repairs on a 24/7 basis.

Financial Review

Results

Hillcrest Homes achieved an overall surplus before tax of £1.8M in 2020, compared to a loss of £5.1M before tax in 2019. Including the adjustment for tax, movement in the accounting for the defined benefit scheme and extraordinary item, an overall surplus of £9.8M was generated, compared to a loss of £8.5M in 2019.

There is substantial movement between the 2 financial years, primarily due to two main elements. Firstly, 2019 saw the introduction of recognising the defined benefit pension net liability position in line with new accounting legislation. The introduction of the reflecting both employers Hillcrest Homes and Hillcrest Futures, share of the schemes assets and liabilities, resulted in a £3.4M cost being recognised in 2019. 2020, however reflects a more favorable position, following a review of the assumptions used in the valuation of the liability at 31 March 2019. The outcome of this review resulted in £5.6M reversal of the pension liability providing an overall £9.1M favorable movement from 2019 to 2020. The other main factor was the impairment of Ellengowan Drive in 2019 resulting in £9.7M cost being recognised within the financial position of 2019.

Loan interest also notes an increase of £1.7M (32.9%) from 2019 to 2020, reflecting the managed investment in the extensive development plan. Annual surpluses are required to cover long term maintenance obligations, repayment of loans and future risks.

Hillcrest Homes (Scotland) Limited
Report of the Committee of Management (continued)
For the year ended 31st March 2020

Financial Review

Results (continued)

Balance Sheet

2020 financial year demonstrates the extensive investment in development across a number of geographical areas that Hillcrest operates within. £70.5M was invested in housing development by Hillcrest Homes during the financial year ended 31 March 2020. To assist with this investment, £37.5M was received from Government grants and additional loan funding was sought. Following the successful private placement bid, £70M new loans were introduced from our new lender Sun Life. The funds were initially used to repay the £72.5M Revolving Credit Facility to enable a more flexible approach to lending in line with our development programme throughout the financial year. This investment in development contributed towards an increase of £9.3M in net assets for the group.

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 £13M was held in the bank by Hillcrest Homes.

Growth

During the financial year to 31 March 2020, due to the level of development, Hillcrest Homes took into management a further 296 units. These were a mixture of traditional social rented and mid-market rented property. Hillcrest Homes continues to have a healthy development programme with 1,712 units planned for development in the forthcoming 3-year period.

A detailed housing stock analysis is provided in Note 14.

Revenue Reserves

This reflects past years' activities and has to provide for the 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. The total revenue reserves amount to £75.3M which the Committee of Management believes to be adequate.

Additional information about the reserves is provided in Notes 25.

Employee Involvement

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

Hillcrest Homes (Scotland) Limited
Report of the Committee of Management (continued)
For the year ended 31st March 2020

Learning and Development

Hillcrest Homes has a comprehensive Learning and Development Policy with a dedicated Learning and Development Team who undertake a variety of internal training courses including organisational introduction, manual handling, non-crisis intervention and autism training.

The e-learning platform is utilised extensively to provide training more cost-effectively and to more members of staff. Due to the Covid 19 restrictions in place, this e-learning platform has continued to expand, offering additional options for remote learning to all staff.

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.

Equal Opportunities & Disabled Persons

Hillcrest Homes has an Equality, Diversity and Inclusion Policy to ensure that there are no discrimination or less favourable treatment on the grounds of any protected characteristic, this being sex, marital status, age, race, colour, nationality, ethnic or national origin, religion, or disability, or is disadvantaged by conditions or requirements which cannot be justifiable. Hillcrest has achieved the Disability Confident Accreditation and is committed to making all reasonable adjustments where required to those within its employment.

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

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.

Donations

Hillcrest Homes made aggregate donations of £10,000 in the year to 31 March 2020.

Hillcrest Homes (Scotland) Limited
Report of the Committee of Management (continued)
For the year ended 31st March 2020

Treasury Management

Hillcrest Homes Treasury function operates within a framework of clearly defined Committee of Management approved policies and procedures. These serve to control the use of financial instruments and the Committee receives regular reports on relevant treasury matters. The overall aim of the Treasury function is to ensure sufficient liquidity is available to meet foreseeable needs, surplus cash is invested prudently and financial risk is minimised.

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

Auditors

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

By Order of the Committee

A. Russell
Chairperson
14th July 2020

Hillcrest Homes (Scotland) Limited
Strategic Report
For the year ended 31st March 2020

The Committee of Management present their strategic report for the year ended 31 March 2020.

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 fully owned trading subsidiaries. The key operating Companies are as follows;

Hillcrest Homes (Scotland) Limited (HH) (formerly Hillcrest Housing Association Limited) 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 (formerly Gowrie Care 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 (formerly Hillcrest Maintenance Services Limited) (HM) is a company limited by guarantee and a wholly controlled subsidiary of HH. HM provides maintenance services to HH as well as other companies within the Group and external organisations.

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

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

Hillcrest Enterprises Limited (HE) was incorporated on 15 February 2019 and is a company limited by shares and a wholly controlled subsidiary of HH. HE provides mid-market rental accommodation, rented accommodation for people with special needs, agency, letting agency services and nursery services for children aged 0-5 years old.

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

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

Hillcrest Homes (Scotland) Limited
Strategic Report
For the year ended 31st March 2020

Principal Activities (continued)

Explorer Heat Limited (EH) is a company limited by shares and wholly controlled by HH. This company is dormant and set out to undertake the maintenance and servicing of the district heating system which is part of the Sailmaker development.

The Hillcrest Group Limited (HG) was a company limited by guarantee and wholly controlled by HH. This company was dormant from incorporation and was registered simply to capture the name. The Hillcrest Group Limited was removed from the companies register on 4th May 2020.

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

Strategic Objectives and Values

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

Hillcrest's core values are at the heart of our strategic objectives. The core values of Hillcrest 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 Group and in the wider community.

We will adapt to changing needs, expectations and opportunities and have a culture of continuous improvement and we will be efficient in procurement and the provision of services and provide value for money in all that we do.

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

Hillcrest Homes (Scotland) Limited
Strategic Report
For the year ended 31st March 2020

Strategic Objectives and Values (continued)

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

3 Year Business Plan

Hillcrest Homes has prepared a detailed 3 year Business Plan to March 2023. The key aims and objectives of this plan are to capture the key short-term activities and targets for 2020-21 to reflect the overall strategic objectives and to build in, where appropriate, longer term objectives. The activities and targets are assigned to Directors and further delegated within departments where applicable.

Future Development

Hillcrest Homes plans to continue to grow and develop over the 3 years covered by this plan. One of the key objectives over the next 3 years is to deliver the 2020/23 development programme which included the delivery of 1,712 houses over the 3 year period. Development within 2020/21 will be reduced due to Covid 19 restrictions, however the original 3 year plan of building 1,712 properties is still achievable at this stage. Hillcrest Homes is currently on site with a number of projects within Edinburgh, Perth & Kinross, Aberdeen and Dundee. Private finance of a further £50M is currently being secured to enable Hillcrest Homes to continue to develop and meet its objectives.

Welfare Reform

The impact of welfare reform continues to be closely monitored to ensure all tenants who are affected are supported. A strategy and action plan is in place to help address all the known current and future impacts of welfare reform which is helping to keep our rent arrears levels below target. Our income management & tenancy sustainment teams continue to work closely with tenants to ensure that they are fully aware of their responsibilities when in receipt of Universal Credit and the services we can offer to assist them with budgeting and financial management. Following the Covid-19 crisis, the work within this area of the business has increased due to the number of tenants affected with financial restraints as a direct impact from Covid-19. This area of support for the tenants will continue to be an area of priority throughout 2020/21 to ensure tenants continue to get the level of support required to retain their tenancy within the organisation.

Hillcrest Homes (Scotland) Limited
Strategic Report
For the year ended 31st March 2020

Tenant Involvement

Hillcrest Homes has a tenant involvement strategy, detailed action plan and now over 170 tenants on its Interested Tenant Register (ITR). Through the ITR we actively encourage opportunities to get involved at a level and pace that suits them such as specific focus groups, surveys or our newsletter panel. Our resident group, HART (Hillcrest Action for Residents & Tenants), focusses solely on scrutiny to help review services and suggest improvements. Recommendations from their most recent scrutiny of our maintenance service were presented to the Operations Sub-Committee in February and the agreed actions are currently being implemented. We also formally consult annually on our annual rent increase and carrying out an annual satisfaction survey, usually face to face but for this year by telephone due to Covid 19. This survey helps gather data from 400 tenants to measure satisfaction with both housing and repair services, value for money & rent affordability. Our self-service tenant app was developed and consulted on with a tenant steering group and is due to be launched by the end of July. This will provide tenants with easy access to the full range of services on-line 24/7 that can currently only do via the phone.

Financial Review

Turnover

Turnover increased by £2.1M, (5.7%) to £38.8M for Hillcrest Homes and also increased by £3.8M, (7.1%) to £57.1M for the Group. Additional information on the breakdown of turnover is provided in the Notes 2 and 3 of the Financial Statements. Turnover has continued to increase due to the extensive current development programme. Rental income increased by 7.3% for Hillcrest Homes and will continue to increase as the development programme is rolled out. Void levels continue to remain low at 1.86%.

Another area of extensive growth within Hillcrest was within Hillcrest Futures. Care activities within the group increased by 9.3%. Opportunities to continue to grow the Care Company is ongoing, within the current geographical areas operated in, however, all opportunities are thoroughly reviewed for potential to extend in new geographical areas.

Overheads

Bad debts continue to be an ongoing area of review and focus for both Hillcrest Homes and Hillcrest Enterprises. During 2019/20, with the assistance of the income management team and the enhanced tenancy sustainment team, bad debts have been maintained at less than 1% of turnover. This has been a key achievement to date, which has been a direct result of the work undertaken by the Income Management Team in partnership with the Tenancy Sustainment Team. Work is ongoing to maintain low levels of bad debts, however, due to the various financial implications of Covid-19, an increase in bad debt costs are expected to rise within the current financial year.

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

Hillcrest Homes (Scotland) Limited
Strategic Report
For the year ended 31st March 2020

Principal risks and uncertainties

The Committee of Management monitor the overall risk profile of the Company. In addition, the Committee of Management is responsible for determining clear policies as to what the Company considers to be acceptable levels of risk. These policies seek to enable people throughout the Company to use their expertise to identify risks that could undermine performance and to devise ways of bringing them to within acceptable levels. Where the Committee of Management identify risks that are not acceptable, they develop action plans to mitigate them with clear allocation of responsibilities and timescales for completion and ensure that progress towards implementing these plans is monitored and reported upon.

Termination of leases for temporary accommodation

Risk

There is a risk a number of Homes temporary and supported accommodation leases will cease due to the introduction of rapid rehousing. This would result in an increase of vacant properties with limited uses or substantial renovation costs to convert for other uses.

Mitigation

Homes is working with building surveyors for a number of properties to assist with a buildings options appraisal for reporting to the Committee.

Financial loss on investment

Risk

There is a risk that the investment with the NHT project, may result in a financial loss due to reduced sales in the properties and potential cladding issues with the scheme.

Mitigation

The sales exit strategy has been agreed with the partner authorities and approved by the Board. This strategy should reduce any potential hold up by enabling the potential buyer to instruct their own survey and review mortgage proposals.

By Order of the Committee

A. Russell
Chairperson
14th July 2020

Hillcrest Homes (Scotland) Limited
Statement of Committee's Responsibilities
for the year ended 31st March 2020

Housing Association legislation requires the Committee to prepare Financial Statements for each financial year which gives a true and fair view of the state of affairs of the Group and of the Income and Expenditure of the Group for the year ended on that date. In preparing those Financial Statements the Committee is required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the Financial Statements;
- Prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and for maintaining a satisfactory system of control over the Group's accounting records and transactions. The Committee is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Committee of Management are aware, there is no relevant audit information (information needed by the Association's auditors, in connection with preparing the report) of which the Association's auditors are unaware.

The Committee of Management have taken all the steps that they ought to have taken to make themselves aware of that information.

Statement of Internal Financial Control

The Committee of Management acknowledges its ultimate responsibility for ensuring that the Group has in place a system of controls that is appropriate to the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:-

1. The reliability of financial information whether used within the Group or provided for external users;
2. The maintenance of proper accounting records; and
3. The safeguarding of assets against unauthorised use or disposition.

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

Hillcrest Homes (Scotland) Limited
Statement of Committee's Responsibilities
for the year ended 31st March 2020 (continued)

Key procedures which the Committee has established and which are designed to provide effective financial control include the following:-

- (1) Formal policies and procedures are in place for the appointment of suitably qualified and experienced senior staff members and consultants. These policies and procedures also detail duties and levels of authority for Committee Members, staff and agents.
- (2) A system of budgetary control is implemented with investigation of variances and reporting to the Committee on a quarterly basis.
- (3) A strategic plan and medium-term projections have been prepared and approved by the Committee. These are reviewed annually.
- (4) The Committee reviews reports from Management Agents and from the auditors to provide reasonable assurance that control procedures are in place and are being followed.
- (5) All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedure at full Committee level.
- (6) The internal auditor undertakes a rolling programme of internal audit assignments. The independent professional internal auditor has direct access to the Audit Committee which receives the reports and agrees the appropriate action plan.

The Committee has reviewed the effectiveness of the system of internal financial controls in existence for the year ended 31 March 2020 and until 14 July 2020. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

A. Russell
Chairperson
14th July 2020

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 2020 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).

This report is made solely to the association's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Scottish Housing Regulator's Determination of Accounting Requirements 2019.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Committee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

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

Conclusions relating to going concern (continued)

- the Committee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Committee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Committee

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

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

Responsibilities of the Committee (continued)

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

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but, except to the extent otherwise explicitly stated in our report, not for the purpose of expressing an opinion on the effectiveness of the association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee.
- Conclude on the appropriateness of the Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

14th July 2020

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

In addition to our audit of the financial statements, we have reviewed your statement on pages 15 and 16 concerning the Association's compliance with the information required by the Regulatory Standards for systemically important RSLs in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator.

Basis of opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on pages 15 and 16 has provided the disclosures required by the relevant Regulatory Standards for systemically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Committee of Management and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Committee of Management's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards for systemically important RSLs in respect of internal financial controls within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

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

14th July 2020

Hillcrest Homes (Scotland) Limited
Consolidated Statement of Comprehensive Income
for the year ended 31st March 2020

	<u>Notes</u>	2020 £	2019 £
Turnover	2(a)	57,057,496	53,284,799
Operating expenditure	2(a)	(47,223,774)	(44,528,852)
Impairment on affordable let properties	2(a)	-	(9,679,348)
Operating surplus/(deficit)	10	9,833,722	(923,401)
Gain/(loss) on disposal of tangible fixed assets	4	(432,765)	1,396,047
Finance income	5	57,744	52,277
Finance costs	6	(7,473,344)	(5,831,375)
Pension remeasurement	7	533	(616)
Movement in fair value of financial instruments	24	(143,485)	175,639
Surplus/(deficit) before tax		£1,842,405	£(5,131,429)
Taxation	12	(102,492)	(46,488)
Surplus/(deficit) after tax		£1,739,913	£(5,177,917)
Exceptional item	35	2,404,053	-
Unrealised surplus on revaluation of housing properties	25	-	131,620
Initial recognition of multi-employer defined benefit scheme	22	-	(1,790,315)
Actuarial profits / (losses) in respect of pension scheme	22	5,640,000	(1,632,468)
Total comprehensive income for the year		£9,783,966 =====	£(8,469,080) =====

Of the activities undertaken were continuing activities.

The notes on pages 32 to 74 form part of the Financial Statements

Hillcrest Homes (Scotland) Limited
Association Statement of Comprehensive Income
for the year ended 31st March 2020

	Notes	2020 £	2019 £
Turnover	2(a)	38,782,143	36,706,234
Operating expenditure	2(a)	(30,945,848)	(29,767,234)
Operating surplus/(deficit)	11	7,836,295	6,939,000
Gain/(loss) on disposal of tangible fixed assets	4	129,570	1,404,773
Finance income	5	205,118	143,800
Finance costs	6	(6,789,003)	(5,107,016)
Pension remeasurement	7	533	(616)
Movement in fair value of financial instruments	24	(143,485)	175,639
Surplus before and after taxation for the year		£1,239,028	£3,555,580
Initial recognition of multi-employer defined benefit scheme	22	-	(1,308,571)
Actuarial gain/(loss) in respect of pension scheme	22	4,424,000	(1,335,102)
Business Combination	34	22,616,886	-
Exceptional Item	35	2,404,053	-
Total comprehensive income for the year		£30,683,967	£911,907

All income and expenditure derive from continuing activities.

The notes on pages 32 to 74 form part of the Financial Statements

Hillcrest Homes (Scotland) Limited
Consolidated Statement of Financial Position as at 31st March 2020

	Notes	2020 £	2019 £
Fixed assets			
Tangible fixed assets	15/16	544,714,181	483,236,013
Investments	17	871,385	871,385
		545,585,566	484,107,398
Current assets			
Stock	18	22,086,614	22,422,778
Trade and other debtors	19	6,592,350	14,365,616
Cash and cash equivalents		22,603,842	21,092,324
		51,282,806	57,880,718
Less: Creditors: amounts falling due within one year	20	(21,168,371)	(81,600,706)
Net current assets/liabilities		30,114,435	(23,719,988)
Total assets less current liabilities		575,700,001	460,387,410
Creditors: amounts falling due after more than one year	21	(498,848,283)	(386,410,495)
Pension – deficit funding liability	22	(91,385)	(112,530)
Pension – defined benefit liability	22	(775,000)	(7,663,014)
		(499,714,668)	(394,186,039)
Total net assets		£75,985,333	£66,201,371
Reserves			
Share capital		71	75
Income and expenditure reserve	25	75,652,538	65,183,262
Restricted reserve	25	294,302	203,971
Revaluation reserve	25	-	767,956
Negative goodwill	25	38,420	46,105
Non-controlling interest	25	2	2
Total reserves		£75,985,333	£66,201,371

The Financial statements on pages 22 to 74 were approved by the Committee of Management on 14th July 2020 and were signed on its behalf by:

Alan Russell	CHAIRPERSON
Val Howard	COMMITTEE MEMBER
Fiona Morrison	SECRETARY

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

Hillcrest Homes (Scotland) Limited
Association Statement of Financial Position as at 31st March 2020

	<u>Notes</u>	2020 £	2019 £
Fixed Assets			
Tangible fixed assets	15/16	541,298,828	458,362,157
Investments	17	5,888,751	3,388,751
		-----	-----
		547,187,579	461,750,908
Current Assets			
Stock	18	-	402,814
Trade and other debtors	19	6,036,570	13,974,471
Cash and cash equivalents		13,010,788	11,773,610
		-----	-----
		19,047,358	26,150,895
Less: Creditors: amounts falling due within one year	20	(16,999,719)	(77,165,897)
		-----	-----
Net current Assets / (liabilities)		2,047,639	(51,015,002)
Total Assets Less Current Liabilities		549,235,218	410,735,906
Creditors: amounts falling due after more than one year	21	(481,969,143)	(368,687,805)
Pension – deficit funding liability	22	(15,584)	(19,893)
Pension – defined benefit liability	22	(688,000)	(6,149,680)
		-----	-----
		(482,672,727)	(374,857,378)
		-----	-----
Total net assets		£66,562,491	£35,878,528
		=====	=====
Reserves			
Share capital		71	75
Income and expenditure reserve	25	66,562,420	35,878,453
		-----	-----
		£66,562,491	£35,878,528
		=====	=====

The Financial Statements on pages 22 to 74 were approved by the Committee of Management on 14th July 2020 and were signed on its behalf by:

Alan Russell	CHAIRPERSON
Val Howard	COMMITTEE MEMBER
Fiona Morrison	SECRETARY

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

Hillcrest Homes (Scotland) Limited
Consolidated Statement of Changes in Reserves
for the year ended 31st March 2020

	Share Capital £	Income & Expenditure Reserve £	Restricted Reserve £	Revaluation Reserve £	Non- Controlling Interest £	Negative goodwill £	Total £
At 31 March 2019 and 1 April 2019	75	65,183,262	203,971	767,956	2	46,105	66,201,371
Surplus/(deficit) for the year	-	1,739,913	-	-	-	-	1,739,913
Unrealised deficit on revaluation of housing properties	-	-	-	-	-	-	-
Exceptional item	-	2,404,053	-	-	-	-	2,404,053
Actuarial gains in respect of pension scheme	-	5,640,000	-	-	-	-	5,640,000
	-----	-----	-----	-----	-----	-----	-----
Total comprehensive income	-	9,783,966	-	-	-	-	9,783,966
Share capital issued/cancelled	(4)	-	-	-	-	-	(4)
Released to statement of comprehensive income	-	7,685	-	-	-	(7,685)	-
Transfer to/(from) revaluation reserve	-	767,956	-	(767,956)	-	-	-
Transfer to/(from) designated reserve	-	(90,331)	90,331	-	-	-	-
	-----	-----	-----	-----	-----	-----	-----
At 31 March 2020	£71	£75,652,538	£294,302	£-	£2	£38,420	£75,985,333
	=====	=====	=====	=====	=====	=====	=====

Hillcrest Homes (Scotland) Limited
Association Statement of Changes in Reserves
for the year ended 31st March 2020

	Share Capital £	Income & Expenditure Reserve £	Total £
At 31 March 2019 and 1 April 2019	75	35,878,453	35,878,528
Surplus for the year	-	1,239,028	1,239,028
Actuarial gains/ (losses) in respect of pension scheme	-	4,424,000	4,424,000
Gain from business acquisition		22,616,886	22,616,886
Exceptional Item		2,404,053	2,404,053
	-----	-----	-----
Total comprehensive income	-	30,683,967	30,683,967
Share capital issued/cancelled	(4)	-	(4)
	-----	-----	-----
At 31 March 2020	£71	£66,562,420	£66,562,491
	=====	=====	=====

Hillcrest Homes (Scotland) Limited
Consolidated Statement of Cash Flows
for the year ended 31st March 2020

	Notes	2020 £	2019 £
Net cash generated from operating activities	(Note i)	16,441,704	11,659,406
		-----	-----
Cash flow from investing activities			
Purchase of tangible fixed assets		(74,786,074)	(62,296,852)
Proceeds from sale of tangible fixed assets		778,835	2,418,829
Grants received		44,002,700	35,464,781
Grants repaid		(901,741)	(280,097)
Interest receivable		57,744	52,277
		-----	-----
		(30,848,536)	(24,641,062)
		-----	-----
Cash flow from financing activities			
Issue of share capital		-	3
Interest payable		(5,929,487)	(5,583,183)
New secured loans		92,500,000	23,100,000
Repayment of borrowings		(70,652,163)	(1,866,173)
		-----	-----
		15,918,350	15,650,647
		-----	-----
Net change in cash and cash equivalents		1,511,518	2,668,991
Cash flow from increase in debt		(21,847,837)	(21,233,827)
Acquisitions and disposals		-	-
		-----	-----
Cash and cash equivalents at 1 April 2019		(152,557,801)	(133,992,965)
		-----	-----
Cash and cash equivalents at 31 March 2020		£(172,894,120)	£(152,557,801)
		=====	=====

Hillcrest Homes (Scotland) Limited
Association Statement of Cash Flows
for the year ended 31st March 2020

	Notes	2020 £	2019 £
Net cash generated from operating activities	(Note i)	14,794,987	8,467,098
		-----	-----
Cash flow from investing activities			
Purchase of tangible fixed assets		(72,124,571)	(61,518,956)
Purchase of investments		(2,500,000)	-
Proceeds from sale of tangible fixed assets		595,470	2,319,947
Grants received		44,002,702	35,282,569
Grants repaid		(343,516)	(233,931)
Interest receivable		157,118	143,800
		-----	-----
		(30,212,797)	(24,006,571)
		-----	-----
Cash flow from financing activities			
Issue of share capital		-	3
Interest payable		(5,245,012)	(4,859,943)
New secured loans		22,900,000	23,100,000
Repayment of borrowings		(1,000,000)	(1,000,000)
		-----	-----
		16,654,988	17,240,060
		-----	-----
Net change in cash and cash equivalents		1,237,178	1,700,587
Cash flow from increase in debt		(21,900,000)	(22,100,000)
 Cash and cash equivalents at 1 April 2019		 (145,566,708)	 (125,167,295)
		-----	-----
Cash and cash equivalents at 31 March 2020		£(166,229,530)	£(145,566,708)
		=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Association Statement of Cash Flows
for the year ended 31st March 2020

Consolidated
Note i

Cash flow from operating activities	2020	2019
	£	£
Surplus/ (Loss) for year	17,207,251	(2,682,297)
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	5,189,289	4,753,041
Decrease/(increase) in stock	336,164	(453,293)
Decrease/(increase) in trade and other debtors	1,299,286	(508,253)
Increase/(decrease) in trade and other creditors	(10,536,295)	3,048,462
Shares cancelled	(4)	(6)
Release of goodwill	(7,685)	(7,685)
Decrease / (increase) in loan fair value	(68,296)	(644,842)
Increase (decrease) in financial instruments	143,485	(175,639)
Loss / (Gain) on disposal of tangible fixed assets	2,866,564	(1,396,047)
Abortive costs	11,945	46,617
Impairment of tangible fixed assets	-	9,679,348
	-----	-----
	16,441,704	11,659,406
	=====	=====

Association
Note i

Cash flow from operating activities	2020	2019
	£	£
Surplus for the year	37,267,852	5,875,123
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	4,791,866	4,228,495
Decrease/(increase) in stock	402,814	(415,934)
Decrease/(Increase) in trade and other debtors	1,511,920	(643,386)
Increase/(decrease) in trade and other creditors	(8,593,923)	1,489,837
Shares cancelled	(4)	(6)
Decrease / (increase) in loan fair value	(68,313)	(644,842)
Increase (decrease) in financial instruments	143,485	(175,639)
Gain on disposal of tangible fixed assets	(129,570)	(1,404,773)
Abortive costs	11,946	46,617
Business combination – transfer fixed assets	(20,543,086)	-
Impairment of tangible fixed assets	-	111,606
	-----	-----
Net cash generated from operating activities	14,794,987	8,467,098
	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Association Statement of Cash Flows
for the year ended 31st March 2020

Consolidated – note ii
Analysis of changes in net debt

	At 1 April 2019 £	Cashflow £	Other non- cash changes £	At 31 March 2020 £
Cash and cash equivalents:				
Cash at bank and in hand	<u>21,092,324</u>	<u>1,511,518</u>	-	<u>22,603,842</u>
Borrowings:				
Debt due within one year	(58,158,896)	58,152,163	(1,055,664)	(1,062,397)
Debt due after more than one year	<u>(115,491,229)</u>	<u>(80,000,000)</u>	<u>1,055,664</u>	<u>(194,435,565)</u>
	<u>(173,650,125)</u>	<u>(21,847,837)</u>	-	<u>(195,497,962)</u>
Total	<u>(152,557,801)</u>	<u>(20,336,319)</u>	-	<u>(172,894,120)</u>

Association – note ii
Analysis of changes in net debt

	At 1 April 2019 £	Cashflow £	Other non- cash changes £	At 31 March 2020 £
Cash and cash equivalents:				
Cash at bank and in hand	<u>11,773,610</u>	<u>1,237,178</u>	-	<u>13,010,788</u>
Borrowings:				
Debt due within one year	(58,100,000)	58,100,000	(1,000,000)	(1,000,000)
Debt due after more than one year	<u>(99,240,318)</u>	<u>(80,000,000)</u>	<u>1,000,000</u>	<u>(178,240,318)</u>
	<u>(157,340,318)</u>	<u>(21,900,000)</u>	-	<u>(179,240,318)</u>
Total	<u>(145,566,708)</u>	<u>(20,662,823)</u>	-	<u>(166,229,531)</u>

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

(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 2014.

For consolidation, the charitable subsidiaries have been prepared in accordance with applicable accounting standards, the Companies Act 2006 and the Charities Accounts (Scotland) Regulations. They also follow the recommendations in the Statement of Recommended Practice: Accounting and Reporting by Charities and Statement of Recommended Practice: Accounting by Limited Liability Partnerships. Other subsidiaries have been prepared in accordance with Financial Reporting Standard 102.

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

(b) Basis of Accounting

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

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

(c) Basis of Consolidation

The Group accounts consolidate the accounts of Hillcrest Homes (Scotland) Limited and its subsidiary companies. Profits or losses on intra-group transactions are eliminated in full and all inter company debts are eliminated in full.

(d) Turnover and other income

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

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

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

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

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

(i) Rendering of services

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

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

(ii) Construction contracts

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

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

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

(iii) Interest and dividends receivable

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

(e) Grant income

Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where a grant is received from government and other bodies as a contribution towards a capital cost, it is recognised as income using the performance model in accordance with the SORP 2018. Prior to satisfying the performance conditions such grants are held as deferred income on the Statement of Financial Position.

(f) Tangible Fixed Assets - Housing Properties

(i) Housing Properties

Housing properties including developments in progress, with the exception of mid-market properties which are held at valuation, are stated at cost less aggregate depreciation. Mid-market properties are stated at a subject to tenancy market value, and a formal valuation undertaken a minimum once every 5 years. The Statement of Comprehensive Income includes the net gains and losses arising on revaluation and disposals throughout the period.

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

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

(ii) Depreciation

For most categories of housing property, there is a commitment to a long-term programme of planned maintenance. This commitment has been made in the belief that the expected useful economic life of these properties will be substantially extended as a result. The amount of depreciation required to write off the cost of the buildings to their estimated residual values is therefore considered to be as follows:-

New build properties	– 90 years straight line
Tenement properties	– 100 years straight line

Where properties are deemed to be less structurally sound or are unpopular with potential tenants due to age, condition or type, they are subject to a less rigorous planned maintenance programme. Depreciation is provided on this category of property in order to write off the cost to their residual value over their expected useful economic life as follows:

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

Housing properties are split between land, structure and major components which require periodic replacement. Where major components are replaced, they are capitalised, depreciated over their estimated useful life and the previously capitalised component disposed of. Any gain or loss on the disposal of the individual components of a property will be reflected through the depreciation charge for the year.

Each major property component is treated as separate asset and depreciated over its expected useful economic life on a straight line basis at the following annual rates:

Structure	- 20, 90 or 100 years as noted above
Kitchens	- 15 years
Bathrooms	- 30 years
Rewiring	- 45 years
Windows	- 30 or 50 years
Heating systems	- 20 years
Gas boilers	- 15 years

Land is not depreciated.

(iii) Impairment

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

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

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

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

(iii) Impairment

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

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

(iv) Works to Existing Housing Properties

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that are of such a substantial nature that they will increase the expected useful life of the properties, are capitalised as improvements. The cost of all other works to existing housing properties is written off to the Statement of Comprehensive Income in the year in which it is incurred.

(v) Capitalisation of Development Overheads

Costs which are directly attributable to bringing housing properties into working condition are included in housing properties costs. Directly attributable costs include direct labour costs of the Association and the incremental costs which would have been avoided only if the property had not been constructed or acquired. All other development overheads are written off to the Statement of Comprehensive Income. Overheads are not capitalised on component replacements.

(vi) Development Interest

Interest on borrowings specifically financing a development programme is capitalised to the extent that it accrues in respect of the period during which development activities are in progress. All other interest is written off to the Statement of Comprehensive Income in the period in which it accrues.

(vii) Sales of Housing Properties

The surplus or deficit is accounted for in the period the disposal occurs and represents the difference between the net sale proceeds and the net carrying value. The surplus/deficit amount arising from the sale of housing properties is disclosed separately in the Statement of Comprehensive Income.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

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

(viii) Shared Ownership

In accordance with the SORP 2018, shared ownership properties are reflected within Fixed Assets. Proceeds from first tranche disposals are allocated to Turnover. Costs relating to expected first tranche sales are reflected in current assets and released to the Statement of Comprehensive Income on sale.

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

(g) Tangible Fixed Assets – Other Fixed Assets

Depreciation is provided on all other tangible fixed assets at rates calculated to write off the cost less residual value of such assets over their expected useful life as follows:-

Commercial properties – modernised	-	20 to 30 years straight line
Commercial properties – new build	-	20 to 50 years straight line
Office premises	-	50 years straight line
Tenant's improvements	-	3 or 10 years straight line
Housing furniture & fittings	-	20% reducing balance
Office furniture & fittings	-	3 to 20 years straight line
	-	20% reducing balance
Computer Equipment	-	3 or 5 years straight line
Computer Software	-	10 years straight line
Motor Vehicles	-	4 years straight line
Other	-	non-depreciating asset

(h) Investments

(i) Investments – Subsidiaries

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

(ii) Investments - Homestake

During the financial year ending 31 March 2008, Grants were received from the Scottish Ministers for the construction of properties under the Homestake scheme. The costs during the construction of the properties and up to the point of sale are reflected as work in progress within the Current Assets and the grants in Other Creditors. Upon sale of the Homestake properties to eligible beneficiaries the cost and grants relating to such properties are accounted for in the Statement of Comprehensive Income within Other Income and Other Operating Expenditure respectively.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

(1) (h) Investments (continued)

(ii) Investments - Homestake

The Association upon sale of the Homestake Properties retains an equity stake of the property. As full title of the property passes to the Homestake owner upon sale, the equity stake is accounted for as a Fixed Asset Investment on the historical cost basis reflecting receipts potentially receivable from sales of subsequent residual stakes. The cost is offset by a grant of the same amount, included as a liability within deferred income, reflecting monies repayable by the Association to the Scottish Ministers on sale of subsequent residual stakes.

For all sales made from 1 April 2008, the Scottish Ministers upon sale of the Homestake retains an equity stake of the property and therefore no disclosure of investments will be required. Closing stock is valued at lower than cost and net realisable value. Net realisable values are based on the market values on the completed schemes as at the financial year end.

(iii) Investments – Investment Property

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

(i) Stock

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

(j) Loans and borrowings

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

(k) Homes (Scotland) Grant (HAG) and other capital grants

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

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

HAG is repayable under certain circumstances, primarily following the sale of a property but will normally be restricted to the net proceeds of sale.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

(1) (l) Debtors and creditors

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

(m) Cash at bank

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

(n) Derivatives

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

(o) Employee benefits

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

In line with FRS 102 accounting requirements, any unused holidays accrued to 31 March 2020 are accounted for as an expense within the Statement of Comprehensive Income and respective creditor included within Note 20.

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

Pre-April 2014 Hillcrest Homes and Hillcrest Futures operated a defined benefit scheme, the assets of this Scheme are held separately from those of the companies in an independently administered fund (see Note 26). Determining the value of Hillcrest Homes and Hillcrest Futures share of the defined benefit scheme includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds. Allocation of share of assets and liabilities for multi-employer pension schemes are based on source information provided by the administrators of the scheme and estimations performed by actuarial advisers.

(p) Other provisions

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

(q) Restricted reserve

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

(r) Taxation

Hillcrest Homes has charitable status which affects its liability to tax. Activities of the Group falling outwith the scope of charitable purposes are conducted by Hillcrest Enterprises (2019) Limited, Hillcrest Enterprises Limited and Hillcrest Maintenance Limited, subsidiary companies that do not have charitable status.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

(1) (r) Taxation (continued)

Gift Aid has been in existence in previous years, whereby taxable profits of the subsidiary company are covenanted to the Charitable Association thus reducing the charge to Corporation Tax. In 2019/20 Hillcrest Maintenance Limited will gift aid £Nil (2019 - £200,000), Hillcrest Enterprises (2019) Limited £Nil (2019 – £35,000) and Hillcrest Enterprises Limited £100,000 (2019 – Nil) to Hillcrest Homes (Scotland) Limited.

For non-charitable companies, the charge for taxation is based on the results for the period and takes into account the taxation deferred because of timing differences between the treatment of certain items for accounting and taxation purposes. Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

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

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

(s) Service Equalisation

Surpluses of service revenue over service costs have been equalised in the Statement of Comprehensive Income and have been set aside as a debtor or creditor for expected future increases in service costs. Following the introduction of rent harmonisation in 2019/20, the amounts were fully written off.

(t) Financial instruments

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

(u) Goodwill

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

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

(1) (v) Significant Estimates

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

(i) Rent Arrears – Bad Debt Provision

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

(ii) Useful Life of Properties, Plant and Equipment

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

(iii) Defined Pension Liability

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

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

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

	Turnover £	Operating Costs £	2020 Operating Surplus £	2019 Operating Surplus £
Continuing operations				
Affordable letting activities (Note 2b)	39,080,685	20,983,888	18,096,797	16,934,071
Impairment on affordable let properties (Note 2b)	-	-	-	(9,679,348)
Other activities (Note 3)	17,976,811	26,239,886	(8,263,075)	(8,178,124)
	-----	-----	-----	-----
	57,057,496	47,223,774	9,833,722	(923,401)
Discontinued operations				
Other activities (Note 3)	-	-	-	-
	-----	-----	-----	-----
2020 - Total	£57,057,496	£47,223,774	£9,833,722	£(923,401)
	=====	=====	=====	=====
Continuing operations	53,284,799	54,208,200		
Discontinued operations	-	-		
	-----	-----		
2019 - Total	£53,284,799	£54,208,200		
	=====	=====		

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

	Turnover £	Operating Costs £	2020 Operating Surplus £	2019 Operating Surplus £
Affordable letting activities (Note 2b)	35,018,781	26,719,429	8,299,352	7,230,405
Other activities (Note 3)	3,763,362	4,226,419	(463,057)	(291,405)
	-----	-----	-----	-----
2020 - Total	£38,782,143	£30,945,848	£7,836,295	£6,939,000
	=====	=====	=====	=====
2019 - Total	£36,706,234	£29,767,234		
	=====	=====		

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

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 £	2020 Total £	2019 Total £
Income from lettings						
Rent receivable net of service charges	25,303,393	253,863	564,289	6,251,838	32,373,383	30,265,323
Service charges	3,583,152	35,457	40,022	489,442	4,148,073	3,931,896
	-----	-----	-----	-----	-----	-----
Gross income from rents and service charges	28,886,545	289,320	604,311	6,741,280	36,521,456	34,197,219
Less voids	(593,164)	(25,768)	(12,551)	(142,267)	(773,750)	(630,900)
	-----	-----	-----	-----	-----	-----
Net income from rents and service charges	28,293,381	263,552	591,760	6,599,013	35,747,706	33,566,319
Grants released from deferred income	2,639,447	5,089	71,137	283,935	2,999,608	3,019,313
Revenue grants from the Scottish Ministers	333,371	-	-	-	333,371	318,170
Other revenue grants	-	-	-	-	-	-
	-----	-----	-----	-----	-----	-----
Total turnover	31,266,199	268,641	662,897	6,882,948	39,080,685	36,903,802
Expenditure on lettings						
Management & maintenance administration costs	7,757,170	223,157	145,043	562,548	8,687,918	8,037,556
Service costs	1,897,027	30,768	40,022	380,172	2,347,989	2,795,973
Reactive & void maintenance costs	1,150,441	26,813	9,169	203,146	1,389,569	1,030,244
Planned, cyclical & major repairs costs	565,290	2,586	5,522	131,418	704,816	841,264
Bad debts – rents and service charges	232,512	-	-	35,766	268,278	332,045
Depreciation of affordable let properties	6,804,707	9,994	128,130	642,487	7,585,318	6,932,650
Impairment of affordable let properties	-	-	-	-	-	9,679,348
	-----	-----	-----	-----	-----	-----
Operating costs	18,407,147	293,318	327,886	1,955,537	20,983,888	29,649,080
	-----	-----	-----	-----	-----	-----
Operating surplus / (deficit) 2020	£12,859,052	£(24,677)	£335,011	£4,927,411	£18,096,797	£7,254,722
	=====	=====	=====	=====	=====	=====
Operating surplus / (deficit) 2019	£12,133,017	£25,537	£347,662	£(5,251,494)		
	=====	=====	=====	=====		

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

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 £	2020 Total £	2019 Total £
Income from lettings						
Rent receivable net of service charges	25,251,937	267,676	564,289	2,482,857	28,566,759	26,568,425
Service charges	3,562,241	35,457	40,022	86,462	3,724,182	3,536,570
	-----	-----	-----	-----	-----	-----
Gross income from rents and service charges	28,814,178	303,133	604,311	2,569,319	32,290,941	30,104,995
LESS: Rent losses from voids	(566,072)	(26,516)	(12,551)	-	(605,139)	(498,619)
	-----	-----	-----	-----	-----	-----
Net income from rents and service charges	28,248,106	276,617	591,760	2,569,319	31,685,802	29,606,376
Grants released from deferred income	2,639,447	5,089	71,137	283,935	2,999,608	2,936,362
Revenue grants from Scottish Ministers	333,371	-	-	-	333,371	318,170
	-----	-----	-----	-----	-----	-----
Total turnover	31,220,924	281,706	662,897	2,853,254	35,018,781	32,860,908
Expenditure on lettings						
Management & maintenance administration costs	7,741,879	208,355	145,043	84,099	8,179,376	7,813,110
Service costs	3,027,199	14,766	40,022	89,745	3,171,732	3,583,331
Reactive & Void maintenance costs	4,664,048	-	9,169	31,622	4,704,839	4,059,061
Planned, cyclical & major repairs costs	2,848,800	-	5,522	20,816	2,875,138	3,107,971
Bad debts – rents and service charges	232,512	-	-	-	232,512	282,763
Depreciation of affordable let properties	6,804,707	9,994	128,130	613,001	7,555,832	6,672,661
Impairment of affordable let properties	-	-	-	-	-	111,606
	-----	-----	-----	-----	-----	-----
Operating costs	25,319,145	233,115	327,886	839,283	26,719,429	25,630,503
	-----	-----	-----	-----	-----	-----
Operating surplus / (deficit) 2020	£5,901,779	£48,591	£335,011	£2,013,971	£8,299,352	£7,230,405
	=====	=====	=====	=====	=====	=====
Operating surplus / (deficit) 2019	£5,406,076	£44,654	£347,662	£1,432,013		
	=====	=====	=====	=====		

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

(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) 2020 £	Operating Surplus/ (deficit) 2019 £
Continuing activities									
Wider role	-	7,945	-	-	7,945	-	-	7,945	475
Factoring	-	-	-	97,931	97,931	22,955	60,460	14,516	20,247
Uncapitalised development administration costs	991,427	-	-	-	991,427	-	798,960	192,467	(39,098)
Support activities	-	-	327,841	329,637	657,478	-	688,836	(31,358)	(22,285)
Care activities	-	-	14,598,167	12,000	14,610,167	-	14,152,757	457,410	206,553
Contracted out services undertaken for other organisations	-	-	-	53,849	53,849	-	65,535	(11,686)	18,985
Commercials	-	-	-	543,350	543,350	4,694	186,023	352,633	293,933
Central charges	-	-	-	-	-	-	1,183,117	(1,183,117)	(1,473,271)
Other activities	-	-	-	1,014,664	1,014,664	(89)	9,076,638	(8,061,885)	(7,183,663)
	991,427	7,945	14,926,008	2,051,431	17,976,811	27,560	26,212,326	(8,263,075)	(8,178,124)
Discontinued activities									
Other activities	-	-	-	-	-	-	-	-	-
2020 Total	£991,427	£7,945	£14,926,008	£2,051,431	£17,976,811	£27,560	£26,212,326	(£8,263,075)	(£8,178,124)
	=====	=====	=====	=====	=====	=====	=====	=====	=====
2019 Total	£795,053	£65,367	£13,640,006	£1,880,570	£16,380,996	£29,313	£24,529,807		
	=====	=====	=====	=====	=====	=====	=====		

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
For the year ended 31st March 2020

(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) 2020 £	Operating Surplus/ (deficit) 2019 £
Wider role	-	7,945	-	-	7,945	-	-	7,945	475
Factoring	-	-	-	97,931	97,931	22,955	60,460	14,516	20,247
Uncapitalised development administration costs	991,427	-	-	-	991,427	-	798,960	192,467	(39,098)
Support activities	-	-	327,841	329,637	657,478	-	688,836	(31,358)	(22,285)
Commercials	-	-	-	497,383	497,383	4,694	199,577	293,112	251,501
Central charges	-	-	-	1,183,117	1,183,117	-	1,183,117	-	-
Other activities	-	-	-	328,081	328,081	-	1,267,820	(939,739)	(502,245)
2020 Total	£991,427	£7,945	£327,841	£2,436,149	£3,763,362	£27,649	£4,198,770	£(463,057)	£(291,405)
2019 Total	£795,053	£475	£362,869	£2,686,929	£3,845,326	£29,313	£4,107,418		

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

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

Association	Proceeds from sales £	Cost of Sales £	2020 Profit / (Loss) on Sales £	Proceeds from sales £	2019 Profit / (Loss) on Sales £
One off Sales	410,372	413,153	(2,781)	178,986	(25,956)
Shared Ownership	298,875	166,524	132,351	651,344	296,873
Sale of other fixed assets	-	-	-	1,506,000	1,133,856
	-----	-----	-----	-----	-----
	709,247	579,677	129,570	2,336,330	1,404,773
Consolidated					
One off Sales	68,948	631,923	(562,975)	185,799	(17,103)
Sale of other fixed assets	640	-	640	8,542	8,377
	-----	-----	-----	-----	-----
	£778,835	£1,211,600	£(432,765)	£2,530,671	£1,396,047
	=====	=====	=====	=====	=====

(5) Finance Income

	Consolidated		Association	
	2020	2019	2020	2019
	£	£	£	£
Interest receivable	57,744	52,277	157,118	143,800
Dividends receivable	-	-	48,000	-
	-----	-----	-----	-----
	£57,744	£52,277	£205,118	£143,800
	=====	=====	=====	=====

(6) Finance Costs

	Consolidated		Association	
	2020	2019	2020	2019
	£	£	£	£
Interest payable	7,272,050	5,627,006	6,620,709	4,936,305
Other financing costs – income	-	(38,782)	-	(38,782)
Other financing costs – cost	39,311	74,801	39,311	74,801
Pension interest expense	161,983	168,350	128,983	134,692
	-----	-----	-----	-----
	£7,473,344	£5,831,375	£6,789,003	£5,107,016
	=====	=====	=====	=====

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 2020

(7) Pension Remeasurement

	Consolidated		Association	
	2020	2019	2020	2019
	£	£	£	£
Impact of changes in assumptions (Note 22)	(533)	218	(533)	218
Amendments to the contribution schedule (Note 22)	-	398	-	398
	£(533)	£616	£(533)	£616
	=====	=====	=====	=====

(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	
	2020	2019	2020	2019
	£	£	£	£
The emoluments payable to key management personnel and former key management personnel amount to:-				
Emoluments excluding employers pension	767,503	648,337	613,126	575,769
Employers pension contributions	61,899	50,862	52,547	48,693
	£829,402	£699,199	£665,673	£624,462
	=====	=====	=====	=====

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

Emoluments excluding employers pension	133,364	129,460	133,364	129,460
Employers pension contributions	11,531	10,920	11,531	10,920
	£144,895	£140,380	£144,895	£140,380
	=====	=====	=====	=====

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

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

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

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

(9) Employee Information

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

	Consolidated		Association	
	2020	2019	2020	2019
Office Staff	227	217	186	184
Wardens, Caretakers & Cleaners	37	39	37	39
Support Staff	865	781	-	-
Maintenance	154	147	13	11
	-----	-----	----	----
	1,283	1,184	236	234
	=====	=====	===	===
The average number of full time equivalent	899	797	211	210
	===	===	===	===

Staff Costs (including Key Management Personnel Emoluments):

	Consolidated		Association	
	2020	2019	2020	2019
	£	£	£	£
Wages and Salaries	24,772,593	21,619,703	6,836,891	6,316,525
Social Security Costs	2,052,944	1,823,112	670,519	632,675
Pension Costs	883,948	688,173	423,591	380,759
	-----	-----	-----	-----
	£27,709,485	£24,130,988	£7,931,001	£7,329,959
	=====	=====	=====	=====
Redundancy/termination payments included in above	Nil	£12,289	Nil	£12,289

(10) Investment Property

	2020	2019
	£	£
Valuation		
At 1 April 2019	45,000	45,000
Additions at cost	-	-
Loss on revaluation	-	-
	-----	-----
At 31 March 2020	£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:

	2020	2019
	£	£
Historic cost	£61,250	£61,250
	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

(11) Operating Surplus

	Consolidated		Association	
Operating surplus is stated after charging:	2020	2019	2020	2019
	£	£	£	£
Depreciation – Housing property	7,261,197	6,714,925	7,231,711	6,492,813
Depreciation – Disposals	324,121	217,725	324,121	179,848
Depreciation – Other fixed assets	939,573	889,150	571,637	548,443
Amortisation of grant	2,999,609	2,851,033	2,999,609	2,812,761
Impairment of affordable let properties	-	9,679,348	-	111,606
Operating lease – plant & Machinery	15,011	14,709	-	-
- other	600	10,218	135,877	135,368
- motor vehicles	22,452	3,746	22,452	3,746
External auditor's remuneration for all group companies (including VAT):-				
- In their capacity as auditors	59,035	59,035	21,855	27,458
- In respect of other services	47,520	47,520	-	47,520

(12) Tax on Profit On Ordinary Activities – Consolidated

	2020	2019
	£	£
Corporation tax at 19% (2019 – 19%)	91,958	23,477
Terminal loss provisions	-	(670)
Under-provision	-	-
Deferred tax	10,534	23,681
	-----	-----
	£102,492	£46,488
	=====	=====

(13) Service Charge Equalisation Account

	Consolidated		Association	
	2020	2019	2020	2019
	£	£	£	£
Balance at beginning of Year	(526,787)	(463,691)	(526,787)	(463,691)
Transfer of Property Revenue to account	(63,096)	(63,096)	(84,315)	(63,096)
Transfer to SOCI – Exceptional Item (see Note 35)	611,102	-	611,102	-
	-----	-----	-----	-----
Balance at End of Year	£-	£(526,787)	£-	£(526,787)
	=====	=====	=====	=====
Being:- Debtor Balance (see Note 19)	-	(1,317,755)	-	(1,317,755)
Creditors Balance (see Note 20)	-	790,968	-	790,968
	-----	-----	-----	-----
Balance at End of Year	£-	£(526,787)	£-	£(526,787)
	=====	=====	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

(14) Housing Stock Analysis

	Consolidated		Association	
		Restated		Restated
	2020	2019	2020	2019
General Housing Needs	6,344	6,125	6,310	6,089
Supported Housing Accommodation	213	213	209	209
Shared Ownership	216	219	216	219
Mid-Market	949	967	804	394
	-----	-----	-----	-----
	7,722	7,524	7,539	6,911
	-----	-----	-----	-----
Other Units				
Factored	491	492	491	492
Feu Superior for Landscaping	802	851	802	851
	-----	-----	-----	-----
	1,293	1,343	1,293	1,343
	-----	-----	-----	-----
Total Units	9,015	8,867	8,832	8,254
	=====	=====	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2020

(15) Consolidated Tangible Fixed Assets – Housing Properties

	Housing Properties Held for Letting	Housing Properties Under Construction	Shared Ownership Held for Letting	Shared Ownership Under Construction	Held for Letting Supported	Held for Letting For Lease	Held for Lease under Construction	Mid-Market Held for Letting	Total
Cost or valuation	£	£	£	£	£	£	£	£	£
At 1 April 2019	393,011,811	54,458,894	13,871,824	-	1,802,462	58,105,018	12,773,819	22,748,474	556,772,302
Schemes completed	31,313,572	(31,313,572)	-	-	-	7,484,511	(7,484,511)	-	-
Transfer of engagements	-	-	-	-	-	19,931,876	-	-	19,931,876
Reclassification	-	-	-	-	-	-	-	-	-
Additions	4,160,691	58,927,901	-	-	-	2,244,626	7,424,032	-	72,757,250
Disposals	(3,268,440)	-	(155,339)	-	(1,802,462)	(100,205)	-	(22,748,474)	(28,074,920)
At 31 March 2020	425,217,634	82,073,223	13,716,485	-	-	87,665,826	12,713,340	-	621,386,508
Depreciation									
At 1 April 2019	77,077,742	-	1,728,058	-	339,153	4,149,773	-	2,693,889	85,988,615
Charge for the year	6,490,580	-	128,130	-	-	642,487	-	-	7,261,197
Transfer of engagements	-	-	-	-	-	-	-	-	-
Disposals	(1,445,578)	-	(4,833)	-	(339,153)	(2,208)	-	(2,693,889)	(4,485,661)
At 31 March 2020	82,122,744	-	1,851,355	-	-	4,790,052	-	-	88,764,151
Net Book Value At 31 March 2020	£343,094,890	£82,073,223	£11,865,130	£ -	£-	£82,875,774	£12,713,340	£-	£532,622,357
Net Book Value At 31 March 2019	£315,934,069	£54,458,894	£12,143,766	£ -	£1,463,309	£53,955,245	£12,773,819	£20,054,585	£470,783,687

Total expenditure on works to existing properties amounted to £8,499,702, for which no Social Housing Grants were received during the year. Of this, £3,138,368 was capitalised for the replacement of components, £3,266,949 capitalised for properties and infrastructure costs and £2,094,385 charged to the Statement of Comprehensive Income in the year. During the year £1,078,278 of development administration costs and interest of £399,091 were capitalised.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2020

(15) Association Tangible Fixed Assets – Housing Properties

	Housing Properties Held for letting £	Housing Properties Under construction £	Shared Ownership Held for letting £	Shared Ownership Under Construction £	Held for Letting Supported £	Held for Letting for lease £	Held for Lease under construction £	Mid- market held for letting £	Total £
Cost									
At 1 April 2019	391,077,943	54,458,894	13,871,824	-	-	58,105,018	12,773,819	-	530,287,498
Schemes completed	31,313,572	(31,313,572)	-	-	-	7,484,511	(7,484,511)	-	-
Business Acquisition	-	-	-	-	-	19,931,876	-	-	19,931,876
Additions	4,160,691	58,927,901	-	-	-	-	7,424,032	-	70,512,624
Disposals	(1,334,572)	-	(155,339)	-	-	(23,156)	-	-	(1,513,067)
At 31 March 2020	425,217,634	82,073,223	13,716,485	-	-	85,498,249	12,713,340	-	619,218,931
Depreciation									
At 1 April 2019	76,660,918	-	1,728,058	-	-	4,149,773	-	-	82,538,749
Charge for the year	6,490,580	-	128,130	-	-	613,001	-	-	7,231,711
Disposals	(1,028,752)	-	(4,833)	-	-	(1,636)	-	-	(1,035,221)
At 31 March 2020	82,122,746	-	1,851,355	-	-	4,761,138	-	-	88,735,239
Net Book Value at 31 March 2020	£343,094,888	£82,073,223	£11,865,130	£ -	£ -	£80,737,111	£12,713,340	£ -	£530,483,692
Net Book Value at 31 March 2019	£314,417,025	£54,458,894	£12,143,766	£ -	£ -	£53,955,245	£12,773,819	£ -	£447,748,749

Total expenditure on works to existing properties amounted to £11,740,668, for which no Social Housing Grants were received during the year. Of this, £2,889,809 was capitalised for the replacement of components, £1,270,882 capitalised for properties, and infrastructure costs and £7,579,977 charged to the statement of comprehensive income in the year. During the year £1,078,278 of development administration costs and interest of £399,091 were capitalised.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2020

(16) Consolidated Tangible Fixed Assets - Other Fixed Assets

	Commercial Property £	Office Property £	Housing Furniture Equipment £	Supported Furniture Equipment £	Office Furniture Equipment £	Motor Vehicles £	Plant and Machinery £	Other £	Total 2020 £	Total 2019 £
Cost or valuation										
At 1 April 2019	4,874,657	8,950,928	470,922	54,574	3,928,155	1,628,542	121,280	10,000	20,039,058	20,117,653
Additions in Year	-	15,520	-	-	218,521	314,144	12,116	-	560,301	1,104,501
Transfer	-	(12,420)	-	-	12,420	-	-	-	-	-
Transfer on engagements	605,000	-	-	-	6,786	-	-	-	611,786	-
Disposal	(802,000)	-	(25,208)	-	(96,354)	(11,700)	(22,673)	-	(957,935)	(1,183,096)
At 31 March 2020	4,677,657	8,954,028	445,714	54,574	4,069,528	1,930,986	110,723	10,000	20,253,210	20,039,058
Depreciation										
At 1 April 2019	1,238,265	1,798,954	409,107	51,442	2,924,226	1,064,302	100,436	-	7,586,732	7,358,949
Charge for Year	83,946	180,510	11,900	627	368,826	283,009	10,755	-	939,573	889,150
Transfer	-	(6,210)	-	-	6,210	-	-	-	-	-
Transfer on engagements	-	-	-	-	-	-	-	-	-	-
Disposal	(215,680)	-	(25,208)	-	(102,564)	(11,700)	(9,767)	-	(364,919)	(661,367)
At 31 March 2020	1,106,531	1,973,254	395,799	52,069	3,196,698	1,335,611	101,424	-	8,161,386	7,586,732
Net Book Value										
At 31 March 2020	£3,571,126	£6,980,774	£49,915	£2,505	£872,830	£595,375	£9,299	£10,000	£12,091,824	
Net Book Value										
At 31 March 2019	£3,636,392	£7,151,974	£61,815	£3,132	£1,003,929	£564,240	£20,844	£10,000	£12,452,326	

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2020

(16) Association Tangible Fixed Assets - Other Fixed Assets

	Commercial Property £	Office Property £	Housing Furniture Equipment £	Supported Furniture Equipment £	Office Furniture Equipment £	Motor Vehicles £	Other £	Total 2020 £	Total 2019 £
Cost									
At 1 April 2019	4,072,658	8,334,237	445,716	54,574	3,493,704	28,054	10,000	16,438,943	16,593,893
Additions in Year	-	-	-	-	162,155	-	-	162,155	567,841
Business Combination	605,000	-	-	-	6,210	-	-	611,210	-
Disposal	-	-	-	-	(96,354)	-	-	(96,354)	(722,791)
At 31 March 2020	4,677,658	8,334,237	445,716	54,574	3,565,715	28,054	10,000	17,115,954	16,438,943
Depreciation									
At 1 April 2019	1,022,583	1,671,436	383,896	51,442	2,673,383	22,795	-	5,825,535	5,658,319
Charge for Year	83,946	162,732	11,900	627	307,173	5,259	-	571,637	548,443
Transfer	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	(96,354)	-	-	(96,354)	(381,227)
At 31 March 2020	1,106,529	1,834,168	395,796	52,069	2,884,202	28,054	-	6,300,818	5,825,535
Net Book Value									
At 31 March 2020	£3,571,129	£6,500,069	£49,920	£2,505	£681,513	£ -	£10,000	£10,815,136	
Net Book Value									
At 31 March 2019	£3,050,075	£6,662,801	£61,820	£3,132	£820,321	£5,259	£10,000	£10,613,408	

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

(17) Investments

	Consolidated		Association	
	2020	2019	2020	2019
	£	£	£	£
Investments - Subsidiaries				
At 1 April 2019	-	-	2,562,366	2,562,366
Additions in year	-	-	2,500,000	-
Disposals in year	-	-	-	-
	-----	-----	-----	-----
At 31 March 2020	£ -	£ -	£5,062,366	£2,562,366
	=====	=====	=====	=====
Investments - Subsidiaries	£ -	£ -	£5,062,366	£2,562,366
	=====	=====	=====	=====
Investments – Homestake	£826,385	£826,385	£826,385	£826,385
	=====	=====	=====	=====
Investments – Investment property	£45,000	£45,000	£ -	£ -
	=====	=====	=====	=====

(18) Stock

	Consolidated		Association	
	2020	2019	2020	2019
	£	£	£	£
Housing properties - completed	21,845,946	21,845,946	-	-
Stock	240,668	576,832	-	402,814
	-----	-----	-----	-----
	£22,086,614	£22,422,778	£ -	£402,814
	=====	=====	=====	=====

(19) Debtors

	Consolidated		Association	
	2020	2019	2020	2019
	£	£	£	£
Rental Debtors	2,113,927	1,951,223	1,998,462	1,814,536
Provision for Bad Debts	(947,164)	(822,399)	(892,550)	(735,114)
	-----	-----	-----	-----
	1,166,763	1,128,824	1,105,912	1,079,422
Other Grants & HAG Receivable	2,915,947	9,389,928	2,915,947	9,389,928
Other Loan to Employee	4,321	5,875	4,321	5,875
VAT receivable	-	-	1,202	-
Other Debtors	2,505,319	2,523,234	1,454,876	1,599,241
Amounts due from Subsidiaries	-	-	554,312	582,250
Service Charge Equalisation Account (See Note 13)	-	1,317,755	-	1,317,755
	-----	-----	-----	-----
	£6,592,350	£14,365,616	£6,036,570	£13,974,471
	=====	=====	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

(20) Creditors: amounts falling due within one year

	Consolidated		Association	
	2020	2019	2020	2019
	£	£	£	£
Prepaid Rents & Service Charges	719,747	629,460	661,658	584,585
Loan interest and Principal	2,250,828	706,971	2,249,843	705,852
Contracts for Capital Works	3,798,849	5,248,641	3,798,849	5,248,641
Service Charge Equalisation Account (See Note 13)	-	790,968	-	790,968
Other Taxation & Social Security	616,934	543,846	172,710	168,147
VAT Payable	5,871	3,819	5,871	3,819
Other Creditors	7,958,130	7,157,845	5,238,300	4,339,252
Due to Subsidiary	108,435	-	478,928	511,156
Homestake	217,555	217,555	217,555	217,555
Deferred Income	3,011,481	2,814,249	3,011,481	2,812,761
Other provisions	1,397,230	5,308,152	160,447	3,679,203
Pension Provision	20,914	20,304	4,077	3,958
Housing Loans (see Note 35)	1,062,397	58,158,896	1,000,000	58,100,000
Non Housing Loans	-	-	-	-
	-----	-----	-----	-----
	£21,168,371	£81,600,706	£16,999,719	£77,165,897
	=====	=====	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

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

	Consolidated		Association	
	2020	2019	2020	2019
	£	£	£	£
Housing Loans	192,769,941	113,893,901	176,574,694	97,643,007
Non Housing Loans	461,233	461,233	461,233	461,233
Deferred Income	297,295,904	263,877,641	296,612,011	262,405,845
Derivative Financial Instruments	8,321,205	8,177,720	8,321,205	8,177,720
	-----	-----	-----	-----
Total	£498,848,283	£386,410,495	£481,969,143	£368,687,805
	=====	=====	=====	=====

Borrowings are repayable as follows:

	Consolidated		Association	
	2020	2019	2020	2019
	£	£	£	£
Housing Loans				
Within 1 Year	1,062,397	58,158,896	1,000,000	58,100,000
Between 1 & 2 Years	1,058,935	1,054,255	1,000,000	1,000,000
Between 2 & 5 Years	20,090,091	19,601,429	4,350,000	3,875,000
More than 5 Years	171,620,915	93,238,217	171,224,694	92,768,007
	-----	-----	-----	-----
	£193,832,338	£172,052,797	£177,574,694	£155,743,007
	=====	=====	=====	=====
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 2020

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

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

Interest	Maturity	Repayment terms	Consolidated Carrying value	Association Carrying value
Libor + 0.24%	01/10/2028	Fully amortising	3,291,035	3,291,035
Libor + 0.24%	01/10/2033	Interest only then capital & interest	3,442,538	3,442,538
Libor + 1.25%	17/08/2020	Interest only then bullet repayment	23,137,117	23,137,117
Libor + 0.24%	02/10/2037	Interest only then capital & interest	19,979,815	19,979,815
Fixed 5.193%	22/04/2038	Interest only then bullet repayment	34,648,074	34,648,074
Fixed 5.23% + 0.24%	01/10/2038	Interest only then bullet repayment	6,992,890	6,992,890
Fixed 3.87% + 0.24%	01/10/2042	Interest only then capital & interest	4,995,208	4,995,208
Fixed 3.97% + 0.24%	01/10/2042	Interest only then capital & interest	4,995,190	4,995,190
Fixed 3.86%	25/01/2025	Interest only then bullet repayment	6,939,545	6,939,545
Fixed 3.33%	04/04/2034	Interest only then bullet repayment	9,946,616	9,946,616
Fixed 3.69%	04/04/2044	Interest only then bullet repayment	34,807,525	34,807,525
Fixed 3.76%	05/04/2049	Interest only then bullet repayment	9,944,678	9,944,678
Fixed 3.79%	04/10/2049	Interest only then bullet repayment	14,915,696	14,915,696
Fixed 5.89%	29/10/2021	Fully amortising	221,270	-
Fixed 5.88%	26/06/2030	Fully amortising	146,870	-
Libor + 1.75%	11/05/2032	Fully amortising	168,380	-
Libor + 1.0%	06/07/2024	Fully amortising	19,436	-
Libor + 0.7%	01/12/2026	Fully amortising	34,249	-
Libor + 0.7%	15/12/2030	Fully amortising	109,920	-
-	-	No fixed repayment	6,600	-
Fixed 4.0%	30/06/2020	Interest only then capital & interest	15,550,920	-
			£194,293,572	£178,035,927
			=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

(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 2019	255,435,165	9,420,270	826,385	1,010,068	266,691,888
Additional income received	37,513,076	15,643	-	-	37,528,719
Transfer to stock	-	-	-	-	-
Disposals	(384,334)	(517,407)	-	-	(901,741)
Released to Statement of Comprehensive Income	(2,865,929)	(102,562)	-	(42,990)	(3,011,481)
	-----	-----	-----	-----	-----
Deferred income as at 31 March 2020	£289,697,978	£8,815,944	£826,385	£967,078	£300,307,385
	=====	=====	=====	=====	=====
Association					
Deferred income as at 1 April 2019	254,534,585	8,902,861	826,385	954,775	265,218,606
Additional income received	37,513,076	15,643	-	-	37,528,719
Disposals	(112,352)	-	-	-	(112,352)
Transfer to stock	-	-	-	-	-
Released to Statement of Comprehensive Income	(2,865,929)	(102,562)	-	(42,990)	(3,011,481)
	-----	-----	-----	-----	-----
Deferred income as at 31 March 2020	£289,069,380	£8,815,942	£826,385	£911,785	£299,623,492
	=====	=====	=====	=====	=====

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

	Consolidated		Association	
	2020	2019	2020	2019
	£	£	£	£
Due within 1 year	3,011,481	2,814,249	3,011,481	2,812,761
Due in 1 year or more	297,295,904	263,877,641	296,612,011	262,405,845
	-----	-----	-----	-----
	£300,307,385	£266,691,890	£299,623,492	£265,218,606
	=====	=====	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

(22) Provisions for liabilities – Pension Provision

SFHA Pension	Consolidated		Association	
	2020	Restated 2019	2020	2019
	£	£	£	£
Provision at 1 April 2019	7,663,014	5,436,663	6,149,680	4,501,380
Initial recognition of multi-employer defined benefit scheme	-	1,790,315	-	1,308,571
Unwinding of the discount factor (interest expense)	160,103	167,931	128,682	134,273
Deficit contribution paid	(1,408,117)	(1,364,363)	(1,166,362)	(1,129,646)
Remeasurements – impact of any change in assumptions	(5,640,000)	1,632,468	(4,424,000)	1,335,102
Net Pension Deficit at 31 March 2020	£775,000	£7,663,014	£688,000	£6,149,680
	=====	=====	=====	=====
Due within 1 year	-	-	-	-
Due in more than 1 year	775,000	7,663,014	688,000	6,149,680
	-----	-----	-----	-----
	£775,000	£7,663,014	£688,000	£6,149,680
	=====	=====	=====	=====

Pension Trust's Growth Plan	Consolidated		Association	
	2020	2019	2020	2019
	£	£	£	£
Provision at 1 April 2019	23,851	26,191	23,851	26,191
Unwinding of the discount factor (interest expense)	301	419	301	419
Deficit contribution paid	(3,958)	(3,375)	(3,958)	(3,375)
Remeasurements – impact of any change in assumptions	(533)	218	(533)	218
Remeasurements – amendments to the contribution schedule	-	398	-	398
Provision as 31 March 2020	£19,661	£23,851	£19,661	£23,851
	=====	=====	=====	=====
Due within 1 year	4,077	3,958	4,077	3,958
Due in more than 1 year	15,584	19,893	15,584	19,893
	-----	-----	-----	-----
	£19,661	£23,851	£19,661	£23,851
	=====	=====	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

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

YMCA	Consolidated		Association	
	2020	2019	2020	2019
	£	£	£	£
Provision at 1 April 2019	108,983	124,854	-	-
Transfer on business combination	-	-	-	-
Deficit contribution paid	(16,345)	(15,871)	-	-
	-----	-----	-----	-----
Provision as 31 March 2020	£92,638	£108,983	£ -	£ -
	=====	=====	=====	=====
Due within 1 year	16,837	16,346	-	-
Due in more than 1 year	75,801	92,637	-	-
	-----	-----	-----	-----
	£92,638	£108,983	£ -	£ -
	=====	=====	=====	=====

Summary of pension deficit funding liability

	Consolidated		Association	
	2020	2019	2020	2019
	£	£	£	£
Due within 1 year				
Pension Trust's Growth Plan	4,077	3,958	4,077	3,958
YMCA	16,837	16,346	-	-
	-----	-----	-----	-----
	£20,914	£20,304	£4,077	£3,958
	=====	=====	=====	=====
Due in more than 1 year				
Pension Trust's Growth Plan	15,584	19,893	15,584	19,893
YMCA	75,801	92,637	-	-
	-----	-----	-----	-----
	£91,385	£20,304	£4,077	£3,958
	=====	=====	=====	=====

(23) Provision for Deferred Taxation – Consolidated

	2020	2019
	£	£
Accelerated Capital Allowances	93,698	83,164
Tax losses carried forward	-	-
	-----	-----
Provision for deferred tax	£93,698	£83,164
	=====	=====
Provision at 1 April 2019	83,164	59,483
Underprovision from previous year	-	-
Deferred tax charge in profit & loss account	10,534	23,681
	-----	-----
Provision at 31 March 2020	£93,698	£83,164
	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

(24) Financial Instruments

The carrying amounts of financial instruments are as follows:

	Consolidated		Association	
	2020	2019	2020	2019
	£	£	£	£
Financial Liabilities				
Measured at fair value through the Statement of Comprehensive Income				
- Derivative financial instruments (Note 21)	8,321,205	8,177,720	8,321,205	8,177,720
	-----	-----	-----	-----
	8,321,205	8,177,720	8,321,205	8,177,720
Measured at amortised cost				
- Bank loans (Note 21)	195,261,685	172,514,030	178,035,927	156,204,240
	-----	-----	-----	-----
	£203,582,890	£180,691,750	£186,357,132	£164,381,960
	=====	=====	=====	=====

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

	Consolidated		Association	
	2020	2019	2020	2019
Income and expense				
Financial liabilities measured at amortised cost	(£39,311)	(£36,019)	(£39,311)	(£36,019)
Net gains and (losses) (including changes in fair value)				
Financial liabilities measured at fair value through the Statement of Comprehensive income	£(143,485)	£175,639	£(143,485)	£175,639

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	
	2020	2019	2020	2019
Interest income	£57,744	£52,277	£157,118	£143,800
Interest expense	£7,473,344	£5,663,025	£6,660,020	£4,972,324

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 2020

(25) Reserves

Income and Expenditure Reserve

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

Restricted Reserve

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

Revaluation Reserve

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

Non-controlling Interest

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

Negative Goodwill

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

(26) Pensions

Retirement Benefits

(a) Pension Obligations - SFHA Pension Scheme

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

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

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

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

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

(26) Pensions (continued)

Retirement Benefits

(a) Pension Obligations - SFHA Pension Scheme

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

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

For accounting purposes a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward accounting year-ends from 31 March 2019 to 29 February 2020 inclusive. 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.

Similarly, an actuarial valuation of the scheme was carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive.

Defined Benefits assets and obligations

The assumptions that have the most significant effect on the valuation of Homes' and Hillcrest Future's defined benefit pension arrangement are those relating to the rate of return on investments and the rates of increases in salaries and pensions. The key actuarial assumptions at the 31 March 2020 were as follows:

	Hillcrest Futures Limited	Hillcrest Homes (Scotland) Limited
	% per annum	% per annum
Discount Rate	2.38%	2.38%
Inflation (RPI)	2.62%	2.63%
Inflation (CPI)	1.62%	1.63%
Salary Growth	2.62%	2.63%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2020	21.5
Female retiring in 2020	23.2
Male retiring in 2040	22.8
Female retiring in 2040	24.5

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

(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	
	2020	2019	2020	2019
	(£000's)	(£000's)	(£000's)	(£000's)
Fair value of plan assets	42,162	41,688	34,514	34,448
Present Value of defined benefit obligation	42,937	49,351	35,202	40,598
Deficit in plan	(775)	(7,663)	(688)	(6,150)
Unrecognised Surplus	-	-	-	-
Defined Benefit Liability to be recognised	(775)	(7,633)	(688)	(6,150)

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

	Consolidation	Association
	2020	2020
	(£000's)	(£000's)
Defined benefit obligation at start of period	49,351	40,598
Expenses	42	35
Interest Expense	1,116	914
Actuarial gains due to scheme experience	(279)	(226)
Actuarial gains due to changes in demographic assumptions	(283)	(235)
Actuarial gains due to changes in financial assumptions	(4,827)	(3,930)
Benefits paid and expenses	(2,183)	(1,954)
	-----	-----
Defined benefit obligation at end of period	42,937	35,202
	=====	=====

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

	Consolidation	Association
	2020	2020
	(£000's)	(£000's)
Fair value of plan assets at start of period	41,688	34,448
Interest income	957	788
Experience on plan assets (excluding amounts included in interest income) - gain	251	33
Contributions by the employer	1,448	1,199
Benefits paid and expenses	(2,183)	(1,954)
	-----	-----
Fair value of plan assets at end of period	42,161	34,514
	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

(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 2019 to 31 March 2020 for Hillcrest Homes and Hillcrest Futures was £818,000 and £387,000 respectively.

Defined Benefit Costs Recognised in Statement of Comprehensive Income

	Consolidation 2020 (£000's)	Association 2020 (£000's)
Expenses	42	35
Net interest expense	162	129
	-----	-----
Defined benefit costs recognised in statement of comprehensive income	204	164
	=====	=====

Defined Benefit Costs Recognised in Other Comprehensive Income

	Consolidation 2020 (£000's)	Association 2019 (£000's)
Experience on plan assets (excluding amounts included in interest income) - gain	251	33
Experience gains and losses arising on the plan liabilities – gain	279	226
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	283	235
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	4,827	3,930
	-----	-----
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain	5,640	4,424
	=====	=====
Total amount recognised in other comprehensive income – gain	5,640	4,424
	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

(26) Pensions (continued)

Retirement Benefits

(a) Pension Obligations - SFHA Pension Scheme

Assets

	Consolidation		Association	
	2020	2019	2020	2019
	(£000's)	(£000's)	(£000's)	(£000's)
Global Equity	5,799	6,707	4,747	5,542
Absolute Return	2,589	3,531	2,119	2,918
Distressed Opportunities	770	711	630	588
Credit Relative Value	1,014	724	830	598
Alternative Risk Premia	3,379	2,329	2,766	1,924
Fund of Hedge Funds	-	116	-	95
Emerging Market Debts	1,499	1,336	1,227	1,104
Risk Sharing	1,335	1,209	1,093	998
Insurance-Linked Securities	1,131	1,081	926	894
Property	785	828	643	684
Infrastructure	2,486	1,747	2,035	1,444
Private Debt	836	538	684	444
Opportunistic Illiquid Credit	1,026	-	840	-
Corporate Bond Fund	3,081	2,923	2,522	2,416
Liquid Credit	1,105	-	905	-
Long Lease Property	1,030	506	843	418
Secure Income	2,340	1,454	1,916	1,202
Over 15 Years Gilts	535	1,071	438	885
Liability Driven Investment	11,103	14,834	9,089	12,258
Net Current Assets	319	43	261	36
	-----	-----	-----	-----
Total Assets	£42,162	£41,688	£34,514	£34,448
	=====	=====	=====	=====

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

(b) Pensions Trust's Growth Plan

Homes participates in the scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

(26) Pensions (continued)

Retirement Benefits

(b) Pensions Trust's Growth Plan

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

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9M, liabilities of £926.4M and a deficit of £131.5M. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme as follows:

Deficit contributions

From 1 April 2019 to 31 January 2025: £11,243,000 per annum
 (payable monthly and increasing by 3% each on 1st April)

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

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

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

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

	2020	2019
Assumption - the rate of discount - % per annum	2.53%	1.39%

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

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

(26) Pensions (continued)

Retirement Benefits

(c) Cair Scotland – YMCA pension

The charity operates a defined contribution pension plan for its employees. The amount recognised as an expense in the year was £Nil (2019 - £1,449).

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 £16,837 per annum over the period to April 2027, accordingly this is shown as a liability in note 22 to these accounts. In addition, Cair Scotland is required to contribute £2,765 per annum to the operating expenses of the pension plan and these costs are charged to the Statement of Financial Activities as made.

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

The most recent completed three year valuation was as at 1 May 2017. The assumptions used which have the most significant effect on the results of the valuation are those relating to the assumed rates of return on assets held before and after retirement of 3.75% and 2.25% respectively, the increase in pensions in payment of 3.35% (for RPI capped at 5% p.a.), and the average life expectancy from normal retirement age (of 65) for a current male pensioner of 22.2 years, female 24.1 years to 24.0 years for a male pensioner and female 26.0 years, retiring in 20 years time. The result of the valuation showed that the actuarial value of the assets was £141.2m. This represented 81% of the benefits that had accrued to members.

The pension plan was closed to new members and future service accrual with effect from 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 2017 showed that the YMCA pension plan had a deficit of £33.6 million. Cair Scotland has been advised that it will need to make monthly contributions of £1,366 from 1 May 2019. 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 6 years commencing 1 May 2020.

(27) Legislative Provisions

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

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

(28) Related Parties

For part of the financial year two members of the Committee of Management were also tenants of Homes. The tenancies are on the same terms as for other tenants and no advantage can be gained from the position. During the financial year, Committee members were charged rent totaling £4,314 (2019 - £10,268). As at 31 March 2020 no amount (2019 – nil) was due to the Association.

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

Leith Links NHT 2011 LLP

On 14 November 2014 Hillcrest Homes (Scotland), who are members of Leith Links NHT 2011 LLP, obtained a loan note for the amount of £1,089,000 which is repayable by Leith Links NHT 2011 LLP when the properties begin to be sold. It pays interest at 11% per annum and at 31 March 2020 interest payable stood at £119,790 (2019 – £119,790).

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

	2020		2019	
	Hillcrest	CEC	Hillcrest	CEC
	£	£	£	£
Member remuneration	385,775	622,037	345,022	622,037
Drawings – Interest	(119,790)	(622,037)	(119,790)	(622,037)
	-----	-----	-----	-----
Profit allocation	£265,985	£-	£225,232	£-
	=====	=====	=====	=====

Northern Housing Company Limited was a charitable company wholly owned by Hillcrest Homes (Scotland) Limited who provided management, administrative and insurance services to Leith Links LLP during the period at a total cost of £222,598 during the financial year ended 31 March 2019. The company is now dormant and the services provided were transferred to be provided by Hillcrest Enterprises Limited, also a charitable company wholly owned by Hillcrest Homes (Scotland) Limited which amounted to £227,279. During the year, major repairs to the units were carried out by Hillcrest Enterprises Limited (Northern Housing Company for 2019) at a total cost of £21,905 (2019: £30,156). £31,015 was due to Hillcrest Enterprises Limited as at 31st March 2020 and £54,342 was due to Northern Housing Company Limited as at 31st March 2019. On 31st March 2019, Northern Housing Company Limited were due to pay Leith Links LLP £23 relating to compensation paid to a tenant.

On 31st March 2020, Hillcrest Homes (Scotland) Limited were due to pay Leith Links LLP £Nil (2019: £738) relating to rent and deposits collected on their behalf. Leith Links LLP were due Hillcrest Homes (Scotland) Limited £59,895 (2019 – Nil) in relation to interest due on loans.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

(28) Related Parties (continued)

Upper Dens Landscaping Limited

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

(29) Subsidiaries Information

Details of the investments in which Hillcrest Homes or the company holds more than 10% of the nominal value of any class of share capital are as follows:

	Country of registration or incorporation	Holding	Proportion of voting rights	Nature of Business
Hillcrest Futures Limited	Scotland	See Note 29 (a)	100%	Provides care & Support services
Hillcrest Maintenance Limited	Scotland	See Note 29 (a)	100%	Provision of maintenance services
Hillcrest Enterprises (2019) Limited	Scotland	See Note 29 (a)	100%	Dormant Company
Hillcrest Enterprises Limited	Scotland	See Note 29 (b)	100%	Provision of mid-market rented accommodation and rented accommodation for people with special needs
Cair Scotland	Scotland	See Note 29 (h)	100%	Provides services and support to services users with drug addictions
Leith Links NHT 2011 LLP	Scotland	See Note 29 (g)	50%	Provision of mid-market rented accommodation
Upper Dens Landscaping Limited	Scotland	See Note 29 (a) and Note 29 (f)	50%	Manages common ground
Explorer Heat Limited	Scotland	See Note 29 (a)	100%	Dormant since incorporation
The Hillcrest Group Limited	Scotland	See Note 29 (a)	100%	Dormant since Incorporation and removed from the Companies Register on 4 May 2020

- 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.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

(29) Subsidiaries Information (continued)

- 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 accounts. Upper Dens Landscaping Limited due to the immaterial nature is unconsolidated.
The aggregate amount of capital and reserves and the results of this undertaking for the last relevant financial year were as follows:

	Capital and Reserves	Profit for the year
Upper Dens Landscaping Limited	£277	£Nil
- g) Leith Links NHT 2011 LLP is a Limited Liability Partnership and is controlled by its member Hillcrest Homes (Scotland) Limited.
- h) Cair Scotland Limited is a 100% owned subsidiaries of Hillcrest Futures Limited.

(30) Capital Commitments

	2020 £	2019 £
Housing Properties –Consolidated & Association		
Capital expenditure that has been contracted for but has not been provided for in the Financial Statements	£43,063,197 =====	£60,710,367 =====
Capital expenditure for contracted costs will continue to May 2025.		
Association		
The estimated amount of contracts for capital expenditure authorised by Committee of Management which has not been contracted for	£24,564,506 =====	£44,329,584 =====
Consolidated		
The estimated amount of contracts for capital expenditure authorised by Committee of Management which has not been contracted for	£24,564,506 =====	£44,329,584 =====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

(30) Capital Commitments (continued)

Capital expenditure for authorised developments will continue to May 2023.

The amounts contracted for at 31st March 2020 will be funded by Scottish Ministers, financed from private loans or met from the Association's reserves.

Other Assets – Consolidated

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

(31) Contingent Liability

Hillcrest Homes (Scotland) Limited

Should the Association decide to end participation in the SFHA Pension Scheme there would be a potential liability of £26,977,252, of which £688,000 relates to the scheme deficit contributions and has been included as a liability as at 31 March 2020. Should the Association decide to end participation in the SFHA Pension Trust Growth Plan there would be a potential liability of £43,754, of which £19,661 relates to the scheme deficit contributions and has been included as a liability as at 31 March 2020. There is no intention at present to cease membership of either pension scheme.

Hillcrest Futures Limited

Should the Company decide to end participation in the SFHA Pension Scheme there would be a potential liability of £6,109,479 payable, of which £87,000 relates to the scheme deficit contributions and has been included as a liability as at 31 March 2020. There is no intention at present to cease membership of the Pension scheme.

(32) Financial Commitments

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

	Consolidated		Association	
	2020	2019	2020	2019
	£	£	£	£
Property				
Less than one year	97,146	18,917	78,229	-
Between 1 – 5 years	22,021	110,083	-	88,602
Plant & Machinery				
Less than one year	-	-	-	-
Between 1 – 5 years	7,282	7,282	-	-
Motor Vehicles				
Between 1 – 5 years	8,245	-	8,245	-

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2020

(33) Goodwill

	2020	2019
Consolidated	£	£
As at 1 April 2019	46,105	53,790
Released to Statement of Comprehensive Income	(7,685)	(7,685)
	-----	-----
As at 31 March 2020	£38,420	£46,105
	=====	=====

(34) Business Acquisitions

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

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

(35) Exceptional Item

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

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