

# **Home in Scotland Limited**

## **Annual Report and Financial Statements For the year ended 31 March 2018**

Registered Co-operative and Community Benefit Societies Act 2014 No: 1935R (S)  
Scottish Housing Regulator Registered No: HAL90  
Scottish Charity No: SC005247

Part of Home Group

## HOME IN SCOTLAND LIMITED

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### **Registered Office and Head Office**

Home in Scotland Limited  
20 Harvest Road  
Newbridge  
Edinburgh  
EH28 8LW

Co-operative and Community Benefit Societies Act 2014 No: 1935R (S)  
Scottish Housing Regulator Registered No: HAL90  
Scottish Charity No: SC005247

Part of Home Group

## HOME IN SCOTLAND LIMITED CHAIR'S REPORT

This has been an exciting and successful year for Home in Scotland where we have continued to deliver our strategy while also improving levels of customer satisfaction. We have accomplished a great deal over the last year as we continue to work successfully in partnership with the Scottish Government and other stakeholders to support the delivery of the Scottish Government's ambition to deliver 50,000 affordable homes by 2020. Our service quality continues to improve and is influenced by our customer involvement strategy. These improvements were borne out by the results of our comprehensive Customer Satisfaction Survey carried out in the autumn of 2017. We have delivered 77 quality new affordable homes across Edinburgh, Glasgow and Dundee. In doing this we are meeting the needs of a wide range of customers and now provide services to over 4000 customers in five Local Authority areas. We will be reviewing and refreshing our business plan and developing an Asset Management Plan for Scotland during 2018/19 to more accurately reflect our work in Scotland. We ended the year again in a strong financial position achieving a surplus of £5 million which will enable us to work, continue our growth and achieve our ambitious targets.

### **Customer Service**

We submitted our fifth Annual Return on the Scottish Social Housing Charter (ARC). The ARC return allows us to demonstrate that we are working towards achieving all of the outcomes in the Charter. We have delivered a significant number of improvements since the ARCs introduction and much of this has been achieved in collaboration with our customers. We value and listen to feedback from our customers and I am delighted that our customer satisfaction survey in 2017 allowed us to engage with over 500 customers in their homes. Overall satisfaction with our services increased from 74% (2016) to 87.45% in 2017. We were delighted to see that customer satisfaction levels with the management of neighbourhoods increase from 75% to 93%.

We continue to support our customers to enable them to constructively challenge us and hold us to account. We have been reviewing our Customer Involvement Strategy with our customers ready for publication in 2018. We were delighted with the results from our Customer Satisfaction Survey where 98% of customers were satisfied with the opportunities to participate in decision making and 96% feel we are good at keeping them informed about services and decisions. We will continue to build on this great work supporting our customers to scrutinise our services. Our customer involvement strategy and feedback through surveys will continue to shape our future services

Achieving improvements in our void management and arrears continued to be the key priorities for our Operations colleagues. We achieved really good improvements in our void management reducing the average re-let periods from 58 days to 36.6 days. We have implemented a range of actions to mitigate the impact of Welfare Reform and we have ensured that our colleagues are equipped with the skills and knowledge to support our customers.

We participated, along with 24 other Registered Social Landlords, in a pilot of the Sector Score Card which enables us to demonstrate our financial health and value for money. We scored top quartile position in six out of the 15 indicators and were well placed in the remainder. Alongside this our customers view of our rent levels representing value for money increased from 74% to 84%. We are aware that we need to do more to ensure our rents remain affordable in the future and understanding how we do this and engaging with customers on this issue is a priority for the year ahead.

Our Planned Works Programme for the year was delivered on time and within budget and we invested our customer's homes with 215 new kitchens in the Dumfries area, 121 bathrooms in Dundee and replaced 90 Boilers and Full Heating Systems. We carried out upgrade of existing loft insulation in 320 properties.

We achieved the Scottish Housing Quality Standards (SHQS) within the timescale and we continue to deliver our planned works programme each year to ensure continued compliance with SHQS. We remain confident that we will achieve the new energy efficiency standard within the 2020 timescale. We continued our focus on ensuring compliance in all areas of health and safety and meeting all of our statutory requirements achieving even better results throughout the year.

### **New Build and Regeneration**

In the 2017/18 financial year, we have successfully delivered 77 new properties in Scotland. During the year we have completed projects at Mill O'Mains Phase 3 and Whitfield Phase 5, both in Dundee. We also achieved partial handover of our project at Liberton Grange in Edinburgh, which is expected to complete early within the next financial year. In addition to our New Build Programme, we successfully identified and secured a further 11 properties, through an "Off the Shelf" purchase at a development in Glasgow known as Margareta Buildings.

During the last financial year we started on new sites in Glasgow at Maxwell Rd (140 Properties) Springburn Way (40 Properties) both in conjunction with AS Homes and at Ashtree Road (24 Properties) with Merchant Homes. At Maxwell Rd 63 properties are forecasted for 2018/19, with the remainder for 2019/20. At Springburn Way all properties will be delivered in 2019/20 and at Ashtree Rd all properties will be delivered in 2018/19. We continue to progress our Muirsketh Rd development in Glasgow and expect this project to be fully delivered by the second quarter in 2018/19.

## HOME IN SCOTLAND LIMITED CHAIR'S REPORT

Through financial year 2018/19 we expect site starts at Holmlea Primary School (47 Properties) and Phase 5 of the East Balornock Regeneration Project (33 properties) both in Glasgow and at Pitkerro Road (30 Properties) and Phase 4 of the Mill O'Mains Regeneration Project (40 properties), both in Dundee.

Moving forward the current grant regime in Scotland has helped Home in Scotland to maintain a strong social rented focus whilst also developing a diverse portfolio of Mid-Market Rent and Shared Equity properties. We continue to explore opportunities for other tenures, including the flexi rent model and housing for outright sale, allowing us to reach a broader range of potential customers and fulfil their housing ambitions.

Longer term goals include continued growth to meet the group wide target of building 10,000 homes. We have established strong relationships with Local Authority partners in Glasgow, Dundee and Edinburgh as well as with our key development partners such as AS Homes, Barratt and Merchant Homes all of whom play a key role in our ongoing development programme. In addition to this we are also working with a range of new partners to bid for larger strategic development opportunities such as at Dundee waterfront and Edinburgh Park in Edinburgh. Our status as a partner of choice for Glasgow City Council has been consolidated recently with the decision to confirm Home Group as the housing provider for the high profile Meat Market site in the city's east end. At 250 properties this is a large scale opportunity and has already generated further opportunities in the immediate area. This type of partnership is central to our strategy moving forward and marks a real step change in our development ambition.

As we explore and pursue these large scale opportunities, we continue to work on other exciting developments. Some examples of these include 36 properties at Kennyhill Square in Glasgow and 30 properties at the former Royal Hospital for Sick Children in Edinburgh.

### Colleagues

I would like to thank colleagues warmly for their hard work over the year. Warm thanks are due to Board members for their hard work and commitment through the year and for their readiness to volunteer for additional activities outside of Board Meetings. Our workload has been heavy this year but it has always been interesting and worthwhile.

I am particularly indebted to the hard work and wisdom of my predecessor Ray McFarlane. Ray's five year term as Chair ended on 22 May 2018. During her period of office Home in Scotland's stock and consequent responsibilities increased greatly and I and all her colleagues are very grateful to have been able to work with her and benefit from her support and guidance.

By order of the Board.



Victoria Forrest Peterkin, MA, FCIH  
Chair

28 August 2018

**HOME IN SCOTLAND LIMITED**  
**THE BOARD, THE DIRECTOR AND THE ASSOCIATION'S ADVISERS**

**Board**

Ray Macfarlane, MA, LLB, MBA (Chair) – resigned 22 May 2018  
John Hudson, BSc (Hons), PhD, ACA  
James McHale BSc (Hons)  
Mark Henderson, BSc (Hons)  
Andy Jack, BSc, MBA, DBA, RD, CEng – resigned 28 November 2017  
Vicky Peterkin, MA, FCIH – appointed Chair 22 May 2018  
Colin Strachan, FCIQB  
Marc Douris – resigned 28 November 2017  
Mary Finnegan BA (Hons)

**Director (Home in Scotland) and Company Secretary**

Margarita Morrison, FCIH, Dip in Hsg Studies

**Advisers**

Independent auditors:  
KPMG LLP  
Quayside House  
110 Quayside  
NEWCASTLE UPON TYNE  
NE1 3DX

Bankers:  
Bank of Scotland plc  
Business Banking Centre  
2 West Marketgait  
DUNDEE  
DD1 1QN

Solicitors:  
T C Young  
7 West George Street  
GLASGOW  
G2 1BA

Miller Hendry  
3 Ward Road  
DUNDEE  
DD1 1LU

**HOME IN SCOTLAND LIMITED**  
**REPORT OF THE BOARD**  
**FOR THE YEAR ENDED 31 MARCH 2018**

The Board presents its report and the audited financial statements for the year ended 31 March 2018.

**Registration of the Association**

Home in Scotland Limited (the Association) is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 - registered number 1935R(S) - and with The Scottish Housing Regulator under the Housing (Scotland) Act 2010 - registered number HAL90. The Association's rules are based on the Scottish Federation of Housing Associations' Charitable Model Rules (Scotland) 2013.

**Parent Association**

Home Group Limited (HGL) is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 (registered number 22981R) and with the Regulator of Social Housing, which until 11 January 2018 was called the Homes and Communities Agency (registered number L3076).

**Principal Activity**

The principal activity of the Association is the provision of rented accommodation for those in housing need and the development of low cost home ownership schemes.

**Results**

The Association has made a surplus of £5,029,000 in the year to 31 March 2018. This is compared with £4,823,000 in the previous year. Annual surpluses are required to cover long term maintenance obligations, repayment of loans and future risks.

**Review of Business**

A brief review of the business is given on pages 3 and 4 in the Chair's report. Further information is available in the Association's Annual Review, available on request from the registered office.

**Statement of Board's responsibilities in respect of the Board's report and the financial statements**

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the Association and of its income and expenditure for that period.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2014. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**HOME IN SCOTLAND LIMITED  
REPORT OF THE BOARD  
FOR THE YEAR ENDED 31 MARCH 2018**

**Disclosure of Information to Auditors**

The Board members and Director who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditors are unaware; and each Board member and Director has taken all the steps that he/she ought to have taken as a Board member or Director to make himself/herself aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

**Treasury Policy**

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

The Association finances its operations through a mixture of retained earnings, grants, long term loans and short term facilities. Borrowings are in sterling at both fixed and floating rates of interest.

The Association has a 3 year £10 million intercompany loan with HGL which was due to expire in May 2017, but which had been extended by a further 3 years during May 2017 until May 2020. Of this facility, £5.8 million was committed, undrawn and immediately available as at 31 March 2018. In addition, the Association had a borrowing facility from an external funder of which £5 million was committed, undrawn and immediately available at 31 March 2018. In May 2018 an additional £20 million, 5 year intercompany loan with HGL was entered into.

**Statement on Internal Financial Controls**

The Home in Scotland Board acknowledges its overall responsibility for establishing and maintaining the system of internal control and reviewing its effectiveness across the Association. These controls are designed to give reasonable assurance with respect to:-

- the reliability of financial information used within the Association, or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposition.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. It can only provide reasonable and not absolute assurance against material financial misstatement or loss.

The process for identifying, evaluating and managing significant risks faced by the Association is on-going, and has been in place throughout the period from 1 April 2017 up to the date of approval of the Financial Statements. This process is set out in the Group's Risk Management Framework which is followed by Home in Scotland.

Key elements of the Association's internal control framework include:-

- Board approved terms of reference and clear delegated authorities throughout the Association;
- clearly defined management responsibilities for the identification, evaluation and control of significant risks;
- risk registers which are regularly reviewed by senior management, Executive, the Audit Committee of the Group and the Home in Scotland Board;
- a robust operational planning process with detailed financial budgets, forecasts and performance measures;
- regular reporting to senior management and the Board of key performance indicators to monitor progress against strategic and operational objectives;
- a structured approach to the appraisal and authorisation of all significant new business initiatives and commitments;
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- detailed policies and procedures in each area of the Association's activities; and
- an assurance service which reviews internal controls across the Association and provides regular reports to Board on any significant control weaknesses.

The Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2018. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

**HOME IN SCOTLAND LIMITED**  
**REPORT OF THE BOARD**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**Creditor Payment Policy**

The Association's current policy concerning the payment of its trade creditors is to:-

- Settle the terms of payment with those suppliers when agreeing the terms of each transaction;
- Ensure that the suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- Pay in accordance with its contractual and other legal obligations.

The average payment period is 41 days (2017: 49 days).

**Colleagues**

HGL is committed to supporting every colleague to be brilliant. We placed 27<sup>th</sup> in the 'UK's Best Large Workplaces 2018' (an improvement on 2017's ranking of 33<sup>rd</sup>). We embrace equality and diversity too - we were listed in Stonewall's top 100 employers 2018.

We work with colleagues to make sure that people feel aware, informed and involved with HGL's strategic direction and we welcome views and suggestions. We use a range of ways to engage with colleagues including Workplace (an enterprise social network), our intranet, seminars, meetings and events as well as strong team culture of briefings, meetings and brilliant conversations. We continue to invest in colleague learning and development and wellbeing as this is key to engagement and business success. This year, we have consulted with colleagues on pay, reward and performance management and as a result, we are introducing a 'mutual' award which means that as well as all colleagues contributing to HGL's ongoing achievements, we all share in our successes too.

**Going Concern**

The Board has a reasonable expectation that the Association has adequate resources to continue in operation for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

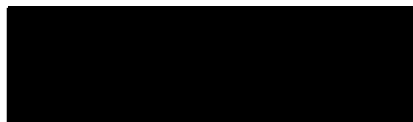
**Post Balance Sheet Events**

The Board consider that there have been no events since the year-end that have had a significant effect on the Association's financial position.

**Independent Auditor**

A resolution to reappoint KPMG LLP as auditor to the company will be proposed at the Annual General Meeting on 28 August 2018.

On behalf of the Board



Victoria Forrest Peterkin, MA, FCIH  
Chair, Home in Scotland Limited

28 August 2018



## INDEPENDENT AUDITOR'S REPORT TO HOME IN SCOTLAND LIMITED

### Opinion

We have audited the financial statements of Home in Scotland Limited ("the Association") for the year ended 31 March 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in reserves, cash flow statement and related notes, including the principle accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the state of affairs of the Association as at 31 March 2018 and of its income and expenditure for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been properly prepared in accordance with the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2014.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### Other information

The Association's Board is responsible for the other information, which comprises the Board's Annual Report and the Chair's Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the Statement on Internal Financial Control on page 7 does not provide the disclosures required by the relevant Regulatory Standards for systemically important RSLs within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls; or
- in our opinion, the Statement on Internal Financial Control is materially inconsistent with the knowledge acquired by us in the course of performing our audit.

We have nothing to report in these respects.

### Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

## INDEPENDENT AUDITOR'S REPORT TO HOME IN SCOTLAND LIMITED

### Board's responsibilities

As more fully explained in their statement set out on page 6, the Association's Board is responsible for the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 it either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.


### Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 69 of the Housing (Scotland) Act 2010. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it 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 as a body, for our audit work, for this report, or for the opinions we have formed.

  
**Nick Plumb (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
Quayside House  
110 Quayside  
Newcastle Upon Tyne  
NE1 3DX

 2018

**HOME IN SCOTLAND LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2018**

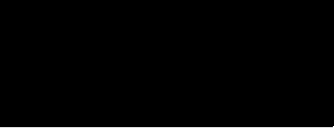
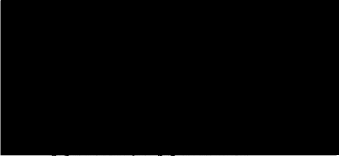
	Notes	2018 £000	2017 £000
Turnover	2	19,969	19,122
Cost of sales	2	-	(324)
Operating expenditure	2	(12,855)	(12,107)
Operating surplus from property sales	2	15	111
<b>Operating surplus</b>		<b>7,129</b>	<b>6,802</b>
Interest receivable	7	4	5
Interest payable and financing costs	8	(2,104)	(1,984)
<b>Surplus on ordinary activities before taxation</b>	9	<b>5,029</b>	<b>4,823</b>
Taxation		-	-
<b>Surplus for the year</b>		<b>5,029</b>	<b>4,823</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>5,029</b>	<b>4,823</b>

All activities of the Association are classed as continuing.

There are no other surpluses or deficits to be recognised in the current or prior year other than the surplus for the year reported above.

The notes on pages 15 to 28 form part of the financial statements.

The financial statements on pages 11 to 28 were approved by the Board on 28 August 2018 and were signed on its behalf by:-

		
Victoria Forrest Peterkin Chair	Colin Strachan Board Member	Margarita Morrison Director (Home in Scotland) and Company Secretary

**HOME IN SCOTLAND LIMITED**  
**STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2018**

	Notes	2018 £000	2017 £000
<b>Fixed assets</b>			
Tangible fixed assets	10 & 11	251,474	240,088
Other investments	12	420	416
		<u>251,894</u>	<u>240,504</u>
<b>Current assets</b>			
Properties held for sale	13	2,938	163
Debtors	14	905	738
Cash and cash equivalents		5	774
		<u>3,848</u>	<u>1,675</u>
Creditors: amounts falling due within one year	15	<u>(8,763)</u>	<u>(8,839)</u>
<b>Net current liabilities</b>		<u>(4,915)</u>	<u>(7,164)</u>
<b>Total assets less current liabilities</b>		<u>246,979</u>	<u>233,340</u>
Creditors: amounts falling due after more than one year	16	<u>(204,176)</u>	<u>(195,566)</u>
<b>Net assets</b>		<u>42,803</u>	<u>37,774</u>
<b>Capital and reserves</b>			
Non-equity share capital	18	-	-
Income and expenditure reserve		<u>42,803</u>	<u>37,774</u>
<b>Total capital and reserves</b>		<u>42,803</u>	<u>37,774</u>

The notes on pages 15 to 28 form an integral part of the financial statements.

The financial statements on pages 11 to 28 were approved by the Board on 28 August 2018 and were signed on its behalf by:-



Victoria Forrest Peterkin  
Chair



Colin Strachan  
Board Member



Margarita Morrison  
Director (Home in Scotland)  
and Company Secretary

**HOME IN SCOTLAND LIMITED**  
**STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2018**

	<b>Income and expenditure reserve £000</b>
As at 1 April 2016	32,951
Total comprehensive income for the year	4,823
As at 31 March 2017	<u>37,774</u>
Total comprehensive income for the year	5,029
<b>As at 31 March 2018</b>	<b><u>42,803</u></b>

The notes on pages 15 to 28 form an integral part of the financial statements.

**HOME IN SCOTLAND LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2018 £000	2017 £000
<b>Net cash flow from operating activities</b>	19	<u>8,499</u>	<u>9,434</u>
<b>Cash flow from investing activities</b>			
Purchase of tangible fixed assets		(14,355)	(15,735)
Purchase of investments		(4)	(9)
Proceeds from sale of tangible fixed assets		32	213
Capital grants received		4,463	8,234
Interest received		5	5
<b>Net cash outflow from investing activities</b>		<u>(9,859)</u>	<u>(7,292)</u>
<b>Cash flow from financing activities</b>			
Interest paid		(2,170)	(2,161)
New secured loans		11,766	17,251
Repayments of borrowings		(9,005)	(16,519)
<b>Net cash inflow / (outflow) from financing activities</b>		<u>591</u>	<u>(1,429)</u>
<b>Net change in cash and cash equivalents</b>		(769)	713
Cash and cash equivalents at the beginning of the year		<u>774</u>	<u>61</u>
<b>Cash and cash equivalents at the end of the year</b>		<u>5</u>	<u>774</u>

The notes on pages 15 to 28 form an integral part of the financial statements.

**HOME IN SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**1. PRINCIPAL ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102'), the Co-operative and Community Benefit Societies and Credit Unions Act 2014, the Housing (Scotland) Act 2010, the Registered Social Landlords Determination of Accounting Requirements December 2014 and the Statement of Recommended Practice – Accounting by registered social housing providers Update 2014 (SORP 2014).

The Company's parent undertaking, Home Group Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Home Group Limited are available to the public and may be obtained from The Secretary, Home Group Limited, 2 Gosforth Park Way, Gosforth Business Park, Newcastle Upon Tyne, NE12 8ET.

As the consolidated financial statements of Home Group Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements. As the company is a wholly owned subsidiary of Home Group Limited the company has taken advantage of the exemption contained in FRS 102.33A and has therefore not disclosed transactions or balances with subsidiaries which form part of the group.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements are prepared on the historical cost basis of accounting. There are no material differences between the surplus on ordinary activities before taxation and the surplus for the current or prior year and their historical cost equivalents.

As a public benefit entity, the Association has applied the public benefit entity 'PBE' prefixed paragraphs of FRS 102.

**Going concern**

The Association's business activities, its current financial position and factors likely to affect its future development are set out within this Annual Report and Financial Statements. The Association has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Association's day to day operations. The Association also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lender's covenants.

On this basis, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

**Principal accounting policies**

A summary of the principal accounting policies is set out below.

**Turnover**

Rental income is recognised on a straight line basis in accordance with the terms of the tenancy agreement on an accrual basis. Revenue arising from the sale of property is recognised on legal completion. Income from contracts for support services is recognised in line with the contractual terms when the services are rendered. Fees receivable are recognised in line with the underlying management agreements.

**Supporting People income**

Supporting People (SP) contract income received from Administering Authorities is accounted for as SP income in turnover in Note 2(a) to the financial statements. The related support costs are matched against this income.

**HOME IN SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**1. PRINCIPAL ACCOUNTING POLICIES (continued)**

**Other tangible fixed assets and depreciation**

Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis to write off the cost less any estimated residual value over the expected useful economic lives of the assets.

Estimated useful lives:	Years
Plant, machinery, fixtures and vehicles	8
Computer equipment	3
Leased equipment and software	over the life of the lease

**Housing properties**

Housing properties are stated at cost less depreciation.

The cost of a property comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Directly attributable costs include the employment costs of development staff, in-house architects, legal staff and surveyors arising directly from the construction or acquisition of the property, together with other incremental costs which would have been avoided only if the property had not been constructed or acquired.

Housing properties are split under component accounting between their land, structure costs and a specific set of major components which require periodic replacement. Refurbishment or replacement of such components is capitalised and depreciated on a straight line basis over the estimated useful economic life of components as follows:-

Component:	Years
Property structure	100
Roof	40
Windows	30
Doors	20
Boiler	15
Kitchen	15
Bathroom	30
Heating distribution	30
Electrics	30

Freehold land is not depreciated. In addition stock condition surveys which will improve the efficiency of our projected long term planned maintenance programme are capitalised and written off over 15 years.

**Improvements to property**

The Association capitalises expenditure on housing properties which is either capable of generating increased future rents, extends its useful life, or significantly reduces future maintenance costs. All other expenditure incurred in respect of general repairs to its housing stock is charged to the statement of comprehensive income in the year in which it is incurred.

**Housing Association Grant**

Government grants include grants receivable from the Scottish Housing Regulator, Scottish Ministers and local authorities. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model.

Grants relating to revenue are recognised in the statement of comprehensive income over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received. Grants due from government organisations or received in advance are included as current assets or liabilities.

Housing Association Grant is repayable under certain circumstances, primarily following the sale of property, but such repayment will normally be restricted to the net proceeds of sale.

**Other grants**

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the Association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.



**HOME IN SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**1 PRINCIPAL ACCOUNTING POLICIES (continued)**

**Capitalisation of interest**

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme. The capitalisation rate is the weighted average of the rates applicable to general borrowings that are outstanding during the period.

**Impairment**

Reviews for indicators of impairment of housing properties are carried out on an annual basis and any impairment in an income generating unit is recognised by a charge to the statement of comprehensive income. An impairment is recognised where the carrying amount of an income generating unit exceeds its recoverable amount being the higher of its fair value less costs to sell and its value in use.

**Disposal of housing properties**

Where properties built for sale are disposed of during the year, the disposal proceeds are included in turnover and the attributable costs included in cost of sales.

The surplus or deficit on disposal of housing properties held as fixed assets, including second or subsequent tranches of shared ownership properties, is accounted for on the face of the statement of comprehensive income.

Where a component is replaced or restored, the old component is written off to the statement of comprehensive income, to avoid double counting, and the new component is capitalised. Charges arising from the early replacement of a component are reflected as part of the overall depreciation charge.

Where any Housing Association Grant (HAG) to be repaid is less than the HAG relating to the disposal, the difference is treated as abated HAG and included as a component of the surplus or deficit on disposal.

**Shared ownership**

The costs of shared ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and on disposal the first tranche sale proceeds are shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset. Any grant attributable to shared ownership assets is wholly attributed to the element retained and held in liabilities. Subsequent tranches sold ('stair casing') are accounted for as disposals of housing properties, as noted above.

**Stocks – Homestake**

Stocks and work in progress are stated at the lower of cost and net realisable value.

Grants are received from the Scottish Ministers for the construction of properties under the Homestake scheme. The costs net of grants up to the point of sale are reflected as stock within current assets. 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 as other activities; within turnover and operating costs respectively. 100% of the property is sold between the owner and the Government.

**Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

**Provisions for liabilities and charges**

The Association recognises in the accounts provisions to meet liabilities arising from past events, which are likely or certain to be incurred, but for which the amount or timing cannot be determined accurately.

**Significant Management Judgements**

Preparation of the financial statements requires management to make significant judgements. The judgements which have the most significant impact on amounts recognised in the financial statements are set out below.

**Carrying value of housing properties and stock**

Judgement is exercised in determining the carrying value of housing properties and stock in line with the accounting policies set out on page 16.

**HOME IN SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**1 PRINCIPAL ACCOUNTING POLICIES (continued)**

The Association has conducted a review of the financial performance and future prospects of its existing, rented housing properties to assess whether there has been a trigger event for an impairment review. An impairment review may be triggered where there are demand issues in terms of letting performance, lower than expected rental levels or where there are higher than anticipated operating costs.

An impairment review has been carried out at 31 March 2018 to determine whether any assets required impairment.

In determining whether an impairment is required, the carrying amount of each scheme has been compared to the estimated recoverable amount which is the higher of a scheme's fair value less costs to sell and its value in use. The fair value reflects sales values achieved on the sale of similar housing properties where this data is available. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model reflecting future anticipated cash flows for the scheme discounted using an appropriate discount rate. Depreciated replacement cost reflects the anticipated costs of constructing or acquiring properties which deliver the same service potential as the existing property.

The Association has also reviewed the latest forecasts for its ongoing development schemes including costs to date, estimated costs to complete, future grant receipts and any anticipated sales proceeds from property developed for sale to determine whether there is an indicator of impairment in terms of properties in the course of construction held as either fixed assets or stock. Management are required to exercise significant judgement in estimating the outcome of a development and therefore in assessing whether, and what extent, impairment provisions are required.

Following these assessments, an impairment loss of £168,000 million was identified and included in the Statement of Comprehensive Income.

**Estimation uncertainty**

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expense is provided below.

**Tangible fixed assets**

Tangible fixed assets are depreciated over their useful economic lives. The actual lives of the assets are assessed annually and may vary depending on a number of factors. Experience and regulatory requirements may impact the frequency of replacement and therefore the useful economic lives of components within our housing properties. The charge for depreciation in the year across all assets was £4.4 million and accumulated depreciation was £35.5 million at 31 March 2018.

**HOME IN SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**2(a). TURNOVER, OPERATING COSTS AND OPERATING SURPLUS**

Year ended 31 March 2018	Note	Turnover	Cost of sales	Operating expenditure	Operating surplus / (deficit) £000
		£000	£000	£000	£000
<b>Income and expenditure from social housing lettings</b>	2b	17,616	-	(12,056)	5,560
<b>Other social housing activities</b>					
Supporting People income		148	-	(119)	29
Community investment		-	-	(18)	(18)
Development and marketing		-	-	(66)	(66)
Sale of social housing properties	6	-	-	-	15
		148	-	(203)	(40)
<b>Non-social housing activities</b>					
Lettings - market renting		2,104	-	(581)	1,523
Other		101	-	(15)	86
		2,205	-	(596)	1,609
<b>Total</b>		<b>19,969</b>	<b>-</b>	<b>(12,855)</b>	<b>7,129</b>
Year ended 31 March 2017	Note	Turnover	Cost of sales	Operating expenditure	Operating surplus / (deficit) £000
		£000	£000	£000	£000
<b>Income and expenditure from social housing lettings</b>	2b	16,547	-	(11,286)	5,261
<b>Other social housing activities</b>					
Supporting People income		170	-	(285)	(115)
Community investment		-	-	(2)	(2)
Development and marketing		-	-	(74)	(74)
Sale of social housing properties	6	-	-	-	111
		170	-	(361)	(80)
<b>Non-social housing activities</b>					
Lettings - market renting		1,996	-	(425)	1,571
Properties developed for outright sale		323	(324)	-	(1)
Other		86	-	(35)	51
		2,405	(324)	(460)	1,621
<b>Total</b>		<b>19,122</b>	<b>(324)</b>	<b>(12,107)</b>	<b>6,802</b>

**HOME IN SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**2(b). TURNOVER, OPERATING COSTS AND OPERATING SURPLUS / (DEFICIT) FROM OTHER ACTIVITIES**

	Housing accommodation	Supported housing and housing for older people	Shared Ownership	<b>2018 Total</b>	2017 Total
	£000	£000	£000	<b>£000</b>	£000
<b>Income</b>					
Rent receivable net of identifiable service charges	14,993	347	70	<b>15,410</b>	14,555
Service charges income	586	165	1	<b>752</b>	641
<b>Net rents receivable</b>	<b>15,579</b>	<b>512</b>	<b>71</b>	<b>16,162</b>	15,196
Amortised government grants	1,163	37	7	<b>1,207</b>	1,117
Revenue grants from local authorities and other agencies	171	76	-	<b>247</b>	234
<b>Total income from social housing lettings</b>	<b>16,913</b>	<b>625</b>	<b>78</b>	<b>17,616</b>	16,547
<b>Expenditure</b>					
Service charge costs	551	157	2	<b>710</b>	665
Management	2,823	124	-	<b>2,947</b>	2,580
Routine maintenance	2,160	53	-	<b>2,213</b>	1,805
Planned maintenance	1,273	37	-	<b>1,310</b>	1,617
Major repairs expenditure	2	-	-	<b>2</b>	112
Rent losses from bad debts	244	7	-	<b>251</b>	241
Property lease charges	17	-	-	<b>17</b>	17
Depreciation of housing properties	4,305	124	8	<b>4,437</b>	4,179
Impairment of housing properties	168	-	-	<b>168</b>	-
Other costs	1	-	-	<b>1</b>	70
<b>Total expenditure on social housing lettings</b>	<b>11,544</b>	<b>502</b>	<b>10</b>	<b>12,056</b>	11,286
<b>Operating surplus on social housing letting activities</b>	<b>5,369</b>	<b>123</b>	<b>68</b>	<b>5,560</b>	5,261
<b>Rent losses from voids</b>	<b>132</b>	<b>2</b>	<b>10</b>	<b>144</b>	165

The amount of service charges on housing accommodation not eligible for housing benefit was £26,000 (2017: £31,000).

**3. HOUSING STOCK**

	<b>2018 Number</b>	2017 Number
<i>Social housing:</i>		
General needs rented	<b>3,475</b>	3,432
Shared ownership	<b>24</b>	24
Supported housing bed spaces	<b>122</b>	122
<i>Non-social housing:</i>		
Mid-market rent	<b>290</b>	250
<b>Total owned</b>	<b>3,911</b>	3,828
<i>Accommodation managed for others:</i>		
Social housing	<b>12</b>	12
Non-social housing	<b>56</b>	56
<b>Total owned and managed</b>	<b>3,979</b>	3,896

**HOME IN SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**4. DIRECTORS' EMOLUMENTS**

There are no remunerated directors to disclose as the directors are paid through the parent undertaking, Home Group Limited. Details of the remunerated members of the Board (Ray Macfarlane, Mark Henderson and John Hudson) are included within financial statements of Home Group Limited which are publicly available. No other Board members received any payment other than expenses.

	<b>2018</b>	2017
	<b>£</b>	<b>£</b>
<b>Directors' expenses</b>		
Expenses reimbursed to the directors not chargeable to United Kingdom income tax	<b>1,160</b>	1,074
	<hr/>	<hr/>

**5. EMPLOYEE INFORMATION**

The employee costs of those persons employed by Home Group Limited who are utilised wholly and exclusively by Home in Scotland Limited are summarised below:-

	<b>2018</b>	2017
	<b>Number</b>	Number
Office staff	<b>41</b>	44
Wardens, caretakers, care workers and cleaners	<b>4</b>	6
	<hr/>	<hr/>
	<b>45</b>	50
	<hr/>	<hr/>
	<b>2018</b>	2017
	<b>£000</b>	£000
Employee costs (for the above persons):-		
Wages and salaries	<b>1,458</b>	1,547
Social security costs	<b>151</b>	150
Other pension costs (see Note 25)	<b>215</b>	235
	<hr/>	<hr/>
	<b>1,824</b>	1,932
	<hr/>	<hr/>

The full time equivalent number of staff whose remuneration payable in the year fell above £60,000 was:-

	<b>2018</b>	2017
	<b>Number</b>	Number
£60,000 - £70,000	<b>1</b>	1
£70,001 - £80,000	<b>1</b>	1
£80,000 - £90,000	<b>1</b>	-
	<hr/>	<hr/>

**6. SURPLUS ON DISPOSAL OF SOCIAL HOUSING PROPERTIES**

	<b>2018</b>	2017
	<b>£000</b>	£000
Sales proceeds	<b>34</b>	216
Cost of sales	<b>(19)</b>	(105)
	<hr/>	<hr/>
	<b>15</b>	111
	<hr/>	<hr/>

**HOME IN SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2018</b>	2017
	<b>£000</b>	£000
Interest receivable from bank and building society deposits	4	5

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2018</b>	2017
	<b>£000</b>	£000
Interest payable to other group companies	58	50
On bank loans and overdrafts	928	921
On other loans	1,244	1,241
	<b>2,230</b>	<b>2,212</b>
Less: interest capitalised on housing properties under construction	(126)	(228)
	<b>2,104</b>	<b>1,984</b>

The average rate of interest applied to interest capitalised during the year was 2.00% (2017: 1.98%).

**9. SURPLUS FOR THE YEAR**

	<b>2018</b>	2017
	<b>£000</b>	£000
Surplus on ordinary activities before taxation is stated after charging: -	<b>£000</b>	£000
Depreciation:		
Housing properties	4,437	4,179
Other tangible fixed assets	1	1
Impairment of housing properties	168	-
External auditors' remuneration for audit services	12	12
Operating lease rentals	108	157

**HOME IN SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**10. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES**

	Completed housing properties £000	Housing properties under construction £000	Shared ownership £000	Total £000
<b>Cost</b>				
At 1 April 2017	248,889	20,869	1,395	271,153
Additions	-	14,327	-	14,327
Capitalised interest	-	126	-	126
Capitalised works	1,552	-	-	1,552
Transfer to completed schemes	20,553	(20,553)	-	-
Disposals	(285)	-	-	(285)
<b>At 31 March 2018</b>	<b>270,709</b>	<b>14,769</b>	<b>1,395</b>	<b>286,873</b>
<b>Depreciation</b>				
At 1 April 2017	30,873	129	67	31,069
Charge for year	4,429	-	8	4,437
Impairment	-	168	-	168
Eliminated in respect of disposals	(273)	-	-	(273)
<b>At 31 March 2018</b>	<b>35,029</b>	<b>297</b>	<b>75</b>	<b>35,401</b>
<b>Net book value at 31 March 2018</b>	<b>235,680</b>	<b>14,472</b>	<b>1,320</b>	<b>251,472</b>
Net book value at 31 March 2017	218,016	20,740	1,328	240,084
			<b>2018</b>	2017
Completed housing properties, at net book value, comprise:-			<b>£000</b>	£000
Freeholds			<b>237,000</b>	219,344
<b>Works to existing properties in the year:-</b>				
Components capitalised			<b>1,552</b>	704
Amounts charged to expenditure			<b>1,312</b>	1,729
			<b>2,864</b>	2,433

Additions to housing properties in the course of construction during the year included development administration costs of £318,000 (2017: £274,000).

There were assets under charge included in the above net book value amount of £114,218,000 as at 31 March 2018 (2017: £137,955,000).

**HOME IN SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**11. TANGIBLE FIXED ASSETS – OTHER FIXED ASSETS**

	Plant, machinery, fixtures and vehicles £000	Computer, equipment, leased equipment and software £000	Total £000
<b>Cost</b>			
At 1 April 2017	93	2	95
Disposals	(3)	-	(3)
<b>At 31 March 2018</b>	<b>90</b>	<b>2</b>	<b>92</b>
<b>Depreciation</b>			
At 1 April 2017	90	1	91
Charge for year	1	-	1
Eliminated in respect of disposals	(2)	-	(2)
<b>At 31 March 2018</b>	<b>89</b>	<b>1</b>	<b>90</b>
<b>Net book value 31 March 2018</b>	<b>1</b>	<b>1</b>	<b>2</b>
Net book value 31 March 2017	3	1	4

The cost of fixtures, furniture and equipment above has been reduced by an amount of £23,000, being grants received for the purchase of equipment and fittings (2017: £23,000).

**12. FIXED ASSET INVESTMENTS**

	2018 £000	2017 £000
At 1 April	416	407
Additions	4	9
At 31 March	420	416

**13. PROPERTIES HELD FOR SALE**

	2018 £000	2017 £000
Outright sale properties:		
- Completed	108	44
- Work in progress	2,830	119
	<b>2,938</b>	<b>163</b>



**HOME IN SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**14. DEBTORS**

	<b>2018</b>	2017
	<b>£000</b>	£000
Accounts falling due within one year:-		
Rental debtors and service charges receivable	<b>1,091</b>	1,088
Less: Provision for bad debts	<b>(535)</b>	(535)
	<hr/>	<hr/>
Net rental debtors	<b>556</b>	553
Other grants receivable	<b>83</b>	31
Prepayments and accrued income	<b>46</b>	58
Other amounts due from group undertakings	<b>110</b>	-
Other debtors	<b>110</b>	96
	<hr/>	<hr/>
	<b>905</b>	738
	<hr/>	<hr/>

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2018</b>	2017
	<b>£000</b>	£000
Housing loans from third parties	<b>2,000</b>	2,000
Loans from group undertakings	-	2,172
Trade Creditors	<b>1,977</b>	-
Social Housing Grant in advance	<b>80</b>	526
Deferred capital grant	<b>1,277</b>	1,137
Accruals and deferred income	<b>2,115</b>	1,860
Other amounts due to group undertakings	<b>240</b>	185
Other creditors	<b>1,074</b>	959
	<hr/>	<hr/>
	<b>8,763</b>	8,839
	<hr/>	<hr/>

Whilst the statement of financial position shows net current liabilities, the Association has in place external loan agreements which allow the Association sufficient funding to pay its liabilities as they fall due. The parent undertaking, HGL, acts as guarantor for some of these loans, as well as providing a £10 million intercompany facility. As at 31 March 2018, the Association had £10.8 million committed and undrawn facilities which were immediately available for drawing.

**HOME IN SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Housing loans	<b>80,890</b>	80,133
Deferred capital grant	<b>119,053</b>	115,433
Loans from group undertakings	<b>4,233</b>	-
	<hr/> <b>204,176</b> <hr/>	<hr/> 195,566 <hr/>

Housing loans are secured by specific charges on the Association's housing properties. They are repayable at varying rates of interest, from 0.74% to 3.96%, due as follows:-

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
In instalments:		
In one year or less	<b>2,000</b>	4,172
Between one and two years	<b>2,000</b>	2,000
Between two and five years	<b>25,143</b>	18,174
In five years or more	<b>57,980</b>	59,959
	<hr/> <b>87,123</b> <hr/>	<hr/> 84,305 <hr/>

**17. DEFERRED CAPITAL GRANT**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
At 1 April 2017	<b>116,570</b>	110,118
Grant received in the year	<b>4,967</b>	7,604
Released to income in the year	<b>(1,207)</b>	(1,117)
Disposals	-	(35)
	<hr/> <b>120,330</b> <hr/>	<hr/> 116,570 <hr/>
At 31 March 2018		
Amount due to be released within one year	<b>1,277</b>	1,137
Amount due to be released in more than one year	<b>119,053</b>	115,433
	<hr/> <b>120,330</b> <hr/>	<hr/> 116,570 <hr/>

**18. CALLED UP SHARE CAPITAL**

Each national member of the Association holds one voting share (nominal value £1). Each community member of the Association holds one non-voting share (nominal value £1). All shares are surrendered on the cessation of membership. Shares carry no rights to dividend or repayment of capital.

	£
Allotted, issued and fully paid:-	
At 1 April 2017 and at 31 March 2018	<hr/> <b>350</b> <hr/>

**HOME IN SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**19. RECONCILIATION OF SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2018</b>	2017
	<b>£000</b>	£000
<b>Surplus for the year</b>	<b>5,029</b>	4,823
<b>Adjustments for:-</b>		
Depreciation of tangible fixed assets	4,438	4,180
Impairment of tangible fixed assets	168	-
(Increase) / decrease in properties held for sale	(2,775)	106
(Increase) / decrease in debtors	(116)	285
Increase / (decrease) in trade and other creditors	876	(712)
Surplus on disposal of tangible fixed assets	(14)	(110)
<b>Adjustments for investing or financing activities:-</b>		
Government grants utilised in the year	(1,207)	(1,117)
Interest payable	2,104	1,984
Interest received	(4)	(5)
	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	<b>8,499</b>	9,434
	<hr/>	<hr/>

**20. CAPITAL COMMITMENTS**

	<b>2018</b>	2017
	<b>£000</b>	£000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<b><u>15,832</u></b>	<u>19,991</u>
Capital expenditure that has been authorised by the Board but has not yet been contracted for	<b><u>17,942</u></b>	<u>52,329</u>

The amounts contracted for at 31st March 2018 will be HAG funded, loan financed and funded from the Association's reserves.

**21. FINANCIAL COMMITMENTS**

At the year end the total contractual payments under non-cancellable operating leases were as follows:-

	<b>2018</b>	2017
	<b>£000</b>	£000
Less than one year	<b>125</b>	126
Between one and five years	<b>11</b>	100
	<hr/>	<hr/>
	<b>136</b>	226
	<hr/>	<hr/>

The Association uses certain assets acquired under operating leases entered into by the parent association, Home Group Limited. The relevant lease charges are included in the statement of comprehensive income, and the commitments under these leases have been included in the above note.

**HOME IN SCOTLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**22. GRANT AND FINANCIAL ASSISTANCE**

The total accumulated government grant and financial assistance received or receivable at 31 March:-

	<b>2018</b>	2017
	<b>£000</b>	£000
Held as deferred capital grant	<b>120,330</b>	116,570
Recognised as income in the statement of comprehensive income	<b>10,979</b>	9,778
Grant within cost on properties at fair values at acquisition	<b>8,043</b>	8,043
	<b>139,352</b>	134,391

**23. TRANSACTIONS WITH RELATED PARTIES**

The Association has taken advantage of the exemption under paragraph 33.1A from the provisions of FRS 102, on the grounds that it is a wholly owned subsidiary of a group headed by Home Group Limited, whose accounts are publicly available.

During the year the Association entered into the following related party transactions with its customer and client Board members:-

	<b>2018</b>	2017
	<b>£000</b>	£000
Charges in respect of rent and service charges	<b>14,298</b>	15,764
Amounts owed from customer and client Board members at the year end	-	246

**24. PARENT ASSOCIATION**

The Board regards Home Group Limited as the ultimate parent company and the ultimate controlling party. Copies of the consolidated financial statements of Home Group Limited can be obtained from the Secretary, Home Group Limited, 2 Gosforth Park Way, Gosforth Business Park, Newcastle upon Tyne, NE12 8ET.

**25. PENSION OBLIGATIONS**

Employees of the parent undertaking, Home Group Limited, are eligible to participate in a number of pension schemes. Full disclosure of these schemes is included within the financial statements of Home Group Limited which are publicly available.