

Home in Scotland Limited

**Reports and Financial Statements
for the year ended 31 March 2019**

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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

It is with great pleasure, in this my first year as chairman, that I introduce the financial statements for the year to 31st March 2019. Home in Scotland has had an impressive year in terms of service delivery, development of new homes and delivering value from organisational changes. Strong progress has been made towards achieving our strategic objectives. We continue to work successfully in partnership with Scottish Government and other stakeholders to support the Scottish Government's ambition to deliver 50,000 affordable homes by 2020. We increased our delivery programme with the provision of 154 fantastic new affordable homes in Glasgow and Edinburgh. We delivered improvements in our service quality and worked closely with our customers to develop our new Customer Promise. Once again, we ended the year in a strong financial position achieving a surplus of £5.8 million which enables us to invest in our communities, improve our service and achieve our ambitious targets.

Customer Focus

Customers are at the heart of what we do and this year they have helped us develop our new Customer Promise which focusses on creating safe places to live, delivering a reliable repairs service and being transparent on how their money is spent. Our partnerships evolve to meet the needs of our customers and we are a key partner in the Scottish Government's Housing First programme assisting those who have experienced repeat homelessness.

We were delighted to be finalists in two awards (Homes for Scotland) for our Muirsketh development in Glasgow in addition to the Housing Association of the Year (Scottish Home Awards). Internally one of our achievements this year was the award of a Platinum Customer Promise assessment by our customer assessors – the first in Scotland. We have continued our work on assessing rent and service charge affordability for our customers, using sector tools from partners such as the Scottish Federation of Housing Associations and HouseMark.

Universal Credit (UC) has continued to impact on the number of customers experiencing rent arrears. All our housing managers have received training and they are in contact with every customer moving onto UC to provide support and advice to maintain rent payments and to assist in income maximisation.

Our sixth Annual Return of the Scottish Social Housing Charter (ARC) demonstrates our continuous improvement over that period. Our focus on customer safety and compliance has enabled us to achieve 100% for gas safety records achieved in target and we have also seen an improvement in repairs, which are so important to our customers, by achieving more 'Right First Time' and keeping our appointments.

In October 2018 we published our Charter Performance Customer Report which evidenced our improvements, with our performance better than Scottish averages in a number of areas including: our communication with and participation of customers, complaints handling, average hours taken to complete emergency repairs, value for money and average length of time to re-let properties.

We continued to develop our Asset Management Strategy and a full stock condition survey has been undertaken during the year which will support our investment plans over the next five years including compliance with the Energy Efficiency Standards for Social Housing. We have taken strategic decisions relating to the disposal of older stock which no longer meets our customer aspirations. We invested in our void properties and during 2019/20 we will undertake customer satisfaction surveys to analyse why customers terminate their properties and how we can positively impact tenancy sustainability.

Our planned maintenance programme was delivered in all areas of the country with our primary focus being the upgrade of 168 boilers and 175 kitchens in the Southhouse area of Edinburgh along with cyclical painting to the common stairwells and external balconies and gables. Kitchens were replaced in the Dalbeattie area of Dumfries and Galloway along with external decoration of Kelloholm and Moffat respectively. Glasgow saw the replacement of the 25 kitchens and 47 boilers in the Robroyston area to the north of the city. In Dundee we replaced common stair windows in the Benvie/Pitfour area. 48 kitchens were replaced in the Whitfield Rise/Square part of the city along with 70 Mechanical Vent Heat Recover systems in the Mill O'Mains district. Overall our planned maintenance programme was completed on budget and two months ahead of schedule.

New Build and Regeneration

In the 2018/19 financial year, we successfully delivered 154 new homes in Glasgow and Edinburgh. These were delivered across a range of tenures including social rent, mid-market rent, and shared equity. We are particularly proud of completing a special eight bed children's home on behalf of Glasgow City Council, Social Work Services at Muirsketh Road as an integrated part of the new housing development. The 154 new homes were built at four locations: Muirsketh Road Merrylee, Maxwell Road Pollokshields, Ashtree Road Pollokshaws in Glasgow and at Liberton in Edinburgh.

HOME IN SCOTLAND LIMITED CHAIR'S REPORT

We continue with our strong development programme in 2019/20 with the delivery of a further 160 new homes across a range of tenures. Our exciting development at Holmlea Primary School is progressing well and on schedule to deliver 11 homes this year and a further 38 next year. The conversion works to this historic school building have generated much interest and we have been pleased to invite former pupils and teachers to observe the works and to share their experiences of the school whilst seeing first hand our approach to conserving an iconic building for new affordable housing.

Our major estate based regeneration projects at Mill O'Mains in Dundee and at East Balornock in Glasgow are progressing well. At Mill O'Mains our plans are well progressed for our fourth phase of regeneration works which will start on site this financial year. At East Balornock we will complete the fifth phase of regeneration comprising 33 new homes for social rent and shared equity.

We will complete 40 new flats at Springburn; not far from East Balornock, which will help to further establish Home Scotland's presence in the North of Glasgow. In the South of the city we will add a further 76 homes at Maxwell Road in Pollokshields which will be in addition to 64 completed as part of the same development in 2018/19.

In Edinburgh we are actively working with a number of potential new partners to deliver new exciting opportunities at a number of locations which, if successful will add over 500 new homes in Edinburgh in the coming years.

All our developments consider the requirements of households with particular needs and to that end include accessible homes.

Our longer term goals include continued growth to meet our group wide target of building over 10,000 new homes. We have established strong relationships with our local authority partners in Glasgow, Edinburgh and Dundee as well as with our key private sector development partners such as A.S. Homes, Barratt and Merchant Homes all of whom play a key role in our ongoing development programme. We will continue to work with a range of new partners to bid for larger strategic development opportunities.

Our status as a partner of choice for Glasgow City Council has been consolidated recently with their decision to confirm Home Scotland as the housing provider for the high profile former Meat Market site at Duke Street in the city's East end. With 252 homes and associated commercial space, this large scale opportunity has already generated further new housing opportunities nearby for Home Scotland. This type of partnership is central to our strategy moving forward and marks a step change in our development ambition.

Health and Safety

We have reviewed how we manage health and safety and refreshed our policy and ensured roles and responsibilities are aligned with our new structure and ensure clarity. Fire safety has been a priority throughout the year. We have engaged with customers within the three tall buildings in Scotland (Edinburgh and Glasgow) and have commenced the works to enhance fire safety and ensure that these comply with the new fire regulations for Scotland issued this year. Home Scotland has achieved 100% statutory compliance and safety of our customers is central to our activities. Other initiatives over the year include a revised focus on site audits and new training for colleagues to ensure they understand their roles and responsibilities in keeping our customers and others safe.

Colleagues

The achievements of the past year are testament to the hard work and high standards of our colleagues. I thank you all for your contributions to our mission of building homes, independence and aspirations. The results of the recent Great Place to Work survey demonstrated the motivation of our colleagues which is crucial to making a difference to the lives of our customers. We recruited additional colleagues to ensure we are delivering a responsive local service and we welcomed our first degree apprentice to the team. I also want to welcome the new members of the Board and to thank you for your commitment and your readiness to volunteer for additional activities. In particular, I would like to pay tribute to two of our long-standing Board members, Vicky Peterkin and Colin Strachan, both of whom having served nine years on our Board will stand down at the AGM. In almost a decade of service to the Board, Vicky and Colin made immense contributions to the achievements of Home in Scotland, always with customers' interests to the fore, and their legacy includes the strategy which the Board will take forward in the coming years.

By order of the Board.

Myriam Madden, FCMA, CGMA, B.COMM (Hons)
Chair
27 August 2019

**HOME IN SCOTLAND LIMITED
REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2019**

Board

G A Campbell, MCIH (appointed 4 December 2018)
I A Campbell, BSc (Hons) (appointed 28 August 2018)
R Du Rose (co-opted from 22 May 2018 to 3 December 2018)
M Finnegan BA (Hons)
M Henderson, BSc (Hons)
J Hudson, BSc (Hons), PhD, ACA
R Macfarlane, MA, LLB, MBA (Chair, until 22 May 2018)
M Madden, FCMA, CGMA, B.COMM (Hons) (Chair, appointed 28 August 2018)
A Mauger-Thompson, BA (Hons), MCLIP, MBA (appointed 4 December 2018)
B McDougall, FCIH (appointed 4 December 2018)
J McHale BSc (Hons)
V Peterkin, MA, FCIH (appointed Chair 22 May 2018 until 28 August 2018)
C Strachan, FCIOB

Company Secretary

M Morrison, FCIH, Dip in Hsg Studies (until 10 December 2018)
R Hall, BA (Hons) Law (appointed 10 December 2018)

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 2019**

The Board presents its report and the audited financial statements for the year ended 31 March 2019.

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 (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 £5,793,000 in the year to 31 March 2019. This is compared with £5,029,000 in the previous year. Annual surpluses are required to cover long term maintenance obligations, the development of property for sale (the profits of which are invested into our core services), repayment of loans and future risks.

Review of Business

A brief review of the business is given on pages 2 and 3 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, 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;
- 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 2019. 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 2019**

Disclosure of Information to Auditors

The Board members and Directors 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 three year £10 million intercompany loan from HGL which is due to expire in May 2020, and a five year £20 million intercompany loan from HGL, which is due to expire in May 2023. Of these facilities, £23.0 million was committed, undrawn and immediately available as at 31 March 2019. 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 2019. Full details of the Association's borrowings are shown in note 16 to the financial statements.

Statement on Internal Financial Controls

The Association 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 2018 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 the Association.

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 Association 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 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 2019. 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 2019**

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 55 days (2018: 41 days).

Colleagues

Home Group is committed to supporting every colleague to be brilliant. Our continued efforts to attract and retain a truly diverse workforce have been further strengthened by signing up to the Leadership 2025 five point plan and adopting the Rooney Rule. This means we have committed to interviewing where possible, at least one candidate from a BAME (Black, Asian and Minority Ethnic) background for all senior roles. Our senior leadership programme, which specifically targets applications from underrepresented groups, further supports the development of our diverse talent pipeline.

We work with colleagues to make sure people feel aware, informed and involved with Home Group'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 a 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 enhanced our learning and development pathways to support new and existing colleagues to build sustainable careers and ensure we are best placed for the growth aspirations that support our strategic goals.

Our annual colleague survey (carried out by the external company, Great Place to Work) placed us 7th in the UK for organisations of our size, the highest in our sector. We also achieved re-accreditation for Investors in People Gold, and have become one of the UK's first organisations to achieve high performing accreditation for Investors in People for Wellbeing.

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.

Auditor

A resolution to reappoint KPMG LLP as auditor to the Association will be proposed at the Annual General Meeting on 27 August 2019.

On behalf of the Board

Myriam Madden, FCMA, CGMA, B.COMM (Hons)
Chair

27 August 2019

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 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, Statement of Changes in Reserves, Cash Flow Statement and related notes, including the 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 2019 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 2019.

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.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the carrying value of housing properties and stock and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Association's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Association's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for an Association company and this is particularly the case in relation to Brexit.

Going concern

The Association's Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the Association or to cease its operations, and as they have concluded that the Association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the Board's conclusions, we considered the inherent risks to the Association's business model, including the impact of Brexit, and analysed how those risks might affect the Association's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Association will continue in operation.

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.

INDEPENDENT AUDITOR'S REPORT TO HOME IN SCOTLAND LIMITED

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 6 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.

Board's responsibilities

As more fully explained in their statement set out on page 5, 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.

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

August 2019

HOME IN SCOTLAND LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £000	2018 £000
Turnover	2	23,166	19,969
Cost of sales	2	(2,400)	-
Operating expenditure	2	(12,871)	(12,855)
Surplus on disposal of social housing properties	3	100	15
		<hr/>	<hr/>
Operating surplus		7,995	7,129
Interest receivable	7	4	4
Interest payable and financing costs	8	(2,206)	(2,104)
		<hr/>	<hr/>
Surplus on ordinary activities before taxation	9	5,793	5,029
Taxation		-	-
		<hr/>	<hr/>
Surplus for the year		5,793	5,029
		<hr/>	<hr/>
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive income		5,793	5,029
		<hr/>	<hr/>

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 14 to 27 form part of the financial statements.

The financial statements on pages 10 to 27 were approved by the Board on 27 August 2019 and were signed on its behalf by:

.....
Russell Hall
Company Secretary

.....
Myriam Madden
Chair

.....
Vicky Peterkin
Board member

HOME IN SCOTLAND LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Notes	2019 £000	2018 £000
Fixed assets			
Tangible fixed assets	10 & 11	272,347	251,474
Other investments	12	424	420
		<hr/>	<hr/>
		272,771	251,894
		<hr/>	<hr/>
Current assets			
Properties held for sale	13	1,402	2,938
Debtors	14	1,229	905
Cash and cash equivalents		1,455	5
		<hr/>	<hr/>
		4,086	3,848
Creditors: amounts falling due within one year	15	(9,027)	(8,763)
		<hr/>	<hr/>
Net current liabilities		(4,941)	(4,915)
		<hr/>	<hr/>
Total assets less current liabilities		267,830	246,979
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	16	(219,234)	(204,176)
		<hr/>	<hr/>
Net assets		48,596	42,803
		<hr/>	<hr/>
Capital and reserves			
Non-equity share capital	18	-	-
Income and expenditure reserve		48,596	42,803
		<hr/>	<hr/>
Total capital and reserves		48,596	42,803
		<hr/>	<hr/>

The notes on pages 14 to 27 form part of the financial statements.

The financial statements on pages 10 to 27 were approved by the Board on 27 August 2019 and were signed on its behalf by:

.....
Russell Hall
Company Secretary

.....
Myriam Madden
Chair

.....
Vicky Peterkin
Board member

HOME IN SCOTLAND LIMITED
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 MARCH 2019

	Income and expenditure reserve £000
As at 1 April 2017	37,774
Total comprehensive income for the year	5,029
	<hr/>
As at 31 March 2018	42,803
Total comprehensive income for the year	5,793
	<hr/>
As at 31 March 2019	48,596
	<hr/>

The notes on pages 14 to 27 form part of the financial statements.

**HOME IN SCOTLAND LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2019 £000	2018 £000
Net cash flow from operating activities	19	13,606	8,499
		<hr/>	<hr/>
Cash flow from investing activities			
Purchase of tangible fixed assets		(26,655)	(14,355)
Purchase of investments		(4)	(4)
Proceeds from sale of tangible fixed assets		531	32
Capital grants received		15,513	4,463
Interest received		4	5
		<hr/>	<hr/>
Net cash outflow from investing activities		(10,611)	(9,859)
		<hr/>	<hr/>
Cash flow from financing activities			
Interest paid		(2,342)	(2,170)
New secured loans		2,797	11,766
Repayments of borrowings		(2,000)	(9,005)
		<hr/>	<hr/>
Net cash (outflow) / inflow from financing activities		(1,545)	591
		<hr/>	<hr/>
Net change in cash and cash equivalents		1,450	(769)
Cash and cash equivalents at the beginning of the year		5	774
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year		1,455	5
		<hr/>	<hr/>

The notes on pages 14 to 27 form part of the financial statements.

HOME IN SCOTLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1. PRINCIPAL ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with UK Accounting FRS 102 *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 for registered social housing providers Update 2018 ('SORP 2018').

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

The Association's parent undertaking, HGL includes the Association in its consolidated financial statements. The consolidated financial statements of HGL 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 HGL include the equivalent disclosures and the Association is a wholly owned subsidiary of HGL, the Association 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 disclosures required by FRS 102.33A *Related Party Disclosures* in respect of transactions or balances with subsidiaries which form part of the group.

The Association proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next 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.

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

Going concern

The Association's business activities, its current financial position and factors likely to affect its future development are set out within the Report of the Board. 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 12 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.

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 pages 15 to 17.

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 2019 to determine whether any assets required impairment.

**HOME IN SCOTLAND LIMITED
REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2019**

1. PRINCIPAL ACCOUNTING POLICIES (continued)

In determining whether an impairment is required, the carrying amount of each scheme has been compared to the estimated recoverable amount. The recoverable amount is the higher of:

- the scheme's fair value (reflects sales values achieved on the sale of similar housing properties, where this data is available) less costs to sell; and
- the scheme's value in use.

The value in use calculation is based on either:

- a depreciated replacement cost (reflects the anticipated costs of constructing or acquiring properties which deliver the same service potential as the existing property); or
- a discounted cash flow model reflecting future anticipated cash flows for the scheme, discounted using an appropriate discount rate.

To determine whether there is an indicator of impairment for properties under construction, held as either fixed assets or stock, 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.

Management are required to exercise significant judgement in estimating the outcome of a development and therefore in assessing whether, and to what extent, impairment provisions are required. Following these assessments, a net impairment reversal of £89,000 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 £4.1 million and accumulated depreciation was £39.4 million at 31 March 2019.

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. Fees receivable are recognised in line with the underlying management agreements.

Housing properties

Housing properties are stated at cost less accumulated depreciation and impairment. Housing properties in the course of construction are stated at cost and are transferred into housing properties when completed.

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 colleagues, finance and legal colleagues, 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. 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.

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 shown on the following page.

**HOME IN SCOTLAND LIMITED
REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2019**

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Component	Estimated useful economic life (years)
Property structure	100
Bathroom	30
Boiler	15
Heating distribution	30
Doors	20
Electrics	30
Kitchen	15
Roof	40
Windows	30
Land	Not depreciated

Other fixed assets

Other fixed assets are stated at cost less accumulated depreciation and impairment. 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.

Asset type	Estimated useful economic life (years)
Plant, machinery, fixtures and vehicles	8
Computer equipment	3
Leased equipment	Over the life of the lease

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.

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. Where properties previously rented out to customers are disposed of, the surplus on disposal is included in operating surplus.

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.

**HOME IN SCOTLAND LIMITED
REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2019**

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Properties for sale

Completed properties for outright sale and properties under construction are valued 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.

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 ('staircasing') are accounted for as disposals of housing properties, as noted above.

Improvements to properties

Expenditure on housing properties which is capable of generating increased future rents, or extends their useful lives, or significantly reduces future maintenance costs, is capitalised.

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.

HOME IN SCOTLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2(a). PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT

	Note	Turnover	Cost of sales	Operating costs	Operating surplus / (deficit)	Operating surplus
		£000	£000	£000	2019 £000	2018 £000
Affordable letting activities	2(b)	20,497	-	(12,601)	7,896	7,083
Other activities	2(c)	2,669	(2,400)	(270)	(1)	31
Total		23,166	(2,400)	(12,871)	7,895	
Total for the year ended 31 March 2018		19,969	-	(12,855)		7,114

2(b). PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES

	General needs social housing £000	Supported social accommodation £000	Shared ownership housing £000	Other £000	Total 2019 £000	Total 2018 £000
Rent receivable net of service charges	15,659	407	72	2,492	18,630	17,658
Service charges	617	150	1	106	874	752
Gross income from rents and service charges	16,276	557	73	2,598	19,504	18,410
Less voids	(169)	(8)	(2)	(114)	(293)	(144)
Net income from rents and service charges	16,107	549	71	2,484	19,211	18,266
Grants released from deferred income	991	37	7	80	1,115	1,207
Revenue grants from Scottish Ministers	171	-	-	-	171	247
Total turnover from affordable letting activities	17,269	586	78	2,564	20,497	19,720
Management and maintenance administration costs	(2,305)	(37)	(45)	(218)	(2,605)	(3,546)
Service costs	(726)	(148)	(2)	(90)	(966)	(710)
Planned and cyclical maintenance including major repairs costs	(1,278)	(29)	-	(70)	(1,377)	(1,312)
Reactive maintenance costs	(2,846)	(76)	-	(331)	(3,253)	(2,213)
Bad debts - rent and service charges	(329)	2	-	(41)	(368)	(251)
Depreciation of affordable let properties	(3,520)	(100)	(8)	(493)	(4,121)	(4,437)
Impairment of affordable let properties	89	-	-	-	89	(168)
Operating costs for affordable letting activities	(10,915)	(388)	(55)	(1,243)	(12,601)	(12,637)
Operating surplus for affordable letting activities	6,354	198	23	1,321	7,896	
Operating surplus for affordable letting activities for the year ended 31 March 2018	5,369	123	68	1,523		7,083

HOME IN SCOTLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2(c). PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants from Scottish Ministers £000	Other income £000	Total turnover £000	Cost of sales £000	Other operating costs £000	Operating surplus / (deficit) 2019 £000	Operating surplus / (deficit) 2018 £000
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	-	-	-	(13)	(13)	(18)
Support activities	20	-	20	-	-	20	29
Developments and improvements for sale to other organisations	-	2,537	2,537	(2,400)	(87)	50	-
Uncapitalised development administration costs	-	-	-	-	(57)	(57)	(66)
Other activities	-	112	112	-	(113)	(1)	86
Total	20	2,649	2,669	(2,400)	(270)	(1)	
Total for the year ended 31 March 2018	148	101	249	-	(218)		31

3. SURPLUS ON DISPOSAL OF SOCIAL HOUSING PROPERTIES

	2019 £000	2018 £000
Sales proceeds	531	34
Cost of sales	(431)	(19)
	100	15

HOME IN SCOTLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

4. HOUSING STOCK

The disclosure below relates to units of housing accommodation and therefore excludes commercial properties and garages.

	At 1 April 2018	New units developed or acquired	Other movements	At 31 March 2019
<i>General needs – social</i>				
Owned and managed	3,475	98	56	3,629
Managed but not owned	-	-	12	12
Total general needs units	3,475	98	68	3,641
<i>Housing for older people – social</i>				
Owned and managed	122	-	-	122
Total housing for older people units	122	-	-	122
<i>Low cost home ownership</i>				
Owned and managed	24	-	(24)	-
Managed but not owned	-	21	24	45
Total low cost home ownership units	24	21	-	45
<i>Total social housing</i>				
Owned and managed	3,621	98	32	3,751
Managed but not owned	-	21	36	57
Total social housing	3,621	119	68	3,808
Leasehold units				
Market and mid-market rent units	12	-	(12)	-
	346	30	3	379
Total non-social housing	358	30	(9)	379
Total social and non-social housing owned and/or managed	3,979	149	59	4,187
Number of residential properties factored:	706	-	(1)	705

5. DIRECTORS' EMOLUMENTS

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

	2019 £	2018 £
Directors' expenses reimbursed to the directors not chargeable to United Kingdom income tax	<u>1,352</u>	<u>1,160</u>

HOME IN SCOTLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

6. EMPLOYEE INFORMATION

The employee costs of those persons employed by HGL who are utilised wholly and exclusively by the Association are summarised below:

	2019	2018
	Number	Number
Office staff	39	41
Wardens, caretakers, care workers and cleaners	-	4
	<hr/>	<hr/>
	39	45
	<hr/>	<hr/>
	2019	2018
	£000	£000
Employee costs (for the above persons):		
Wages and salaries	1,531	1,458
Social security costs	161	151
Other pension costs (see note 27)	71	54
	<hr/>	<hr/>
	1,763	1,663
	<hr/>	<hr/>

The costs of employing temporary staff was £68,000 (2018: £92,000).

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

	2019	2018
	Number	Number
£60,000 - £70,000	2	1
£70,001 - £80,000	-	1
£80,001 - £90,000	2	1
	<hr/>	<hr/>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019	2018
	£000	£000
Interest receivable from bank and building society deposits	4	4
	<hr/>	<hr/>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2019	2018
	£000	£000
Interest payable to other group companies	96	58
On bank loans and overdrafts	1,062	928
On other loans	1,249	1,244
	<hr/>	<hr/>
	2,407	2,230
Less: interest capitalised on housing properties under construction	(201)	(126)
	<hr/>	<hr/>
	2,206	2,104
	<hr/>	<hr/>

The average rate of interest applied to interest capitalised during the year was 2.20% (2018: 2.00%).

HOME IN SCOTLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

9. SURPLUS FOR THE YEAR

	2019	2018
	£000	£000
Surplus on ordinary activities before taxation is stated after charging:		
Depreciation	4,122	4,438
(Reversal of impairment) / Impairment	(89)	168
External auditors' remuneration for audit services	10	12
Operating lease rentals	158	108
	<hr/>	<hr/>

10. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

	Completed housing properties	Housing properties under construction	Completed shared ownership properties	Total
	£000	£000	£000	£000
Cost				
At 1 April 2018	270,709	14,769	1,395	286,873
Additions	-	23,829	-	23,829
Capitalised interest	-	201	-	201
Capitalised works	1,306	-	-	1,306
Transfer to completed schemes	9,511	(9,511)	-	-
Disposals	(335)	-	(96)	(431)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2019	281,191	29,288	1,299	311,778
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2017	35,029	297	75	35,401
Charge for year	4,113	-	8	4,121
Impairment	208	(297)	-	(89)
Eliminated in respect of disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2019	39,350	-	83	39,433
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 31 March 2019	241,841	29,288	1,216	272,345
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 31 March 2018	235,680	14,472	1,320	251,472
	<hr/>	<hr/>	<hr/>	<hr/>

	2019	2018
	£000	£000
Completed housing properties, at net book value, comprise:		
Freeholds	<u>243,057</u>	<u>237,000</u>
Works to existing properties in the year:		
Components capitalised	1,306	1,552
Amounts charged to expenditure	1,307	1,312
	<hr/>	<hr/>
	<u>2,613</u>	<u>2,864</u>
	<hr/>	<hr/>

Additions to housing properties in the course of construction during the year included development administration costs of £340,000 (2018: £318,000).

There were assets under charge included in the above net book value amount of £140,737,000 as at 31 March 2019 (2018: £114,218,000).

HOME IN SCOTLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

11. TANGIBLE FIXED ASSETS – OTHER FIXED ASSETS

	Plant, machinery, fixtures and vehicles £000	Computer, equipment, leased equipment and software £000	Total £000
Cost			
At 1 April 2018	90	2	92
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2019	90	2	92
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 April 2018	89	1	90
Charge for year	-	-	-
Eliminated in respect of disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2019	89	1	90
	<hr/>	<hr/>	<hr/>
Net book value 31 March 2019	1	1	2
	<hr/>	<hr/>	<hr/>
Net book value 31 March 2018	1	1	2
	<hr/>	<hr/>	<hr/>

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 (2018: £23,000).

12. FIXED ASSET INVESTMENTS

	2019 £000	2018 £000
At 1 April	420	416
Additions	4	4
	<hr/>	<hr/>
At 31 March	424	420
	<hr/>	<hr/>

13. PROPERTIES HELD FOR SALE

	2019 £000	2018 £000
Outright sale properties:		
- Completed	-	108
- Work in progress	1,402	2,830
	<hr/>	<hr/>
	1,402	2,938
	<hr/>	<hr/>

HOME IN SCOTLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

14. DEBTORS

	2019 £000	2018 £000
Accounts falling due within one year:		
Rental debtors and service charges receivable	1,248	1,091
Less: Provision for bad debts	(562)	(535)
	<hr/>	<hr/>
Net rental debtors	686	556
Other grants receivable	-	83
Prepayments and accrued income	174	46
Other amounts due from group undertakings	274	110
Other debtors	95	110
	<hr/>	<hr/>
	1,229	905
	<hr/>	<hr/>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £000	2018 £000
Housing loans from third parties	2,000	2,000
Trade Creditors	2,189	1,977
Social Housing Grant in advance	112	80
Deferred capital grant	1,356	1,277
Accruals and deferred income	1,689	2,115
Other amounts due to group undertakings	363	240
Other creditors	1,318	1,074
	<hr/>	<hr/>
	9,027	8,763
	<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 £30 million intercompany facility. As at 31 March 2019, the Association had £28.0 million committed and undrawn facilities which were immediately available for drawing.

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

	2019 £000	2018 £000
Housing loans from third parties	78,947	80,890
Loans from group undertakings	7,030	4,233
Deferred capital grant	133,257	119,053
	<hr/>	<hr/>
	219,234	204,176
	<hr/>	<hr/>

Housing loans are secured by specific charges on the Association's housing properties. They are repayable at varying rates of interest, from 0.98% to 3.96%, due as follows:

	2019 £000	2018 £000
In instalments:		
In one year or less	2,000	2,000
Between one and two years	23,978	2,000
Between two and five years	6,000	25,143
In five years or more	55,999	57,980
	<hr/>	<hr/>
	87,977	87,123
	<hr/>	<hr/>

HOME IN SCOTLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

17. DEFERRED CAPITAL GRANT

	2019 £000	2018 £000
At 1 April	120,330	116,570
Grant received in the year	15,398	4,967
Released to income in the year	(1,115)	(1,207)
	134,613	120,330
At 31 March		
Amount due to be released within one year	1,356	1,277
Amount due to be released in more than one year	133,257	119,053
	134,613	120,330

The amount of grant received has increased mainly due to developments at East Balornock, Maxwell Road, Springburn Way and Holmlea Primary School.

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 2018	30
Issued during the year	5
Surrendered during the year	(24)
	11
At 31 March 2019	11

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

	2019 £000	2018 £000
Surplus for the year	5,793	5,029
Adjustments for:		
Depreciation of tangible fixed assets	4,121	4,438
(Reversal of impairment) / Impairment of tangible fixed assets	(89)	168
Decrease / (Increase) in properties held for sale	1,536	(2,775)
Increase in debtors	(407)	(116)
Increase in trade and other creditors	1,665	876
Surplus on disposal of tangible fixed assets	(100)	(14)
Adjustments for investing or financing activities:		
Government grants utilised in the year	(1,115)	(1,207)
Interest payable	2,206	2,104
Interest received	(4)	(4)
	13,606	8,499
Net cash inflow from operating activities		

HOME IN SCOTLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

20. ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2018 £000	Cash flows £000	Other non- cash changes £000	At 31 March 2019 £000
Cash and cash equivalents	5	1,450	-	1,455
Debt due within one year: Housing loans from third parties	(2,000)	-	-	(2,000)
Debt due after one year: Housing loans from third parties	(80,890)	(797)	(57)	(78,947)
Loans from group undertakings	(4,233)	-	-	(7,030)
Total net debt	(87,118)	653	(57)	(86,522)

21. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2019 £000	2018 £000
Increase / (Decrease) in cash in the period	1,450	(769)
Cash inflow from increase in debt	(797)	(2,761)
Change in net debt resulting from cash flows	653	(3,530)
Non cash changes	(57)	(57)
Movement in net debt in the period	596	(3,587)
Opening net debt	(87,118)	(83,531)
Closing net debt	(86,522)	(87,118)

22. CAPITAL COMMITMENTS

	2019 £000	2018 £000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	13,921	15,832
Capital expenditure that has been authorised by the Board but has not yet been contracted for	4,092	17,942

The amounts contracted for at 31st March 2019 will be HAG funded, loan financed and funded from the Association's reserves.

HOME IN SCOTLAND LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

23. FINANCIAL COMMITMENTS

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

	2019 £000	2018 £000
Less than one year	15	125
Between one and five years	2	11
	<hr/>	<hr/>
	17	136
	<hr/>	<hr/>

The Association uses certain assets acquired under operating leases entered into by the parent Association, HGL. 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.

24. GRANT AND FINANCIAL ASSISTANCE

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

	2019 £000	2018 £000
Held as deferred capital grant	134,613	120,330
Recognised as income in the Statement of Comprehensive Income	12,094	10,979
Grant within cost on properties at fair values at acquisition	8,043	8,043
	<hr/>	<hr/>
	154,750	139,352
	<hr/>	<hr/>

25. 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 HGL, whose accounts are publicly available.

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

	2019 £	2018 £
Charges in respect of rent and service charges	10,479	14,298
Amounts owed to customer Board members at the year-end	195	-

26. PARENT ASSOCIATION

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

27. PENSION OBLIGATIONS

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