

Hillcrest Homes (Scotland) Limited

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

**Report and Consolidated Financial Statements for the Year Ended
31st March 2024**

Hillcrest Homes (Scotland) Limited
Report and Consolidated Financial Statements
for the year ended 31st March 2024

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Hillcrest Homes (Scotland) Limited
Members, Executives and Advisers

Governing Body

Mr. D. Boyle	Chairperson - appointed 10 August 2023
Mr. A Russell	Chairperson Resigned – 31 August 2023
Mr. P. Shepherd	Operations Sub Committee Convenor
Ms. A. Fyfe	Audit & General Purposes Sub Committee Convenor
Ms. J. Roberts	(Elected)
Mr. C. Robertson	(Elected)
Mr. T. Kirby	(Elected) – resigned 10 August 2023
Mr. D. Hogg	(Elected)
Mr. R. Burnett	(Elected)
Mr. S. Qadar	(Elected)
Prof. M. McMurdo	(Elected)
Mr. E Jones	(Elected) – appointed 10 August 2023
Mr. S. Elder	(Elected) – appointed 10 August 2023

Key Management Personnel

Group Chief Executive	Mrs. A. Linton
Deputy Chief Executive	Ms. F. Morrison
Director of Corporate Services/ Company Secretary	Ms. L. Don – appointed 1 April 2024 Ms F. Morrison – resigned 1 April 2024
Director of Finance and Property	Mr. M. Percival
Director of Hillcrest Futures	Mr. J.Booth – appointed 30 January 2024
Managing Director of Hillcrest Futures	Mrs. J. Dunlop – resigned 4 July 2023

Registered Office

1 Explorer Road
Dundee
DD2 1EG

Auditors

External Auditor

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

Internal Auditor

Henderson Loggie
Chartered Accountants &
Statutory Auditors
20 The Vision Building
Greenmarket
Dundee
DD1 4QB

**Hillcrest Homes (Scotland) Limited
Members, Executives and Advisers**

Bankers and Funders

Royal Bank of Scotland
3 High Street
Dundee
DD1 9LY

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

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

GB Social Housing
35 Great St Helens
London
EC3A 6AP

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

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

Virgin Bank
Jubilee House
Gosforth
Newcastle upon Tyne
NE3 4PL

Solicitors

Thomtons WS
Whitehall House
33 Yeaman Shore
Dundee
DD1 4BJ

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

Hillcrest Homes (Scotland) Limited
Report of the Governing Body
for the year ended 31st March 2024

The Governing Body presents their report and the audited Financial Statements for the year ended 31st March 2024.

Incorporation

Hillcrest Homes (Scotland) Limited (Hillcrest Homes) is a Registered Social Landlord, a registered Scottish Charity and registered with the FCA under the Co-operative and Community Benefit Societies Act 2014. The relevant registration numbers are as follows:

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

Accounting Compliance

The financial statements of Hillcrest Homes have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK (FRS 102)*, the Statement of Recommended Practice for Registered Social Landlords 2018 and comply with the Registered Social Landlords Determination of Accounting Requirements 2024.

Governing Body and Executive Officers

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

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

Principal Activities

The principal activities of Hillcrest Homes are the provision of high quality rented accommodation at affordable rents for those in housing need and the provision of care and support services for those in need due to age, infirmity, disablement or handicap.

Hillcrest Homes is able to deliver this range of services and activities through other trading subsidiaries. The key operating Companies are as follows;

Hillcrest Homes (Scotland) Limited
Report of the Governing Body (continued)
for the year ended 31st March 2024

Principal Activities (continued)

Hillcrest Homes (Scotland) Limited (HH) the ultimate Parent, responsible for setting the overall strategic direction and policy framework. Hillcrest Homes also provides administrative support services to the other subsidiary companies and is the provider of social housing for rent.

Hillcrest Futures Limited (HF) is a company limited by guarantee with charitable status and a wholly controlled subsidiary of HH. HF focuses on providing care and support to individuals with a variety of different needs

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

Hillcrest Enterprises Limited (HE) is a company limited by shares and a wholly controlled subsidiary of HH. HE provides mid-market rental accommodation, rented accommodation for people with special needs, agency and letting agency services.

Leith Links NHT 2011 LLP (LL) is a Limited Liability Partnership of which Hillcrest Homes is the controlling member. The company provides mid-market rented accommodation in Edinburgh and was set up under the National Housing Trust initiative. The property stock was sold to Hillcrest Homes (Scotland) Limited on 9 April 2021 and trading activities have ceased during the financial year 2021/22. It is planned to remove the partnership from Companies House.

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

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

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

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

Hillcrest Homes (Scotland) Limited
Report of the Governing Body (continued)
for the year ended 31st March 2024

Strategic Objectives and Values

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

The core values of Hillcrest Homes are;

Excellence Demonstrate determination and purpose to deliver the best outcomes for the people we support.

Inclusion Value and appreciate the contribution of others and be an effective team member.

Innovation Willing to make things better, by developing new ideas or by doing things differently and be open to change.

Respect Listen to and support others, treating all fairly and equally.

We will be seen as a learning organisation that invests in people both within the Hillcrest Homes and its subsidiaries and in the wider community.

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

Hillcrest will ensure that the interests of tenants, service users and stakeholders are considered fully at all times through engagement and consultation.

All trading subsidiaries have their own business plan and strategic direction to focus on the development and direction of the individual company for the forthcoming 3 financial years. However, each business plan interlinks with the overall strategic direction of Hillcrest to maintain both financial strength and growth within the group.

Operating performance

The financial year to 31st March 2024 was very challenging. Increasing inflation and increasing bank base interest rates has had a significant adverse impact to costs and surplus levels. The new development programme was also adversely impacted due to increasing construction costs and contractor resource difficulties. This has delayed the handover of some new developments and reduced 2023/24 rental income.

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

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

Hillcrest Homes (Scotland) Limited

Report of the Governing Body (continued) for the year ended 31st March 2024

Operating performance (continued)

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

Financial Review

Hillcrest Homes, the parent company, achieved an overall surplus of £1M in 2024, compared to a surplus of £3.5M in 2023. This excludes the actuarial adjustments on pension, exceptional items and business combinations. The results for Hillcrest Homes are reflected on page 22.

The pension scheme actuarial valuation reflected an overall loss between the 2 financial years of £1.7M. Adjustments to the pension scheme will continue to be included to reflect the fluctuating pension market and different assumptions used.

Turnover overall increased by £4.5M (9.4%) to £51.9M, (2023 - £3.8M, 8.7%) with rental and service charge income increasing by £3.5M (8.7%) (2023- £3.1M, 8.4%).

Additional information on the breakdown of turnover is provided in the Notes 2 and 3 of the Financial Statements. The above inflation increase in turnover is attributed to the ongoing substantial development programme being rolled out. Although Covid did restrict some development activity, the Association continued to deliver a high level of handovers in the financial year.

The Homes (group) position also reflected an increase in turnover of £3.9M (5.9%), (2023 - £4.8M, 7.8%). The results for Homes is reflected on page 21. Homes (group) achieved a surplus of £1M in 2024 (2023 - £4.2M). This excludes the actuarial adjustments on pension, exceptional items and business combinations.

The subsidiary company Hillcrest Futures actuarial pension loss was in line with Hillcrest Homes resulting in an overall loss of £0.4M between the 2 financial years.

Subsidiary income levels were broadly in line with Budget. Each of the subsidiaries managed the adverse impact of increasing inflation and costs and reported a surplus / profit for 2023-24 in line with Budget.

Hillcrest Homes made aggregate donations of £10,000 in the year to 31 March 2024.

There was continued extensive investment in new housing provision in 2023/24. There was an investment of £46.3M in housing development by Hillcrest Homes during the financial year ended 31 March 2024. To assist with this investment, £17.6M was received from Government grants with the balance met by private finance.

Funds held in the bank are reviewed for maximum return, however due to the level of development activity, there is limited opportunities to invest cash. At the financial year end £4.8M was held in the bank by Hillcrest Homes, which will be used to finance development costs.

Hillcrest Homes (Scotland) Limited

Report of the Governing Body (continued) for the year ended 31st March 2024

Future Review

Hillcrest reviewed the borrowing facilities in place and secured further funding of £60 million in the year to March 24. This included fixing a number of longer term deals to provide financial stability and certainty in interest rate payments. Future projections, particularly after year 1 of the business planning forecasts show increased surpluses and a more stable financial outlook. The reduction in the capital budget for affordable housing does not impact in year 1 of the Business Plan. There is no indication as to if this cut in capital funding will remain. Hillcrest Homes works closely with all Local Authority Partners in the preparation of the SHIP to maximise grant allocation for the ongoing development programme.

Growth

During the financial year to 31 March 2024, due to the level of development, Hillcrest Homes took into management a further 280 units. In the forthcoming 3 years, it is anticipated that there will be a further 750 of handovers.

A detailed housing stock analysis is provided in Note 13.

Revenue Reserves

This reflects past years' activities and has to provide for the future including in areas like long term maintenance, loan repayments and future risk. General reserves are required to ensure the future financial stability of Hillcrest Homes and the subsidiary companies. The total revenue reserves amount to £86.5M which the Governing Body believes to be adequate but not excessive.

Additional information about the reserves is provided in Note 25.

Treasury Management

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

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

Auditors

Findlays Chartered Accountants are auditors to the Association. The audit for 2025 will be subject to competitive tender and auditors will be officially appointed at the AGM.

By Order of the Governing Body

D. Boyle Redacted
Chairperson

9th July 2024

Hillcrest Homes (Scotland) Limited

Strategic Report For the year ended 31st March 2024

The Governing Body present their strategic report for the year ended 31 March 2024.

Operational Policies

Hillcrest Homes has a comprehensive Policy and Procedures Manual covering all of its major areas of operation. All policies are reviewed regularly in line with guidance provided by Scottish Ministers, Best Practice Guidance and any other relevant statutory body.

3 Year Business Plan

Hillcrest Homes has prepared a detailed 3 year Business Plan to March 2027. The key aims and objectives of this plan are to set the overall strategic objectives for the organisation.

Hillcrest's Homes Business Plan is designed to ensure that its strategy, products and services are delivered in accordance with its overall purpose and vision and being a financially sound organisation. As such, the Business Plan focuses on fulfilling the following strategic objectives;

- Provide good quality, well maintained housing at affordable rents.
- Contribute to building sustainable communities.
- Provide quality, creative, responsive care and support services.
- Contribute to social, economic and environmental activities.
- Ensure resources, skills and structure to meet objectives

Sustainability and Corporate Responsibility

Hillcrest Homes embraces all areas of sustainability to reduce its carbon footprint. Detailed plans are being drafted for approval by the Governing Body around new developments, retrofitting of older stock, fuel replacement and active travel. Hillcrest Homes produced its first ESG report in October 2023. Further work is being undertaken to establish a means to externally verify the findings in this report alongside an appropriate Sustainability Accreditation.

Hillcrest Homes also recognises its role in supporting sustainable communities. We do this through different initiatives in different parts of the organisation. Hillcrest Homes continues to provide dedicated energy advice, support and guidance, tenancy sustainment services and benefit advice. Hillcrest has developed its apprenticeship programme across all companies. Hillcrest Maintenance also offers work experience and work placements to school children. Hillcrest Futures continues to provide activities to service users through the Hubs for a range of activities including drama, arts and crafts, cycling and walking groups, bowling and cookery.

The Hillcrest Foundation's activities increased during the financial year to March 2024. The Foundation's aims are to provide an opportunity to support external community initiatives and build on our Corporate Social Responsibility. The Foundation will centralise all fundraising, charitable donations and gift aid within one place to streamline and centralise these activities. The Foundation will enable Hillcrest to have a focused strategy for supporting communities, including our tenants and service users to enhance their lives by providing relief for those in financial hardship or other disadvantages.

Hillcrest Homes (Scotland) Limited

Strategic Report For the year ended 31st March 2024

Sustainability and Corporate Responsibility (continued)

The initial couple of years from incorporation has focused on delivering projects within the group. Over the last year, the Foundation was open to external bids and 25 bids from external organisations were supported to the amount of £118k.

Most successful bids are analysed using outcomes data to get a true value for money figure. A report is being prepared for the bids awarded during 2023/24 and this will be published to show the true value of each project supported.

Learning and Development

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

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

Health and Safety

Health and Safety reports are provided on a regular basis to the Audit and General Purposes Sub-Committee and each subsidiary board. Hillcrest Homes complies with the relevant Health and Safety legislation and will continue to improve Health and Safety measures across all companies.

Hillcrest Homes has a comprehensive Health and Safety Manual that covers all aspects of the activities. There are regular training sessions provided by the dedicated Health and Safety Team to ensure that employees and suppliers of Hillcrest Homes have the correct information to carry out their role safely. The Health and Safety Team also carry out regular audits of projects, services and repairs to share good practice and make recommendations for improvement.

Employee Involvement

Hillcrest Homes has continued its practice of keeping the employees informed about the matters affecting them as employees and the financial and economic factors.

Hillcrest Homes (Scotland) Limited
Strategic Report
For the year ended 31st March 2024

Employee Involvement (continued)

This is achieved through consultations with employee representatives and staff meetings, newsletters, presentation of the Business Plan to all staff and representation by staff at various working parties set up to review particular areas of work. Hillcrest Homes has retained the Investors in People Gold Award, the Investors in Young People Silver Award and the Health and Well-being at Work Award.

Equal Opportunities & Disabled Persons

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

Tenancy Sustainment

A key priority for all our housing services is to help tenants sustain their tenancies and prevent homelessness. Our specialist teams proactively support tenants which has shown a positive impact on the rent arrears results, with the rent arrears performance being below the target for almost 2 years. Energy prices have begun to stabilise and inflation is starting to fall. Through our Tackling Poverty Together Strategy, we will continue to focus on, working with our most vulnerable tenants, to sustain tenancies and achieve positive outcomes

Tenant Involvement

Hillcrest Homes has a tenant involvement strategy, detailed action plan and now over 400 tenants on its Interested Tenant Register (ITR). Through the ITR we actively encourage opportunities to get involved at a level and pace that suits them such as specific consultations or surveys. Our resident group, focusses solely on scrutiny to help review services and suggest improvements or efficiencies. We also formally consult annually on our rent increase and undertake an annual satisfaction survey. This survey helps gather data from 500 tenants to measure satisfaction with both housing and repair services, value for money and rent affordability.

Hillcrest Homes (Scotland) Limited
Strategic Report
For the year ended 31st March 2024

Principal risks and uncertainties

The Governing Body monitor the overall risk profile of the Association. In addition, the Governing Body is responsible for determining clear policies as to what the Association considers to be acceptable levels of risk. The Governing Body review the risk appetite for Hillcrest Homes on an annual basis, taking into account the operating environment, strategic objectives and financial stability. Where the Governing Body identify risks that are not acceptable, they develop action plans to mitigate them with clear allocation of responsibilities and timescales for completion and ensure that progress towards implementing these plans is monitored and reported upon.

Financial risk due to delays in contract handovers of new developments

Risk

There is a risk there will be further delays in development completions due to labour shortages and increasing material costs, due to rising inflation and shortages in material supplies. These issues have arisen following on from the delays impacted by the imposed Covid restrictions. If the delays in the completion of the contracts continue for a considerable time, this will impact on the proposed completion and handover dates for developments, resulting in a loss of rental income.

Mitigation

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

Financial impact due to increase in interest levels

Risk

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

Mitigation

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

By Order of the Governing Body

Redacted

D. Boyle 
Chairperson
9th July 2024

Hillcrest Homes (Scotland) Limited

Statement of Governing Body's Responsibilities for the year ended 31st March 2024

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

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

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

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

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

Statement of Internal Financial Control

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

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

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

Hillcrest Homes (Scotland) Limited
Statement of Governing Body's Responsibilities
for the year ended 31st March 2024 (continued)

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

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

The Governing Body has reviewed the effectiveness of the system of internal financial controls in existence for the year ended 31 March 2024 and until 9 July 2024. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Redacted

D. Boyle 
Chairperson
9th July 2024

Hillcrest Homes (Scotland) Limited
Independent Auditors report to the members of
Hillcrest Homes (Scotland) Limited

Opinion

We have audited the financial statements of Hillcrest Homes (Scotland) Limited (the 'association') for the year ended 31 March 2024 which comprise the Group and Association Statement of Comprehensive Income, the Group and Association Statement of Financial Position, the Group and Association Statement of Cash Flows, the Group and Association Statement of Changes in Reserves and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2024 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Scottish Housing Regulator's Determination of Accounting Requirements 2024.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Governing Body's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Hillcrest Homes (Scotland) Limited

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Governing Body are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Governing Body

As explained more fully in the Governing Body's responsibilities statement, (set out on pages 13 and 14), the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control, as the Governing Body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Hillcrest Homes (Scotland) Limited

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- we identified the laws and regulations applicable to the association through discussions with management and through our own specialist knowledge of the social housing sector
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Co-operative, including the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010, SHR regulatory requirements, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulation identified above through making enquiries and inspecting legal correspondence; and
- identified laws and regulations were communicated to the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Association's financial statements to material misstatement, including obtaining an understanding of how fraud may occur, by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- Considering internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.
- Making enquires of the Association's internal auditor to assess if they had identified any actual or suspected fraud.

Hillcrest Homes (Scotland) Limited

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

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

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify and unusual or unexpected relationships;
- Tested journal entries to identify unusual transactions;
- Assessed whether judgements and assumptions made in determining the accounting estimates set out in note 1V were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which include, but are not limited to:

- Agreeing financial statements disclosures to underlying supporting documentation
- Reading the minutes of meetings of those charged with governance
- Enquiring of management as to actual and potential litigation and claims
- Reviewing correspondence with HMRC, relevant regulators including the SHR, Health and Safety Executive, and the Association's legal advisors

Because of the sector which the Association operates we have identified, the following areas which are most likely to have an impact on the financial statements:

Direct impact on the financial statements

- FRS 102/SORP 2018
- Registered social landlords determination of accounting requirements 2024.
- Charity legislation

Indirect impact on the financial statements

- Health and safety at work act
- GDPR
- Employment law
- Money laundering regulations
- Landlord regulations
- Housing (Scotland) Act 2014
- CDM Regulations 2015

Hillcrest Homes (Scotland) Limited

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

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

Redacted

Sandy Squires, CA (Senior Statutory Auditor)
For and on behalf of Findlays
Chartered Accountants and Statutory Auditor
11 Dudhope Terrace
Dundee
DD3 6TS 9th July 2024

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

In addition to our audit of the financial statements, we have reviewed your statement on pages 13 and 14 concerning the Association's compliance with the information required by the Regulatory Standards for systemically important RSLs in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator.

Basis of opinion

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

Opinion

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

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

Redacted

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

9th July 2024

Hillcrest Homes (Scotland) Limited

Consolidated Statement of Comprehensive Income for the year ended 31st March 2024

	<u>Notes</u>	2024 £	2023 £
Turnover	2(a)	70,653,418	66,718,503
Operating expenditure	2(a)	(61,140,742)	(57,688,150)
Operating surplus/(deficit)	11	9,512,676	9,030,353
Gain/(loss) on disposal of tangible fixed assets	4	984,997	130,583
Finance income	5	231,346	66,822
Finance costs	6	(10,211,945)	(7,834,611)
Pension remeasurement	7	-	66
Movement in fair value of financial instruments	24	499,934	2,785,243
Surplus/(deficit) before tax		£1,017,008	£4,178,456
Taxation	12	(524)	(67,495)
Surplus/(deficit) after tax		£1,016,484	£4,110,961
Exceptional item	35	-	(133,578)
Actuarial profits / (losses) in respect of pension scheme	22	(2,054,582)	(2,052,000)
Business Combination	34	-	333,536
Gain on Revaluation of Asset	36	598,669	-
Total comprehensive income for the year		(£439,429) =====	£2,258,919 =====

All income and expenditure derive from continuing activities.

The notes on pages 31 to 71 form part of the Financial Statements

Hillcrest Homes (Scotland) Limited

Association Statement of Comprehensive Income for the year ended 31st March 2024

	Notes	2024 £	2023 £
Turnover	2(a)	51,878,423	47,405,084
Operating expenditure	2(a)	(42,160,864)	(39,085,326)
Operating surplus/(deficit)	11	9,717,559	8,319,758
Gain/(loss) on disposal of tangible fixed assets	4	859,831	129,528
Return on Investment	16	-	-
Finance income	5	125,555	68,483
Finance costs	6	(10,205,647)	(7,827,605)
Pension remeasurement	7	-	66
Movement in fair value of financial instruments	24	499,934	2,785,243
Surplus before and after taxation for the year		£997,232	£3,475,473
Actuarial gain/(loss) in respect of pension scheme	22	(1,703,000)	(1,632,000)
Business Combination	34	-	-
Total comprehensive income for the year		(£705,768)	£1,843,473

All income and expenditure derive from continuing activities.

The notes on pages 31 to 71 form part of the Financial Statements

Hillcrest Homes (Scotland) Limited
Consolidated Statement of Financial Position as at 31st March 2024

	Notes	2024	2023
		£	£
Fixed assets			
Tangible fixed assets	14/15	733,505,395	697,943,027
Investments	16	456,938	666,054
		<u>733,962,333</u>	<u>698,609,081</u>
Current assets			
Stock	17	426,137	392,039
Trade and other debtors	18	12,375,445	6,372,896
Short term investments	19	3,000,000	-
Cash and cash equivalents		10,135,316	15,362,484
		<u>25,936,898</u>	<u>22,127,419</u>
Less: Creditors: amounts falling due within one year	20	<u>(35,820,793)</u>	<u>(27,198,455)</u>
Net current liabilities		(9,883,895)	(5,071,036)
Total assets less current liabilities		724,078,438	693,538,045
Creditors: amounts falling due after more than one year	21	<u>(633,244,270)</u>	<u>(604,372,009)</u>
Pension – deficit funding liability	22	(32,748)	(99,689)
Pension – defined benefit liability	22	(3,796,787)	(1,614,600)
		<u>(637,073,805)</u>	<u>(606,086,298)</u>
Total net assets		£87,004,633	£87,451,747
		=====	=====
Reserves			
Share capital		53	53
Income and expenditure reserve	25	86,456,848	86,856,140
Restricted reserve	25	540,046	580,183
Negative goodwill	25	7,684	15,369
Non-controlling interest	25	2	2
		<u>£87,004,633</u>	<u>£87,451,747</u>
		=====	=====

The Financial statements on pages 21 to 71 were approved by the Governing Body on 9th July 2024 and were signed on its behalf by:

Redacted
David Boyle CHAIRPERSON

Redacted
Alison Fyfe GOVERNING BODY MEMBER

Redacted
Lesley Don SECRETARY

The notes on pages 31 to 72 form part of these financial statements

Hillcrest Homes (Scotland) Limited
Association Statement of Financial Position as at 31st March 2024

	<u>Notes</u>	2024 £	2023 £
Fixed Assets			
Tangible fixed assets	14/15	728,828,832	693,929,879
Investments	16	2,911,938	2,911,939
		731,740,770	696,841,818
Current Assets			
Trade and other debtors	18	11,295,736	5,249,054
Cash and cash equivalents		4,787,810	6,834,205
		16,083,546	12,113,259
Less: Creditors: amounts falling due within one year	20	(31,651,058)	(22,699,069)
Net current Assets / (liabilities)		(15,567,512)	(10,615,810)
Total Assets Less Current Liabilities		716,173,258	686,226,008
Creditors: amounts falling due after more than one year	21	(632,522,103)	(603,637,020)
Pension – deficit funding liability	22	-	(1,064)
Pension – defined benefit liability	22	(3,108,600)	(1,339,600)
		(635,630,703)	(604,977,685)
Total net assets		£80,542,555	£81,248,323
Reserves			
Share capital		53	53
Income and expenditure reserve	25	80,542,502	81,248,270
		£80,542,555	£81,248,323

The Financial Statements on pages 21 to 72 were approved by the Governing Body on 9th July 2024 and were signed on its behalf by:

Redacted

David Boyle .. CHAIRPERSON

Redacted

Alison Fyfe... GOVERNING BODY MEMBER

Redacted

Lesley Don . SECRETARY

The notes on pages 31 to 71 form part of these financial statements

Hillcrest Homes (Scotland) Limited
Consolidated Statement of Changes in Reserves
for the year ended 31st March 2024

	Share Capital £	Income & Expenditure Reserve £	Restricted Reserve £	Non- Controlling Interest £	Negative goodwill £	Total £
At 31 March 2023 and 1 April 2023	53	86,856,140	580,183	2	15,369	87,451,747
Surplus for the year	-	1,016,484	-	-	-	1,016,484
Business combination	-	-	-	-	-	-
Gain on Revaluation of Asset	-	598,669	-	-	-	598,669
Exceptional item	-	-	-	-	-	-
Actuarial gains in respect of pension scheme	-	(2,054,582)	-	-	-	(2,054,582)
Total comprehensive income	-	(439,429)	-	-	-	(439,429)
Share capital issued/cancelled	-	-	-	-	-	-
Released to statement of comprehensive income	-	40,137	(40,137)	-	(7,685)	(7,685)
Transfer to/(from) designated reserve	-	-	-	-	-	-
At 31 March 2024	£53	£86,456,848	£540,046	£2	£7,684	£87,004,633

Hillcrest Homes (Scotland) Limited
 Association Statement of Changes in Reserves
 for the year ended 31st March 2024

	Share Capital £	Income & Expenditure Reserve £	Total £
At 31 March 2023 and 1 April 2023	53	81,248,270	81,248,323
Surplus for the year	-	997,232	997,232
Return on Investment	-	-	-
Actuarial gains/ (losses) in respect of pension scheme	-	(1,703,000)	(1,703,000)
Gain from business acquisition	-	-	-
Total comprehensive income	-	(705,768)	(705,768)
Share capital issued/cancelled	-	-	-
At 31 March 2024	£53	£80,542,502	£80,542,555

Hillcrest Homes (Scotland) Limited
Consolidated Statement of Cash Flows
for the year ended 31st March 2024

	Notes	2024	2023
		£	£
Net cash generated from operating activities	(Note i)	17,487,334	15,704,508
		-----	-----
Cash flow from investing activities			
Purchase of tangible fixed assets		(47,124,956)	(65,643,603)
Proceeds from sale of tangible fixed assets		(822,788)	(616,646)
Investment short term investment		3,000,000	1,000,000
Grants received		12,076,688	21,802,321
Grants repaid		(743,788)	(129,456)
Interest receivable		231,346	64,939
		-----	-----
		(33,383,498)	(43,522,445)
		-----	-----
Cash flow from financing activities			
Issue of share capital		-	-
Interest payable		(9,732,040)	(7,412,161)
New secured loans		25,000,000	36,000,000
Repayment of borrowings		(1,598,964)	(2,773,995)
		-----	-----
		13,668,996	25,813,844
		-----	-----
Net change in cash and cash equivalents		(2,227,168)	(2,004,093)
Cash flow from increase in debt		(21,796,332)	(33,095,702)
		-----	-----
Cash and cash equivalents at 1 April 2023		(226,604,849)	(191,505,054)
		-----	-----
Cash and cash equivalents at 31 March 2024		£(250,628,349)	£(226,604,849)
		=====	=====

Hillcrest Homes (Scotland) Limited
Association Statement of Cash Flows
for the year ended 31st March 2024

	Notes	2024 £	2023 £
Net cash generated from operating activities	(Note i)	16,464,147	14,423,137
Cash flow from investing activities			
Purchase of tangible fixed assets		(45,962,123)	(64,866,899)
Proceeds from sale of tangible fixed assets		2,088,150	351,683
Proceeds from return on investments		-	-
Grants received		12,076,687	21,109,931
Grants repaid		(526,233)	(140,078)
Interest receivable		125,555	68,483
		(32,197,964)	(43,476,880)
Cash flow from financing activities			
Issue of share capital		-	-
Interest payable		(9,725,742)	(7,405,155)
New secured loans		25,000,000	36,000,000
Repayment of borrowings		(1,586,838)	(1,425,000)
		13,687,420	27,169,845
Net change in cash and cash equivalents		(2,046,397)	(1,883,898)
Cash flow from increase in debt		(23,413,160)	(34,575,002)
Cash and cash equivalents at 1 April 2023		(236,481,113)	(200,022,213)
Cash and cash equivalents at 31 March 2024		£(261,940,670)	£(236,481,113)

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Association Statement of Cash Flows
for the year ended 31st March 2024

Consolidated
Note i

Cash flow from operating activities	2024	2023
	£	£
Surplus/ (Loss) for year	10,314,197	9,659,386
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	7,264,621	6,854,803
Decrease/(increase) in stock	(34,098)	65,572
Decrease/(increase) in trade and other debtors	(474,406)	(656,760)
Increase/(decrease) in trade and other creditors	586,907	164,837
Shares cancelled	-	-
Decrease / (increase) in loan fair value	(141,213)	(25,727)
Taxation	(28,674)	(87,603)
Abortive costs	-	-
Impairment of stock and exceptional item	-	-
	-----	-----
	17,487,334	15,704,508
	=====	=====

Association
Note i

Cash flow from operating activities	2024	2023
	£	£
Surplus for the year	9,717,559	8,319,758
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	6,816,369	6,398,371
Decrease/(increase) in stock	-	-
Decrease/(Increase) in trade and other debtors	(518,539)	131,234
Increase/(decrease) in trade and other creditors	584,019	(550,569)
Shares cancelled	-	-
Decrease / (increase) in loan fair value	(136,838)	100,198
Abortive costs	1,577	24,145
	-----	-----
Net cash generated from operating activities	16,464,147	14,441,119
	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Association Statement of Cash Flows
for the year ended 31st March 2024

Consolidated – note ii
Analysis of changes in net debt

	At 1 April 2023 £	Cashflow £	Other non- cash changes £	At 31 March 2024 £
Cash and cash equivalents:				
Short term Investments	-	3,000,000	-	3,000,000
Cash at bank and in hand	<u>15,362,484</u>	<u>(5,227,168)</u>	-	<u>10,135,316</u>
	15,362,484	(2,227,168)	-	13,135,316
Borrowings:				
Debt due within one year	(1,462,794)	(7,032,738)	-	(8,495,532)
Debt due after more than one year	<u>(240,504,539)</u>	<u>(14,763,594)</u>	-	<u>(255,268,133)</u>
	<u>(241,967,333)</u>	<u>(21,796,332)</u>	-	<u>(263,763,665)</u>
Total	<u>(226,604,849)</u>	<u>(24,023,500)</u>	-	<u>(250,628,348)</u>

Association – note ii
Analysis of changes in net debt

	At 1 April 2023 £	Cashflow £	Other non- cash changes £	At 31 March 2024 £
Cash and cash equivalents:				
Cash at bank and in hand	<u>6,834,207</u>	<u>(2,046,397)</u>	-	<u>4,787,810</u>
Borrowings:				
Debt due within one year	(1,450,000)	(7,032,738)	-	(8,482,738)
Debt due after more than one year	<u>(241,865,320)</u>	<u>(16,380,422)</u>	-	<u>(258,245,742)</u>
	<u>(243,315,320)</u>	<u>(23,413,160)</u>	-	<u>(266,728,480)</u>
Total	<u>(236,481,113)</u>	<u>(25,459,557)</u>	-	<u>(261,940,670)</u>

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024

(1) (a) Principal Accounting Policies

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)* and the Statement of Recommended Practice for Registered Social Landlords 2014 (SORP 2018) and comply with the Registered Social Landlords Determination of Accounting Requirements 2019.

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

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

(b) Basis of Accounting

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

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

(b) Basis of Consolidation

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

(d) Turnover and other income

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

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

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

Hillcrest Homes (Scotland) Limited

Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2024

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

(ii) Construction contracts

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

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

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

(iii) Interest and dividends receivable

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

(e) Grant income

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

(f) Tangible Fixed Assets - Housing Properties

(i) Housing Properties

Housing properties, including developments in progress, are stated at cost less aggregate depreciation. The Statement of Comprehensive Income includes the net gains and losses arising on revaluation and disposals throughout the period.

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

(ii) Depreciation

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

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

Hillcrest Homes (Scotland) Limited

Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2024

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

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

“Difficult to let” properties- 20 years straight line

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

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

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

Land is not depreciated.

(iii) Impairment

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

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

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

Hillcrest Homes (Scotland) Limited

Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2024

(iii) Impairment (Continued)

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

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

(iv) Works to Existing Housing Properties

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

(v) Capitalisation of Development Overheads

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

(vi) Development Interest

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

(vii) Sales of Housing Properties

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

(viii) Shared Ownership

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

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

Hillcrest Homes (Scotland) Limited

Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2024

(1) (g) Tangible Fixed Assets – Other Fixed Assets

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

Commercial properties – modernised - 20 to 30 years straight line

Commercial properties – new build - 20 to 50 years straight line

Office premises - 50 years straight line

Tenant's improvements - 3 or 10 years straight line

Housing furniture & fittings - 20% reducing balance

Office furniture & fittings - 3 to 20 years straight line - 20% reducing balance

Computer Equipment - 3 or 5 years straight line

Computer Software - 10 years straight line

Motor Vehicles - 4 years straight line

Other - non-depreciating asset

(h) Investments

(i) Investments – Subsidiaries

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

(ii) Investments - Homestake

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

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

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

Hillcrest Homes (Scotland) Limited

Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2024

(1) (h) Investments (continued)

(iii) Investments – Investment Property

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

(i) Stock

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

(j) Loans and borrowings

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

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

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

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

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

(l) Debtors and creditors

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

(m) Cash at bank

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

(n) Derivatives

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

Hillcrest Homes (Scotland) Limited

Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2024

(1) (o) Employee benefits

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

In line with FRS 102 accounting requirements, any unused holidays accrued to 31 March 2024 are accounted for as an expense within the Statement of Comprehensive Income and respective creditor included within Note 19.

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

Pre-April 2014 Hillcrest Homes and Hillcrest Futures operated a defined benefit scheme, the assets of this Scheme are held separately from those of the companies in an independently administered fund (see Note 25). Determining the value of Hillcrest Homes and Hillcrest Futures share of the defined benefit scheme includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds. Allocation of share of assets and liabilities for multi-employer pension schemes are based on source information provided by the administrators of the scheme and estimations performed by actuarial advisers.

(p) Other provisions

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

(q) Restricted reserve

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

(r) Taxation

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

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

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

Hillcrest Homes (Scotland) Limited

Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2024

(1) (r) Taxation (continued)

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

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

(t) Financial instruments

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

(u) Goodwill

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

(v) Significant Estimates

The preparation of financial statements requires the use of certain accounting judgements and estimates. It also requires the Governing Body exercise judgement in applying the Association's accounting policies.

The areas requiring the use of significant estimates are disclosed below.

(i) Rent Arrears – Bad Debt Provision

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

(ii) Useful Life of Properties, Plant and Equipment

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

(iii) Defined Pension Liability

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

Hillcrest Homes (Scotland) Limited

**Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024**

(1) (w) Short term investments

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

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024

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

	Turnover £	Operating Costs £	2024 Operating Surplus £	2023 Operating Surplus £
Continuing operations				
Affordable letting activities (Note 2b)	51,055,215	28,035,570	23,019,645	21,565,802
Other activities (Note 3)	19,598,203	33,105,172	(13,506,969)	(12,535,449)
	-----	-----	-----	-----
	70,653,418	61,140,742	9,512,676	9,030,353
Discontinued operations				
Other activities (Note 3)	-	-	-	-
	-----	-----	-----	-----
2024 - Total	£70,653,418	£61,140,742	£9,512,676	£9,030,353
	=====	=====	=====	=====
2023 - Total	£66,718,503	£57,688,150		
	=====	=====		

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

	Turnover £	Operating Costs £	2024 Operating Surplus £	2023 Operating Surplus £
Affordable letting activities (Note 2b)	47,021,452	37,528,187	9,493,265	9,435,207
Other activities (Note 3)	4,856,971	4,632,677	224,294	(1,115,449)
	-----	-----	-----	-----
2024 - Total	£51,878,423	£42,160,864	£9,717,559	£8,319,758
	=====	=====	=====	=====
2023 - Total	£47,405,084	£39,085,326		
	=====	=====		

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024

2	(b) Consolidated Particulars of Turnover, Operating Costs and Operating Surplus or Deficit from Affordable Letting Activities	Mid-market &				2023 Total £
		General Needs Housing	Supported Housing Accomm.	Shared Ownership	Held for Lease	
	Income from lettings	£	£	£	£	
	Rent receivable net of service charges	36,726,562	243,558	611,162	8,320,317	42,015,837
	Service charges	1,832,536	40,230	36,729	148,801	1,862,439
	Gross income from rents and service charges	38,559,098	283,788	647,891	8,469,118	43,878,276
	Less voids	(895,574)	(2,658)	(50,204)	(97,287)	(1,184,536)
	Net income from rents and service charges	37,663,524	281,130	597,687	8,371,831	42,693,740
	Grants released from deferred income	3,686,377	-	42,920	212,369	3,801,847
	Revenue grants from the Scottish Ministers	199,377	-	-	-	277,445
	Other revenue grants	-	-	-	-	396,112
	Total turnover	41,549,278	281,130	640,607	8,584,200	47,169,144
	Expenditure on lettings					
	Management & maintenance administration costs	8,854,706	213,018	137,124	383,216	9,197,653
	Service costs	4,001,604	44,330	20,112	1,192,440	3,409,976
	Reactive & void maintenance costs	1,960,398	78,277	7,974	708,934	2,193,060
	Planned, cyclical & major repairs costs	(833,931)	41,528	14,129	437,341	834,116
	Bad debts – rents and service charges	277,315	-	-	-	141,506
	Depreciation of affordable let properties	9,310,419	-	107,348	1,079,288	9,827,031
	Operating costs	23,570,511	377,153	286,687	3,801,219	25,603,342
	Operating surplus 2024	£17,978,767	(£96,023)	£353,920	£4,782,981	£21,565,802
	Operating surplus 2023	£17,130,502	(£77,376)	£343,658	£4,169,017	£21,565,802

Hillcrest Homes (Scotland) Limited

Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024

2 (b) Association Particulars of Turnover, Operating Costs and Operating Surplus or Deficit from Affordable Letting Activities	General Needs Housing		Supported Housing Accommm.	Shared Ownership	Mid- Market & Held for Lease		2024 Total	2023 Total
	£	£	£	£	£	£	£	£
Income from lettings								
Rent receivable net of service charges	36,699,864	253,658	611,162	4,240,735	41,805,419	38,489,322		
Service charges	1,832,537	40,230	36,729	98,658	2,008,154	1,812,384		
Gross income from rents and service charges	38,532,401	293,888	647,891	4,339,393	43,813,573	40,301,706		
LESS: Rent losses from voids	(880,300)	(2,658)	(50,204)	-	(933,163)	(1,064,168)		
Net income from rents and service charges	37,652,101	291,230	597,686	4,339,393	42,880,410	39,237,538		
Grants released from deferred income	3,686,376	-	42,920	212,369	3,941,665	3,801,846		
Revenue grants from Scottish Ministers	199,377	-	-	-	199,377	277,445		
Other revenue grants	-	-	-	-	-	396,112		
Total turnover	41,537,854	291,230	640,606	4,551,762	47,021,452	43,712,941		
Expenditure on lettings								
Management & maintenance administration costs	9,505,484	215,228	137,124	957,412	10,815,248	9,626,590		
Service costs	4,762,929	33,957	20,112	125,950	4,942,947	4,286,936		
Reactive & Void maintenance costs	7,488,527	41,210	7,974	85,642	7,623,354	6,865,894		
Planned, cyclical & major repairs costs	3,391,157	35,621	14,129	11,928	3,452,835	3,649,728		
Bad debts – rents and service charges	277,315	-	-	-	277,315	97,169		
Depreciation of affordable let properties	9,310,418	-	107,348	998,722	10,416,488	9,751,417		
Impairment of affordable let properties	-	-	-	-	-	-		
Operating costs	34,735,830	326,016	286,687	2,179,654	37,528,187	34,277,734		
Operating surplus / (deficit) 2024	£6,802,024	(£34,786)	£353,919	£2,372,108	£9,493,265	£9,435,207		
Operating surplus / (deficit) 2023	£6,929,168	£8,960	£343,658	£2,153,421				

Hillcrest Homes (Scotland) Limited

Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024

(3) Consolidated Particulars of Turnover, Operating Costs and Operating Surplus or Deficit from Other Activities

	Grants From Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total Turnover £	Bad Debts £	Other Operating Costs £	Operating Surplus/ (deficit) 2024 £	Operating Surplus/ (deficit) 2023 £
Continuing activities									
Wider role	-	126	-	-	126	-	-	126	156
Factoring	-	-	-	81,629	81,629	25,955	68,020	(12,346)	11,151
Uncapitalised development administration costs	569,501	-	-	-	569,501	-	1,151,268	(581,767)	(312,356)
Support activities	-	-	402,176	167,724	569,900	48,486	427,936	93,478	5,380
Care activities	-	-	17,316,225	(13,835)	17,302,390	-	16,693,614	608,776	466,370
Contracted out services undertaken for other organisations	-	-	-	19,015	19,015	-	3,981	15,034	5,845
Commercials	-	-	-	492,659	492,659	24,356	484,947	(16,644)	172,566
Central charges	-	-	-	46,059	46,059	-	1,434,961	(1,388,902)	(1,524,384)
Other activities	-	-	-	510,359	510,359	-	12,741,624	(12,224,726)	(11,360,176)
	569,501	126	17,718,401	1,310,175	19,598,203	98,797	33,006,375	(13,506,969)	(12,535,449)
Discontinued activities									
Other activities	-	-	-	-	-	-	-	-	-
2024 Total	£569,501	£126	£17,718,401	£1,322,205	£19,598,203	£98,797	£33,006,375	(£13,506,969)	(£12,535,449)
2023 Total	£831,679	£156	£17,409,021	£1,308,503	£19,549,359	£3,843	£32,080,965		

Hillcrest Homes (Scotland) Limited

Notes to the Consolidated Financial Statements (continued)
For the year ended 31st March 2024

(3) Association particulars of Turnover, Operating Costs and Operating Surplus or Deficit from Other Activities

	Grants From Scottish Ministers	Other Revenue /Grants	Supporting People Income	Other Income	Total Turnover	Bad Debts	Other Operating Costs	Operating Surplus/ (deficit) 2024	Operating Surplus/ (deficit) 2023
	£	£	£	£	£	£	£	£	£
Wider role	-	126	-	-	126	-	-	126	156
Factoring	-	-	-	-	-	-	68,020	(12,345)	11,150
Uncapitalised development administration costs	569,501	-	-	81,630	81,630	25,955	-	(581,767)	(312,356)
Support activities	-	-	402,176	167,724	569,900	-	1,151,268	93,478	5,380
Commercials	-	-	-	575,756	575,756	24,356	410,354	141,046	197,848
Central charges	-	-	-	2,550,858	2,550,858	-	1,434,961	1,115,897	-
Other activities	-	-	-	509,200	509,200	-	1,041,341	(532,141)	(1,017,627)
2024 Total	£569,501	£126	£402,176	£3,885,168	£4,856,971	£50,311	£4,582,366	£224,294	(£1,155,449)
2023 Total	£831,679	£156	£339,348	£2,520,961	£3,692,143	£3,843	£4,803,749		

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024

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

	Proceeds from sales £	Cost of Sales £	2024 Profit / (Loss) on Sales £	Proceeds from sales £	2023 Profit / (Loss) on Sales £
Association					
Shared Ownership	313,041	241,510	71,531		
Sale of other fixed assets	1,549,482	761,182	788,300	324,375	129,528
	<u>£1,862,523</u>	<u>£1,002,692</u>	<u>£859,831</u>	<u>£324,375</u>	<u>£129,528</u>
	=====	=====	=====	=====	=====
Consolidated					
Shared Ownership	313,041	241,510	71,531	324,375	129,528
One off Sales	-	-	-	-	-
Sale of other fixed assets	1,825,660	912,194	913,466	1,055	1,055
	<u>£2,138,701</u>	<u>£1,153,704</u>	<u>£984,997</u>	<u>£325,430</u>	<u>£130,583</u>
	=====	=====	=====	=====	=====

(5) Finance Income

	Consolidated		Association	
	2024 £	2023 £	2024 £	2023 £
Interest receivable	231,346	66,822	77,555	20,483
Dividends receivable	-	-	48,000	48,000
	<u>£231,346</u>	<u>£66,822</u>	<u>£125,555</u>	<u>£68,483</u>
	=====	=====	=====	=====

(6) Finance Costs

	Consolidation		Association	
	2024 £	2023 £	2024 £	2023 £
Interest payable	10,269,783	7,732,338	10,276,485	7,725,331
Other financing costs – release	(136,838)	100,200	(136,838)	100,200
Pension interest expense	79,000	2,074	66,000	2,074
	<u>£10,211,945</u>	<u>£7,834,611</u>	<u>£10,205,647</u>	<u>£7,827,605</u>
	=====	=====	=====	=====

Other financing costs include the amortisation of transaction costs on funding arrangements.

Hillcrest Homes (Scotland) Limited

Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024

(7) Pension Remeasurement

	Consolidated		Association	
	2024	2023	2024	2023
	£	£	£	£
Impact of changes in assumptions (Note 22)	-	66	-	66
Amendments to the contribution schedule (Note 22)	-	-	-	-
	-----	-----	-----	-----
	£-	£66	£-	£66
	=====	=====	=====	=====

(8) Key Management Personnel Emoluments

Under the Registered Social Landlords Determination of Accounting Requirements 2014, disclosure of key management personnel's emoluments exceeding £60,000 is disclosed below.

	Consolidated		Association	
	2024	2023	2024	2023
	£	£	£	£
The emoluments payable to key management personnel and former key management personnel amount to:-				
Emoluments excluding employers pension	1,133,531	737,883	973,046	509,348
Employers pension contributions	83,402	55,528	74,332	40,393
	-----	-----	-----	-----
Total emoluments payable	£1,216,933	£793,411	£1,047,378	£549,741
	=====	=====	=====	=====

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

Emoluments excluding employers pension	167,472	150,536	167,472	150,536
Employers pension contributions	12,599	12,434	12,599	12,434
	-----	-----	-----	-----
Total emoluments payable	£180,071	£162,970	£180,071	£162,970
	=====	=====	=====	=====

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

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

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

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024

(9) Employee Information

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

	Consolidated		Association	
	2024	2023	2024	2023
Office Staff	245	247	208	213
Wardens, Caretakers & Cleaners	24	27	24	27
Support Staff	647	707	-	-
Maintenance	195	191	18	15
	-----	-----	----	----
	1,111	1,172	250	255
	=====	=====	====	====
The average number of full time equivalent	868	896	229	230
	=====	=====	====	====

Staff Costs (including Key Management Personnel Emoluments):

	Consolidated		Association	
	2024	2023	2024	2023
	£	£	£	£
Wages and Salaries	29,214,010	28,193,909	8,519,930	8,219,380
Social Security Costs	2,608,985	2,600,645	852,997	847,025
Pension Costs	1,113,397	968,932	492,870	470,111
	-----	-----	-----	-----
	£32,936,392	£31,763,486	£9,865,797	£9,536,516
	=====	=====	=====	=====
Redundancy/termination payments included in above	£2,158	£44,620	£-	£44,620

(10) Investment Property - Consolidated

	2024	2023
	£	£
Valuation		
At 1 April 2023	45,000	45,000
Additions at cost	-	-
Loss on revaluation	-	-
	-----	-----
At 31 March 2024	£45,000	£45,000
	=====	=====

The 2018 valuations were made by Graham & Sibbald on an open market value for existing use basis.

If the Investment properties had been accounted for under the historic cost accounting rules, the property would have been measured as follows:

	2024	2023
	£	£
Historic cost	£61,250	£61,250
	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024

(11) Operating Surplus

Operating surplus is stated after charging:	Consolidated		Association	
	2024	2023	2024	2023
	£	£	£	£
Depreciation – Housing property	10,173,839	9,585,713	10,102,017	9,510,345
Depreciation – Disposals	318,620	241,318	314,471	241,072
Depreciation – Other fixed assets	909,913	889,077	535,265	537,178
Amortisation of grant	4,013,370	3,988,388	4,013,370	3,801,846
Operating lease – plant & Machinery	-	16,677	-	-
- other	189,458	196,654	219,801	270,610
- motor vehicles	20,881	10,832	11,875	10,832
External auditor’s remuneration for all group companies (including VAT):-				
- In their capacity as auditors	94,052	75,124	44,579	29,012
- In respect of other services	-	-	-	-

(12) Tax on Profit On Ordinary Activities – Consolidated

	2024	2023
	£	£
Corporation tax at 25% (2023 – 19%)	12,634	28,150
Terminal loss provisions	-	-
Under-provision	-	-
Deferred tax	(13,158)	39,346
	£524	£67,495
	=====	=====

(13) Housing Stock Analysis

	Consolidated		Association	
	2024	2023	2024	2023
General Housing Needs	7,441	7,280	7,415	7,252
Supported Housing Accommodation	209	209	205	205
Shared Ownership	198	202	198	202
Mid-Market	1,246	1,124	1,246	1,124
	9,094	8,815	9,064	8,783
	-----	-----	-----	-----
Other Units				
Factored	484	486	459	486
Feu Superior for Landscaping	799	799	799	799
	1,283	1,285	1,258	1,285
	-----	-----	-----	-----
Total Units	10,377	10,100	10,322	10,068
	=====	=====	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2024

(14) Consolidated Tangible Fixed Assets – Housing Properties

	Housing Properties Held for Letting	Housing Properties Under Construction	Shared Ownership Held for Letting	Shared Ownership Under Construction	Held for Letting Supported	Held for Letting For Lease	Held for Lease under Construction	Mid-Market Held for Letting	Total
	£	£	£	£	£	£	£	£	£
Cost or valuation									
At 1 April 2023	551,575,940	70,874,899	13,028,735	-	-	134,142,252	28,494,266	-	798,116,092
Schemes completed	26,388,685	(26,388,685)	-	-	19,603,925	(19,603,925)	-	-	-
Business acquisition	131,440	-	-	-	-	-	-	-	131,440
Reclassification	279,574	-	-	-	(279,574)	-	-	-	-
Additions	7,057,831	27,264,243	-	-	30,519	11,864,296	-	-	46,216,889
Disposals	(2,376,118)	-	(209,155)	-	(15,514)	-	-	-	(2,600,787)
At 31 March 2024	583,057,352	71,750,457	12,819,580	-	153,481,608	20,754,637	-	-	841,863,634
Depreciation									
At 1 April 2023	102,073,733	-	2,177,693	-	-	8,026,611	-	-	112,278,037
Charge for the year	9,155,273	-	53,895	-	-	1,165,871	-	-	10,375,039
Disposals	(1,477,385)	-	(16,408)	-	-	(4,150)	-	-	(1,497,943)
At 31 March 2024	109,751,621	-	2,215,180	-	9,188,332	-	-	-	121,155,133
Net Book Value At 31 March 2024	£473,305,731	£71,750,457	£10,604,400	£-	£144,293,276	£20,754,637	£-	£720,708,501	
Net Book Value At 31 March 2023	£449,502,207	£70,874,899	£10,851,042	£-	£126,115,641	£28,494,266	£-	£685,838,055	

Total expenditure on works to existing properties amounted to £9,804,608, for which £1,554,625 Social Housing Grants were received during the year. Of this, £6,179,380 was capitalised for the replacement of components, £1,210,579 capitalised for properties and infrastructure costs and £2,414,652 charged to the Statement of Comprehensive Income in the year. During the year £569,501 of development administration costs and interest of £1,796,180 were capitalised.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2024

(14) Association Tangible Fixed Assets – Housing Properties

	Housing Properties Held for letting	Housing Properties Under construction	Shared Ownership Held for letting	Shared Ownership Under Construction	Held for Letting Supported	Held for Letting for lease	Held for Lease under construction	Mid-market held for letting	Total
	£	£	£	£	£	£	£	£	£
Cost									
At 1 April 2023	551,575,940	70,874,899	13,028,735	-	-	131,232,451	28,494,266	-	795,206,291
Schemes completed	26,388,685	(26,388,685)	-	-	-	19,603,925	(19,603,925)	-	-
Reclassification	279,574	-	-	-	(279,574)	-	-	-	-
Acquisitions	131,440	-	-	-	-	-	-	-	131,440
Additions	7,057,831	27,264,247	-	-	-	-	11,864,296	-	46,186,374
Disposals	(2,376,118)	-	(209,155)	-	-	-	-	-	(2,585,273)
At 31 March 2024	583,057,352	71,750,461	12,819,580	-	-	150,556,802	20,754,637	-	838,938,832
Depreciation									
At 1 April 2023	102,073,733	-	2,177,693	-	-	7,831,537	-	-	112,082,963
Charge for the year	9,155,273	-	53,895	-	-	1,085,305	-	-	10,294,473
Disposals	(1,477,385)	-	(16,408)	-	-	-	-	-	(1,493,793)
At 31 March 2024	109,751,621	-	2,215,180	-	-	8,916,842	-	-	120,883,643
Net Book Value at 31 March 2024	£473,305,71	£71,750,461	£10,604,400	£ -	£ -	£141,639,960	£20,754,637	£ -	£718,055,189
Net Book Value at 31 March 2023	£449,502,207	£70,874,899	£10,851,042	£ -	£ -	£123,400,914	£28,494,266	£ -	£683,123,328

Total expenditure on works to existing properties amounted to £18,134,017, for which Social Housing Grants of £1,554,625 were received during the year. Of this, £5,847,252 was capitalised for the replacement of components, £1,210,579 capitalised for properties, and infrastructure costs and £11,076,189 charged to the statement of comprehensive income in the year. During the year £569,501 of development administration costs and interest of £1,796,180 were capitalised.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2024

(15) Consolidated Tangible Fixed Assets - Other Fixed Assets	Commercial Property		Office Property		Housing Furniture Equipment		Supported Furniture Equipment		Office Furniture Equipment		Motor Vehicles		Plant and Machinery		Other		Total	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Cost or valuation																		
At 1 April 2023	5,787,195	8,541,899	445,714	54,574	4,830,874	2,507,849	119,327	10,000	22,297,432	20,884,841	-	-	-	-	-	-	-	-
Revaluation	-	591,527	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions in Year	33,191	-	-	-	512,116	499,423	-	-	-	-	-	-	-	-	-	-	-	-
Business Combination	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	(126,315)	(228,924)	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2024	5,820,386	9,133,426	445,714	54,574	5,216,675	2,778,348	119,327	10,000	23,578,450	22,297,432	10,000	23,578,450	10,000	22,297,432	20,884,841	10,000	22,297,432	20,884,841
Depreciation																		
At 1 April 2023	1,648,042	2,257,291	418,808	53,292	3,752,474	1,948,019	114,533	-	10,192,459	9,565,624	-	-	-	-	-	-	-	-
Revaluation	-	(6,962)	-	-	-	-	-	-	(6,962)	-	-	-	-	-	-	-	-	-
Charge for Year	122,544	175,976	4,770	257	319,701	283,623	3,042	-	909,913	889,077	-	-	-	-	-	-	-	-
Business Combination	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	(115,395)	(198,459)	-	-	(313,854)	(268,145)	-	-	-	-	-	-	-	-
At 31 March 2024	1,770,596	2,426,294	423,578	53,549	3,956,780	2,033,183	117,575	-	10,781,556	10,192,459	-	10,781,556	-	10,192,459	9,565,624	-	10,192,459	9,565,624
Net Book Value																		
At 31 March 2024	£4,049,800	£6,707,121	£22,136	£1,025	£1,259,895	£745,165	£1,752	£10,000	£12,796,894	£12,796,894	£10,000	£12,796,894	£10,000	£12,796,894	£12,796,894	£10,000	£12,796,894	£12,796,894
Net Book Value																		
At 31 March 2023	£4,139,153	£6,284,608	£26,906	£1,282	£1,078,400	£559,830	£4,794	£10,000	£12,104,973	£12,104,973	£10,000	£12,104,973	£10,000	£12,104,973	£12,104,973	£10,000	£12,104,973	£12,104,973

Hillcrest Homes (Scotland) Limited

Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2024
 (15) Association Tangible Fixed Assets - Other Fixed Assets

	Commercial Property £	Office Property £	Housing Furniture Equipment £	Supported Furniture Equipment £	Office Furniture Equipment £	Motor Vehicles £	Other £	Total 2024 £	Total 2023. £
Cost									
At 1 April 2023	5,787,196	7,812,533	445,716	54,574	4,152,143	28,054	10,000	18,290,216	17,405,954
Additions in Year	33,191	-	-	-	470,742	-	-	503,933	1,115,057
Transfer	-	-	-	-	-	-	-	-	-
Business Combination	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	(45,680)	-	-	(45,680)	(230,795)
At 31 March 2024	5,820,387	7,812,533	445,716	54,574	4,577,205	28,054	10,000	18,748,469	18,290,216
Depreciation									
At 1 April 2023	1,648,049	2,057,472	418,805	53,292	3,277,993	28,054	-	7,483,665	7,117,272
Charge for Year	122,543	160,798	4,770	257	246,896	-	-	535,264	537,188
Transfer	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	(44,103)	-	-	(44,103)	(230,795)
At 31 March 2024	1,770,592	2,218,270	423,575	53,549	3,480,786	28,054	-	7,974,826	7,483,665
Net Book Value									
At 31 March 2024	£4,049,795	£5,594,263	£22,141	£1,025	£1,096,419	£ -	£10,000	£10,773,643	
Net Book Value									
At 31 March 2023	£4,139,147	£5,755,061	£26,911	£1,282	£874,150	£ -	£10,000	£10,806,551	

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024

(16) Investments

	Consolidated		Association	
	2024	2023	2024	2023
	£	£	£	£
Investments - Subsidiaries				
At 1 April 2023	-	-	2,500,000	2,500,000
Release of investment	-	-	-	-
	-----	-----	-----	-----
At 31 March 2024	£ -	£ -	£2,500,000	£2,500,000
	=====	=====	=====	=====
Investments - Subsidiaries	£ -	£ -	£2,500,000	£2,500,000
	=====	=====	=====	=====
Investments – Homestake (see Note 37)				
At 1 April 2023	411,938	482,892	411,938	482,892
Disposals in year	-	(70,954)	-	(70,954)
	-----	-----	-----	-----
At 31 March 2024	£411,938	£411,938	£411,938	£411,938
	=====	=====	=====	=====
Investment - Homestake	£411,938	£411,938	£411,938	£411,938
	=====	=====	=====	=====
Investments	£45,000	£254,115	£ -	£ -
	=====	=====	=====	=====

(17) Stock

	Consolidated		Association	
	2024	2023	2024	2023
	£	£	£	£
Housing properties - completed				
Stock	-	-	-	-
	426,137	392,039	-	-
	-----	-----	-----	-----
	£426,137	£392,039	£ -	£ -
	=====	=====	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024

(18) Debtors

	Consolidated		Association	
	2024	2023	2024	2023
	£	£	£	£
Rental Debtors	2,314,822	1,923,883	2,264,971	1,855,215
Provision for Bad Debts	(684,471)	(402,229)	(684,471)	(402,229)
	-----	-----	-----	-----
Other Grants & HAG Receivable	1,630,351	1,521,654	1,580,500	1,452,986
Other Loan to Employee	7,044,814	1,516,671	7,044,814	1,516,671
Other Loan to Employee	7,778	8,409	7,778	8,409
VAT receivable	-	-	-	-
Other Debtors	3,692,502	3,326,162	2,072,996	2,016,684
Amounts due from Subsidiaries	-	-	589,648	254,304
	-----	-----	-----	-----
	£12,375,445	£6,372,896	£11,295,736	£5,249,054
	=====	=====	=====	=====

(19) Short term investments

Consolidated

	2024	2023
	£	£
Cash held on fixed term deposits	3,000,000	-
	-----	-----
	£3,000,000	£
	=====	=====

(20) Creditors: amounts falling due within one year

	Consolidated		Association	
	2024	2023	2024	2023
	£	£	£	£
Prepaid Rents & Service Charges	856,003	823,331	856,003	823,331
Loan interest and Principal	3,695,115	3,215,210	3,695,115	3,215,210
Contracts for Capital Works	7,601,905	6,742,275	7,601,905	5,700,288
Other Taxation & Social Security	622,046	679,623	208,067	252,151
VAT Payable	5,784	6,827	5,784	6,827
Other Creditors	9,792,073	9,007,768	6,064,486	6,682,567
Due to Subsidiary	-	-	722,409	396,985
Homestake	-	217,555	-	217,555
Deferred Income	4,013,369	3,952,734	4,013,369	3,952,736
Deferred tax (see Note 23)	89,090	102,248	-	-
Other provisions	631,942	966,445	-	-
Pension Provision	17,934	21,645	1,182	1,419
Housing Loans (see Note 21)	8,495,532	1,462,794	8,482,738	1,450,000
	-----	-----	-----	-----
	£35,820,793	£27,198,455	£31,651,058	£22,699,069
	=====	=====	=====	=====

Hillcrest Homes (Scotland) Limited

Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024

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

	Consolidated		Association	
	2024	2023	2024	2023
	£	£	£	£
Housing Loans	256,410,907	240,043,306	256,317,340	239,936,918
Non Housing Loans	461,233	461,233	461,233	461,233
Deferred Income	375,938,409	362,933,815	375,309,809	362,305,214
Derivative Financial Instruments	433,721	933,655	433,721	933,655
Total	£633,244,270	£604,372,009	£632,522,103	£603,637,020

Borrowings are repayable as follows:

	Consolidated		Association	
	2024	2023	2024	2023
	£	£	£	£
Housing Loans				
Within 1 Year	8,495,532	1,462,794	8,482,738	1,450,000
Between 1 & 2 Years	1,464,389	8,478,751	1,450,000	8,465,955
Between 2 & 5 Years	37,623,595	4,618,217	37,575,000	4,575,000
More than 5 Years	217,322,923	226,946,338	217,292,340	226,895,963
	£264,906,439	£241,506,100	£264,800,078	£241,386,918
Non Housing Loans				
Within 1 Year	-	-	-	-
Between 1 & 2 Years	-	-	-	-
Between 2 & 5 Years	-	-	-	-
More than 5 Years	461,233	461,233	461,233	461,233
	£461,233	£461,233	£461,233	£461,233

Hillcrest Homes (Scotland) Limited

Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024

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

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

Interest	Maturity	Repayment terms	Consolidated Carrying value	Association Carrying value
Sonia + 0.24%	01/10/2042	Interest only then capital & interest	12,854,571	12,854,571
Fixed 2.26%	31/07/2045	Interest only then capital & interest	24,773,995	24,773,995
Sonia + 1.70%	31/07/2045	Interest only then capital & interest	24,760,822	24,760,822
Fixed 4.36%	10/03/2027	Interest only then bullet repayment	6,000,000	6,000,000
Fixed 2.1%	10/06/2028	Interest only then bullet repayment	6,000,000	6,000,000
Sonia + 0.875%	30/09/2028	Interest only then capital & interest	21,000,000	21,000,000
Sonia + 1.7%	30/07/2045	Interest only then capital & interest	32,770,002	32,770,002
Sonia + 0.24%	02/10/2037	Interest only then capital & interest	15,986,205	15,986,205
Fixed 5.193%	22/04/2038	Interest only then bullet repayment	34,454,513	34,454,513
Fixed 3.87% + 0.24%	01/10/2042	Interest only then capital & interest	4,996,032	4,996,032
Fixed 3.97% + 0.24%	01/10/2042	Interest only then capital & interest	4,995,784	4,995,784
Fixed 3.86%	25/01/2025	Interest only then bullet Repayment	7,007,739	7,007,739
Fixed 3.33%	04/04/2034	Interest only then bullet repayment	9,959,173	9,959,173
Fixed 3.69%	04/04/2044	Interest only then bullet repayment	34,829,605	34,829,605
Fixed 3.76%	05/04/2049	Interest only then bullet repayment	9,949,429	9,949,429
Fixed 3.79%	04/10/2049	Interest only then bullet repayment	14,923,441	14,923,441
Fixed 5.88%	26/06/2030	Fully amortising	99,761	-
-	-	No fixed repayment	6,600	-
			-----	-----
			£265,367,672	£265,261,311
			=====	=====

**Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024**

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

The deferred income balance is made up as follows:

	Homes (Scotland) Grants £	Other Housing Grants £	Homestake £	Other Grants £	Total £
Consolidated					
Deferred income as at 1 April 2023	356,712,774	8,978,683	411,938	783,154	366,886,549
Additional income received	15,861,523	1,743,308	-	-	17,604,831
Disposals	(526,233)	-	-	-	(526,233)
Transfer of engagement Released to Statement of Comprehensive Income	-	-	-	-	-
	(3,857,635)	(113,600)	-	(42,134)	(4,013,369)
Deferred income as at 31 March 2024	£368,190,429	£10,608,391	£411,938	£741,020	£379,951,778
	=====	=====	=====	=====	=====
Association					
Deferred income as at 1 April 2023	356,084,174	8,978,684	411,938	783,155	366,257,951
Additional income received	15,861,520	1,743,308	-	-	17,604,829
Disposals	(526,233)	-	-	-	(526,233)
Transfer of engagement Released to Statement of Comprehensive Income	-	-	-	-	-
	(3,857,635)	(113,600)	-	(42,134)	(4,013,369)
Deferred income as at 31 March 2024	£367,561,829	£10,608,393	£411,938	£741,021	£379,323,178
	=====	=====	=====	=====	=====

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

	Consolidated		Association	
	2024 £	2023 £	2024 £	2023 £
Due within 1 year	4,013,369	3,952,734	4,013,369	3,952,736
Due in 1 year or more	375,938,409	362,933,815	375,309,809	362,305,215
	-----	-----	-----	-----
	£379,951,778	£366,886,549	£379,323,178	£366,257,951
	=====	=====	=====	=====

Hillcrest Homes (Scotland) Limited

Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024

(22) Provisions for liabilities – Pension Provision

SFHA Pension	Consolidated		Association	
	2024	2023	2024	2023
	£	£	£	£
Provision at 1 April 2023	1,614,187	418,600	1,339,600	418,600
Transfer of engagement	-	-	-	-
Unwinding of the discount factor (interest expense)	79,000	2,000	66,000	2,000
Deficit contribution paid	-	(857,813)	-	(713,000)
Remeasurements – impact of any change in assumptions	2,103,000	2,079,000	1,703,000	1,632,000
Unrecognised surplus	-	(27,000)	-	-
Net Pension Deficit at 31 March 2024	£3,796,787	£1,614,600	£3,108,600	£1,339,600
Due within 1 year	-	-	-	-
Due in more than 1 year	3,796,787	1,614,600	3,108,600	1,339,600
	£3,796,787	£1,614,600	£3,108,600	£1,339,600

Pension Trust's Growth Plan	Consolidated		Association	
	2024	2023	2024	2023
	£	£	£	£
Provision at 1 April 2023	2,483	3,894	2,483	3,894
Unwinding of the discount factor (interest expense)	-	74	-	74
Deficit contribution paid	(1,419)	(1,419)	(1,419)	(1,419)
Remeasurements – impact of any change in assumptions	-	(66)	-	(66)
Remeasurements – amendments to the contribution schedule	-	-	-	-
Provision as 31 March 2024	£1,064	£2,483	£1,064	£2,483
Due within 1 year	1,064	1,419	1,064	1,419
Due in more than 1 year	-	1,064	-	1,064
	£1,064	£2,483	£1,064	£2,483

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024

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

YMCA	Consolidated		Association	
	2024	2023	2024	2023
	£	£	£	£
Provision at 1 April 2023	118,851	138,648	-	-
Pension remeasurement	(48,418)	-	-	-
Deficit contribution paid	(20,933)	(19,797)	-	-
	-----	-----	-----	-----
Provision as 31 March 2023	£49,500	£118,851	£ -	£ -
	=====	=====	=====	=====
Due within 1 year	16,752	20,226	-	-
Due in more than 1 year	32,748	98,625	-	-
	-----	-----	-----	-----
	£49,500	£118,851	£ -	£ -
	=====	=====	=====	=====

Summary of pension deficit funding liability

	Consolidated		Association	
	2024	2023	2024	2023
	£	£	£	£
Due within 1 year				
Pension Trust's Growth Plan	1,064	1,419	1,064	1,419
YMCA	16,752	20,226	-	-
	-----	-----	-----	-----
	£17,816	£21,645	£1,064	£1,419
	=====	=====	=====	=====
Due in more than 1 year				
Pension Trust's Growth Plan	-	1,064	-	1,064
YMCA	32,748	98,625	-	-
	-----	-----	-----	-----
	£32,748	£99,689	-	£1,064
	=====	=====	=====	=====

(23) Provision for Deferred Taxation – Consolidated

	2024	2023
	£	£
Accelerated Capital Allowances	116,176	159,054
Tax losses carried forward	(24,263)	(56,806)
	-----	-----
Provision for deferred tax	£91,913	£102,248
	=====	=====
Provision at 1 April 2023	102,248	62,902
Underprovision from previous year	-	-
Deferred tax charge in profit & loss account	(13,158)	34,346
	-----	-----
Provision at 31 March 2024	£89,090	£102,248
	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024

(24) Financial Instruments

The carrying amounts of financial instruments are as follows:

	Consolidated		Association	
	2024	2023	2024	2023
	£	£	£	£
Financial Liabilities				
Measured at fair value through the Statement of Comprehensive Income				
- Derivative financial instruments (Note 21)	433,721	933,655	433,721	933,655
	-----	-----	-----	-----
	433,721	933,655	433,721	933,655
Measured at amortised cost				
- Bank loans (Note 21)	265,367,674	241,967,333	265,261,313	241,848,151
	-----	-----	-----	-----
	£265,801,395	£242,900,988	£265,695,034	£242,781,806
	=====	=====	=====	=====

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

	Consolidated		Association	
	2024	2023	2024	2023
Income and expense				
Financial liabilities measured at amortised cost	£136,838	(£100,200)	£136,838	(£100,200)
Net gains and (losses) (including changes in fair value)				
Financial liabilities measured at fair value through the Statement of Comprehensive income	£499,934	£2,785,243	£499,934	£2,785,243

The total interest income and interest expense for financial assets and financial liabilities that are not measured at fair value through the Statement of Financial Activities was:

	Consolidated		Association	
	2024	2023	2024	2023
Interest income	£231,346	£64,939	£77,555	£20,483
Interest expense	£10,211,945	£7,834,611	£10,342,485	£7,825,531

The Association uses derivative financial instruments to manage its exposure to fluctuations in interest rates. The fair value of derivatives is determined by their mark to market valuation at each reporting date.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024

(25) Reserves

Income and Expenditure Reserve

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

Restricted Reserve

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

Revaluation Reserve

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

Non-controlling Interest

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

Negative Goodwill

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

(26) Pensions

Retirement Benefits

(a) Pension Obligations - SFHA Pension Scheme

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

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2021. This valuation revealed a deficit of £27m. A Recovery Plan has been put in place to eliminate the deficit which ran to 30 September 2022.

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

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024

(26) Pensions (continued)

Retirement Benefits

(a) Pension Obligations - SFHA Pension Scheme

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

The latest accounting valuation was carried out with an effective date of 30 September 2023. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March to 28 February 2024 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

Defined Benefits assets and obligations

The assumptions that have the most significant effect on the valuation of Homes' and Hillcrest Futures' defined benefit pension arrangement are those relating to the rate of return on investments and the rates of increases in salaries and pensions. The key actuarial assumptions at the 31 March 2024 were as follows:

	Hillcrest Futures Limited	Hillcrest Homes (Scotland) Limited
	% per annum	% per annum
Discount Rate	4.90%	4.89%
Inflation (RPI)	3.15%	3.17%
Inflation (CPI)	2.78%	2.77%
Salary Growth	3.78%	3.77%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2024 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2024	20.2
Female retiring in 2024	22.7
Male retiring in 2044	21.4
Female retiring in 2044	24.1

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024

(26) Pensions (continued)

Retirement Benefits

(a) Pension Obligations - SFHA Pension Scheme

Present Values of Defined Benefit Obligation, Fair Value of Assets and Defined Benefit Liability				
	Consolidation		Homes	
	2024	2023	2024	2023
	(£000's)	(£000's)	(£000's)	(£000's)
Fair value of plan assets	28,775	30,939	23,902	25,697
Present Value of defined benefit obligation	32,572	32,554	27,011	27,037
Deficit in plan	(3,797)	(1,615)	(3,109)	(1,340)
Unrecognised Surplus	-	-	-	-
Defined Benefit Liability to be recognised	(3,797)	(1,615)	(3,109)	(1,340)

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

	Consolidation	Association
	2024	2024
	(£000's)	(£000's)
Defined benefit obligation at start of period	32,554	27,037
Expenses	47	39
Interest Expense	1,554	1,290
Actuarial gains due to scheme experience	240	204
Actuarial gains due to changes in demographic assumptions	(220)	(189)
Actuarial gains due to changes in financial assumptions	(33)	1
Benefits paid and expenses	(1,570)	(1,371)
Defined benefit obligation at end of period	32,572	27,011

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

	Consolidation	Association
	2024	2024
	(£000's)	(£000's)
Fair value of plan assets at start of period	30,939	25,697
Interest income	1,475	1,224
Experience on plan assets (excluding amounts included in interest income) - gain	(2,116)	(1,687)
Contributions by the employer	47	39
Benefits paid and expenses	(1,570)	(1,371)
Fair value of plan assets at end of period	28,775	23,902

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024

(26) Pensions (continued)

Retirement Benefits

(a) Pension Obligations - SFHA Pension Scheme

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2023 to 31 March 2024 for Hillcrest Homes and Hillcrest Futures was (£463,000) and (£178,000) respectively.

Defined Benefit Costs Recognised in Statement of Comprehensive Income

	Consolidation 2024 (£000's)	Association 2024 (£000's)
Expenses	47	39
Net interest expense	79	66
	-----	-----
Defined benefit costs recognised in statement of comprehensive income	126	105
	=====	=====

Defined Benefit Costs Recognised in Other Comprehensive Income

	Consolidation 2024 (£000's)	Association 2024 (£000's)
Experience on plan assets (excluding amounts included in interest income) - gain	(2,116)	(1,687)
Experience gains and losses arising on the plan liabilities – gain	(240)	(204)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	220	189
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	(1,670)	(1,704)
	-----	-----
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain	(3,806)	(3,406)
	=====	=====
Total amount recognised in other comprehensive income – gain	(3,806)	(3,406)
	=====	=====

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024

(26) Pensions (continued)

Retirement Benefits

(a) Pension Obligations - SFHA Pension Scheme

<u>Assets</u>	Consolidation		Association	
	2024 (£000's)	2023 (£000's)	2024 (£000's)	2023 (£000's)
Global Equity	3,310	816	2,749	678
Absolute Return	1,293	421	1,074	350
Distressed Opportunities	1,059	951	880	790
Credit Relative Value	1,014	1,180	842	980
Alternative Risk Premia	1,036	178	861	148
Emerging Market Debts	504	239	419	199
Risk Sharing	1,726	2,255	1,434	1,873
Insurance-Linked Securities	178	861	148	715
Property	1,217	1,288	1,011	1,070
Infrastructure	2,756	3,334	2,289	2,769
Private Equity	23	-	19	-
Private Debt	1,158	1,382	962	1,148
Opportunistic Illiquid Credit	1,145	1,368	951	1,136
High Yield	5	157	4	130
Opportunistic Credit	-	2	-	2
Cash	745	130	619	108
Corporate Bond Fund	-	40	-	33
Liquid Credit	-	1	-	1
Long Lease Property	214	1,037	178	861
Secure Income	961	2,069	798	1,718
Over 15 Years Gilts	-	-	-	-
Liability Driven Investment	10,408	13,101	8,645	10,881
Current Hedging	(12)	59	(10)	49
Net Current Assets	35	70	29	58
Total Assets	£28,775	£30,939	£23,902	£25,697

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

(b) Pensions Trust's Growth Plan

Homes participates in the scheme, a multi-employer scheme which provides benefits to some 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

**Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024**

(26) Pensions (continued)

Retirement Benefits

(b) Pensions Trust's Growth Plan

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

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3M, liabilities of £831.9M and a deficit of £31.6M. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme as follows:

Deficit contributions

From 1 April 2022 to 31 January 2025: £11,243,000 per annum (payable monthly and increasing by 3% each on 1st April)

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

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

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

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

	2024	2023
Assumption - the rate of discount - % per annum	5.31%	5.52%

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

**Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024**

(26) Pensions (continued)

Retirement Benefits

(c) Cair Scotland – YMCA pension

The charity operates a defined contribution pension plan for its employees. As there were no employees during both financial years, the amount recognised as an expense in the year was £Nil (2023 - £Nil).

Cair Scotland participated in a multi-employer defined benefit pension plan for employees of YMCAs in England, Scotland and Wales, which was closed to new members and accruals on 30 April 2007. Due to insufficient information, the plan's actuary has advised that it is not possible to separately identify the assets and liabilities relating to Cair Scotland.

Cair Scotland has a contractual obligation to make pension deficit payments of £16,374 per annum over the period to April 2027, accordingly this is shown as a liability in note 22 to these accounts. In addition, Cair Scotland is required to contribute £5,215 per annum to the operating expenses of the pension plan and these costs are charged to the Statement of Financial Activities as made.

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

The most recent completed three year valuation was as at 1 May 2023. The assumptions used which have the most significant effect on the results of the valuation are those relating to the assumed rates of return on assets held before and after retirement of 2.59% and 1.09% respectively, the increase in pensions in payment of 2.99% (for RPI capped at 5% p.a.), and the average life expectancy from normal retirement age (of 65) for a current male pensioner of 22.0 years, female 24.4 years to 23.7 years for a male pensioner and female 26.1 years, retiring in 20 years time. The result of the valuation showed that the actuarial value of the assets was £103.2m. This represented 92% of the benefits that had accrued to members.

The pension plan was closed to new members and future service accrual with effect from 30 April 2007. With removal of the salary linkage for benefits, all employed deferred members became deferred members as from 1 May 2011.

The valuation prepared as at 1 May 2023 showed that the YMCA pension plan had a deficit of £9.1 million. Cair Scotland has been advised that it will need to make monthly contributions of £1,364 from 1 May 2024. This amount is based on the current actuarial assumptions (as outlined above) and may vary in the future as a result of actual performance of the pension plan. The current recover period is now 3 years commencing 1 May 2024.

(27) Legislative Provisions

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

**Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024**

(28) Related Parties

During the year two member's of the Governing Body was also a tenant of Homes. The tenancy is on the same terms as for other tenants and no advantage could be gained from the position. During this financial year, Governing Body members were charged rent totaling £12,585 (2023 - £11,163). As at 31 March 2024 no amount (2023 – nil) was due to the Association.

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

Upper Dens Landscaping Limited

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

(29) Subsidiaries information

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

	Country of registration or incorporation	Holding	Proportion of voting rights	Nature of Business
Hillcrest Futures Limited	Scotland	See Note 29 (a)	100%	Provides care & Support services
Hillcrest Maintenance Limited	Scotland	See Note 29 (a)	100%	Provision of maintenance services
Hillcrest Enterprises Limited	Scotland	See Note 29 (b)	100%	Provision of mid-market rented accommodation and rented accommodation for people with special needs
Cair Scotland	Scotland	See Note 29 (h)	100%	Provides services and support to services users with drug addictions
Leith Links NHT 2011 LLP	Scotland	See Note 29 (g)	50%	Provision of mid-market rented accommodation
Upper Dens Landscaping Limited	Scotland	See Note 29 (a) and Note 29 (f)	50%	Manages common ground
Explorer Heat Limited	Scotland	See Note 29 (a)	100%	Dormant since incorporation
Hillcrest Foundation SCIO	Scotland	See Note 29 (i)	50%	Wider role activities
Home Of Rest For The Aged And Infirm (Ferry House)	Scotland	See Note 29 (j)	50%	Provision of home for aged and infirm

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024

29) Subsidiaries Information (continued)

- a) These subsidiaries and related undertakings are companies Limited by guarantee and do not have a share capital.
- b) These subsidiaries have a share capital.
- c) No company is unincorporated.
- d) Employees within Hillcrest have joint contracts of employment. Any time spent by an employee is recharged to the relevant group company.
- e) Hillcrest Homes (Scotland) Limited is the ultimate parent company of the group.
- f) Hillcrest Homes (Scotland) Limited is required by statute to prepare group accounts. Upper Dens Landscaping Limited due to the immaterial nature is unconsolidated.

The aggregate amount of capital and reserves and the results of this undertaking for the last relevant financial year were as follows:

	Capital and Reserves	Profit for the year
Upper Dens Landscaping Limited	£277	£Nil

- g) Leith Links NHT 2011 LLP is a Limited Liability Partnership and is controlled by its member Hillcrest Homes (Scotland) Limited.
- h) Cair Scotland Limited is a 100% owned subsidiaries of Hillcrest Futures Limited.
- i) Hillcrest Foundation is a 100% owned charity of Hillcrest Homes (Scotland) Limited with 50% voting rights.
- j) Ferry House is a 100 % owned charity of Hillcrest Homes (Scotland) Limited with 50% voting rights.

Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024

(30) Capital Commitments

	2024 £	2023 £
Housing Properties Association		
Capital expenditure that has been contracted for but has not been provided for in the Financial Statements	£65,710,285 =====	£38,036,495 =====
Consolidation		
Capital expenditure that has been contracted for but has not been provided for in the Financial Statements	£65,710,285 =====	£38,036,495 =====
Capital expenditure for contracted costs will continue to January 2025.		
Consolidation & Association		
The estimated amount of contracts for capital expenditure authorised by Governing Body which has not been contracted for	£3,195,000 =====	£2,606,000 =====

Capital expenditure for authorised developments will continue to July 2024. The amounts contracted for at 31 March 2024 will be funded by Scottish Ministers, financed from private loans or met from the Association's reserves.

	2024 £	2023 £
Other Assets – Consolidated & Association		
Capital expenditure that has been contracted for but has not been provided for in the Financial Statements	£ - =====	£ - =====
The estimated amount of contracts for capital expenditure authorised by directors which has not been contracted for	£ - =====	£50,000 =====

(31) Contingent Liability**Hillcrest Homes (Scotland) Limited**

Should the Association decide to end participation in the SFHA Pension Scheme there would be a potential liability of £8,515,465 of which £1,751,711 relates to the scheme deficit contributions and has been included as a liability as at 31 March 2024. Should the Association decide to end participation in the SFHA Pension Trust Growth Plan there would be a potential liability of £10,794, of which £1,064 relates to the scheme deficit contributions and has been included as a liability as at 31 March 2024. There is no intention at present to cease membership of either pension scheme.

Hillcrest Futures Limited

Should the Company decide to end participation in the SFHA Pension Scheme there would be a potential liability of £2,175,334 payable, of which ENil relates to the scheme deficit contributions and has been included as a liability as at 31 March 2024. There is no intention at present to cease membership of the Pension scheme.

Hillcrest Homes (Scotland) Limited
Notes to the Consolidated Financial Statements (continued)
for the year ended 31st March 2024

(32) Financial Commitments

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

	Consolidated		Association	
	2024	2023	2024	2023
	£	£	£	£
Property				
Less than one year	148,030	136,976	116,191	219,801
Between 1 – 5 years	297,955	392,618	296,747	392,618
Over 5 years	-	18,721	-	18,721
Plant & Machinery				
Less than one year	6,250	10,006	-	-
Between 1 – 5 years	-	6,671	-	-
Motor Vehicles				
Less than one year	11,875	11,875	11,875	11,875
Between 1 – 5 years	7,949	23,751	7,949	23,751

(33) Goodwill

	2024	2023
Consolidated	£	£
As at 1 April 2023	30,736	30,736
Released to Statement of Comprehensive Income	(7,684)	(7,684)
As at 31 March 2024	£23,052	£23,052

(34) Business Combinations

On 1 April 2022 Hillcrest Homes (Scotland) Limited became in effective control of Ferry House. All trading activities within Ferry House have now ceased as at 31st March 2024.

(35) Exceptional Item

Consolidated

During the financial year ending 31 March 2023, additional costs were incurred in relation to COVID-19. The costs related mainly to staff costs including, Furlough and shielding costs, additional PPE, cleaning and travel costs as the companies all worked through the pandemic. 2024 - £NIL (2023- £133,578) costs are recognised for this financial year due to the unforeseen expenditure occurring as a direct result of Covid-19 lockdown restrictions being imposed and change in PPE requirements.

(36) Gain on Revaluation of Asset

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

