

Landlord Name:	Hillcrest Homes (Scotland) Limited
RSL Reg No.:	125
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**Approval**

A1.1	Date approved	28/05/2024
A1.2	Approver	Mark Percival
A1.3	Approver job title	Director of Finance and Property
A1.9	General Comment	

STATEMENT OF COMPREHENSIVE INCOME						
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
	£'000	£'000	£'000	£'000	£'000	£'000
Gross rents	41,805.4	47,090.2	50,833.6	53,841.5	57,222.7	60,394.0
Service charges	2,016.3	2,177.6	2,327.3	2,443.0	2,491.9	2,706.6
<b>Gross rents &amp; service charges</b>	<b>43,821.7</b>	<b>49,267.8</b>	<b>53,160.9</b>	<b>56,284.5</b>	<b>59,714.6</b>	<b>63,100.6</b>
Rent loss from voids	981.6	1,153.8	1,107.2	1,120.6	1,117.4	1,199.1
<b>Net rent &amp; service charges</b>	<b>42,840.1</b>	<b>48,114.0</b>	<b>52,053.7</b>	<b>55,163.9</b>	<b>58,597.2</b>	<b>61,901.5</b>
Developments for sale income	0.0	0.0	0.0	0.0	0.0	0.0
Grants released from deferred income	4,013.4	4,111.1	4,390.7	4,672.2	4,958.6	5,011.3
Grants from Scottish Ministers	1,338.4	1,906.4	1,959.7	2,008.0	2,055.1	2,096.2
Other grants	0.0	0.0	0.0	0.0	0.0	0.0
Other income	4,430.4	4,222.4	3,740.6	3,839.1	3,924.0	4,048.4
<b>TURNOVER</b>	<b>52,622.3</b>	<b>58,353.9</b>	<b>62,144.7</b>	<b>65,683.2</b>	<b>69,534.9</b>	<b>73,057.4</b>
Less:						
Housing depreciation	10,293.6	10,982.8	11,882.5	12,674.0	13,510.5	14,149.7
Impairment written off / (back)	0.0	0.0	0.0	0.0	0.0	0.0
Management costs	9,512.9	10,724.2	11,324.0	11,957.3	12,434.7	12,934.8
Service costs	4,540.9	5,177.2	5,531.4	5,574.9	5,773.4	5,979.5
Planned maintenance - direct costs	2,806.3	2,807.1	3,294.8	3,636.2	3,519.9	3,289.1
Re-active & voids maintenance - direct costs	7,647.0	8,070.4	8,510.0	8,879.3	9,233.7	9,602.3
Maintenance overhead costs	647.6	960.0	921.9	901.2	937.3	966.4
Bad debts written off / (back)	301.7	363.2	391.9	415.0	440.3	465.2
Developments for sale costs	0.0	0.0	0.0	0.0	0.0	0.0
Other activity costs	1,610.2	1,667.8	1,450.8	1,479.8	1,516.8	1,557.9
Other costs	4,621.9	5,113.4	5,255.4	5,180.6	5,288.4	5,301.0
	31,688.5	34,883.3	36,680.2	38,024.3	39,144.5	40,096.2
<b>Operating Costs</b>	<b>41,982.1</b>	<b>45,866.1</b>	<b>48,562.7</b>	<b>50,698.3</b>	<b>52,655.0</b>	<b>54,245.9</b>
Gain/(Loss) on disposal of PPE	0.0	0.0	0.0	0.0	0.0	0.0
Exceptional Items - (Income) / Expense	0.0	0.0	0.0	0.0	0.0	0.0
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>10,640.2</b>	<b>12,487.8</b>	<b>13,582.0</b>	<b>14,984.9</b>	<b>16,879.9</b>	<b>18,811.5</b>
Interest receivable and other income	77.6	51.0	53.0	54.6	55.7	56.8
Interest payable and similar charges	10,139.6	11,704.8	11,853.5	11,369.9	13,930.7	14,676.6
Increase / (Decrease) in Negative Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Other Gains / (Losses)	0.0	0.0	0.0	0.0	0.0	0.0
<b>SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAX</b>	<b>578.2</b>	<b>834.0</b>	<b>1,781.5</b>	<b>3,669.6</b>	<b>3,004.9</b>	<b>4,191.7</b>
Tax on surplus on ordinary activities	0.0	0.0	0.0	0.0	0.0	0.0
<b>SURPLUS/(DEFICIT) FOR THE YEAR AFTER TAX</b>	<b>578.2</b>	<b>834.0</b>	<b>1,781.5</b>	<b>3,669.6</b>	<b>3,004.9</b>	<b>4,191.7</b>
Actuarial (loss) / gain in respect of pension schemes	(1,769.0)	0.0	0.0	0.0	0.0	0.0
Change in Fair Value of hedged financial instruments.	499.9	0.0	0.0	(94.0)	0.0	0.0
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(690.9)</b>	<b>834.0</b>	<b>1,781.5</b>	<b>3,575.6</b>	<b>3,004.9</b>	<b>4,191.7</b>

<b>STATEMENT OF FINANCIAL POSITION</b>						
	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Non-Current Assets</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Intangible Assets & Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Housing properties - Gross cost or valuation	838,335.9	890,899.3	928,370.5	977,375.6	1,005,952.1	1,035,291.9
Less:						
Housing Depreciation	117,804.2	128,787.0	140,669.5	153,343.5	166,854.0	181,003.7
Negative Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
<b>NET HOUSING ASSETS</b>	<b>720,531.7</b>	<b>762,112.3</b>	<b>787,701.0</b>	<b>824,032.1</b>	<b>839,098.1</b>	<b>854,288.2</b>
Non-Current Investments	2,911.9	2,911.9	2,911.9	2,911.9	2,911.9	2,911.9
Other Non Current Assets	10,773.6	11,317.6	10,856.3	10,353.8	9,801.0	9,248.9
<b>TOTAL NON-CURRENT ASSETS</b>	<b>734,217.2</b>	<b>776,341.8</b>	<b>801,469.2</b>	<b>837,297.8</b>	<b>851,811.0</b>	<b>866,449.0</b>
<b>Current Assets</b>						
Net rental receivables	1,580.5	1,777.0	1,830.3	1,866.9	1,904.2	1,942.3
Other receivables, stock & WIP	5,129.5	5,627.1	5,795.9	5,911.8	6,030.0	6,150.6
Investments (non-cash)	0.0	0.0	0.0	0.0	0.0	0.0
Cash at bank and in hand	4,277.7	2,999.6	2,999.9	2,999.9	3,000.2	2,999.9
<b>TOTAL CURRENT ASSETS</b>	<b>10,987.7</b>	<b>10,403.7</b>	<b>10,626.1</b>	<b>10,778.6</b>	<b>10,934.4</b>	<b>11,092.8</b>
<b>Payables : Amounts falling due within One Year</b>						
Loans due within one year	8,500.0	1,450.0	7,450.0	1,450.0	28,450.0	1,450.0
Overdrafts due within one year	0.0	0.0	0.0	0.0	0.0	0.0
Other short-term payables	22,091.8	22,843.8	23,572.6	24,073.1	24,583.5	25,104.2
<b>TOTAL CURRENT LIABILITIES</b>	<b>30,591.8</b>	<b>24,293.8</b>	<b>31,022.6</b>	<b>25,523.1</b>	<b>53,033.5</b>	<b>26,554.2</b>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	<b>(19,604.1)</b>	<b>(13,890.1)</b>	<b>(20,396.5)</b>	<b>(14,744.5)</b>	<b>(42,099.1)</b>	<b>(15,461.4)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>714,613.1</b>	<b>762,451.7</b>	<b>781,072.7</b>	<b>822,553.3</b>	<b>809,711.9</b>	<b>850,987.6</b>
<b>Payables : Amounts falling due After One Year</b>						
Loans due after one year	256,761.3	286,681.6	286,478.1	307,063.1	296,051.5	338,203.1
Other long-term payables	433.7	149.3	149.3	243.3	243.3	243.3
Grants to be released	373,752.2	391,134.7	408,177.7	425,403.7	420,569.0	415,501.3
<b>TOTAL LONG TERM LIABILITIES</b>	<b>630,947.2</b>	<b>677,965.6</b>	<b>694,805.1</b>	<b>732,710.1</b>	<b>716,863.8</b>	<b>753,947.7</b>
Provisions for liabilities & charges	0.0	0.0	0.0	0.0	0.0	0.0
Pension asset / (liability)	3,108.6	1,339.2	1,339.2	1,339.2	1,339.2	1,339.2
<b>NET ASSETS</b>	<b>80,557.3</b>	<b>83,146.9</b>	<b>84,928.4</b>	<b>88,504.0</b>	<b>91,508.9</b>	<b>95,700.7</b>
<b>Capital &amp; Reserves</b>						
Share capital	0.0	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0	0.0
Restricted reserves	0.0	0.0	0.0	0.0	0.0	0.0
Revenue reserves	80,557.3	83,146.9	84,928.4	88,504.0	91,508.9	95,700.7
<b>TOTAL CAPITAL &amp; RESERVES</b>	<b>80,557.3</b>	<b>83,146.9</b>	<b>84,928.4</b>	<b>88,504.0</b>	<b>91,508.9</b>	<b>95,700.7</b>
Intra Group Receivables - as included above	574.5	574.5	574.5	574.5	574.5	574.5
Intra Group Payables - as included above	484.6	484.6	484.6	484.6	484.6	484.6

STATEMENT OF CASHFLOWS	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Net Cash from Operating Activities</b>						
Operating Surplus/(Deficit)	10,640.2	12,487.8	13,582.0	14,984.9	16,879.9	18,811.5
Depreciation & Amortisation	6,280.2	6,871.6	7,491.8	8,001.8	8,551.9	9,138.4
Impairments / (Revaluation Enhancements)	0.0	0.0	0.0	0.0	0.0	0.0
Increase / (Decrease) in Payables	576.5	694.0	222.1	152.7	155.6	158.8
(Increase) / Decrease in Receivables	(518.5)	(752.0)	(728.8)	(500.5)	(510.5)	(520.7)
(Increase) / Decrease in Stock & WIP	0.0	0.0	0.0	0.0	0.0	0.0
Gain / (Loss) on sale of non-current assets	0.0	0.0	0.0	0.0	0.0	0.0
Other non-cash adjustments	0.0	0.0	0.0	0.0	0.0	0.0
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>16,978.4</b>	<b>19,301.4</b>	<b>20,567.1</b>	<b>22,638.9</b>	<b>25,076.9</b>	<b>27,588.0</b>
Tax (Paid) / Refunded	0.0	0.0	0.0	0.0	0.0	0.0
<b>Return on Investment and Servicing of Finance</b>						
Interest Received	77.6	51.0	53.0	54.6	55.7	56.8
Interest (Paid)	(10,139.6)	(11,704.8)	(11,853.5)	(11,369.9)	(13,930.7)	(14,676.6)
<b>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>	<b>(10,062.0)</b>	<b>(11,653.8)</b>	<b>(11,800.5)</b>	<b>(11,315.3)</b>	<b>(13,875.0)</b>	<b>(14,619.8)</b>
<b>Capital Expenditure &amp; Financial Investment</b>						
Construction or acquisition of Housing properties	(38,744.5)	(47,608.1)	(33,079.7)	(43,990.5)	(22,796.6)	(23,032.3)
Improvement of Housing	(7,223.8)	(5,200.3)	(4,384.5)	(4,979.7)	(5,714.0)	(6,202.8)
Construction or acquisition of other Land & Buildings	(503.9)	0.0	0.0	0.0	0.0	0.0
Construction or acquisition of other Non-Current Assets	0.0	0.0	0.0	0.0	0.0	0.0
Sale of Social Housing Properties	231.6	0.0	0.0	0.0	0.0	0.0
Sale of Other Land & Buildings	0.0	0.0	0.0	0.0	0.0	0.0
Sale of Other Non-Current Assets	1,856.5	0.0	0.0	0.0	0.0	0.0
Grants (Repaid) / Received	11,498.0	21,827.6	22,829.3	22,989.6	1,248.6	1,043.0
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	<b>(32,886.1)</b>	<b>(30,980.8)</b>	<b>(14,634.9)</b>	<b>(25,980.6)</b>	<b>(27,262.0)</b>	<b>(28,192.1)</b>
<b>NET CASH BEFORE FINANCING</b>	<b>(25,969.7)</b>	<b>(23,333.2)</b>	<b>(5,868.3)</b>	<b>(14,657.0)</b>	<b>(16,060.1)</b>	<b>(15,223.9)</b>
<b>Financing</b>						
Equity drawdown	0.0	0.0	0.0	0.0	0.0	0.0
Debt drawdown	25,000.0	30,505.1	7,318.6	22,107.0	17,510.4	43,673.6
Debt repayment	(1,586.8)	(8,450.0)	(1,450.0)	(7,450.0)	(1,450.0)	(28,450.0)
Working Capital (Cash) - Drawn / (Repaid)	0.0	0.0	0.0	0.0	0.0	0.0
<b>NET CASH FROM FINANCING</b>	<b>23,413.2</b>	<b>22,055.1</b>	<b>5,868.6</b>	<b>14,657.0</b>	<b>16,060.4</b>	<b>15,223.6</b>
<b>INCREASE / (DECREASE) IN NET CASH</b>	<b>(2,556.5)</b>	<b>(1,278.1)</b>	<b>0.3</b>	<b>0.0</b>	<b>0.3</b>	<b>(0.3)</b>
<b>Cash Balance</b>						
Balance Brought Forward	6,834.2	4,277.7	2,999.6	2,999.9	2,999.9	3,000.2
Increase / (Decrease) in Net Cash	(2,556.5)	(1,278.1)	0.3	0.0	0.3	(0.3)
<b>CLOSING BALANCE</b>	<b>4,277.7</b>	<b>2,999.6</b>	<b>2,999.9</b>	<b>2,999.9</b>	<b>3,000.2</b>	<b>2,999.9</b>

<b>ADDITIONAL INFORMATION</b>						
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Number of units added during year to:</b>						
New Social Rent Properties added	188	330	218	175	175	175
New MMR Properties added	125	44	52	75	75	75
New Low Costs Home Ownership Properties added	0	0	0	0	0	0
New Properties - Other Tenures added	0	0	0	0	0	0
Transfers in	0	0	0	0	0	0
<b>Total number of new affordable housing units added during year</b>	<b>313</b>	<b>374</b>	<b>270</b>	<b>250</b>	<b>250</b>	<b>250</b>
<b>Units developed for sale:</b>						
Number of units developed for sale to RSLs	0	0	0	0	0	0
Number of units developed for sale to non-RSLs	0	0	0	0	0	0
Development Assumption Indicator	Yes					
<b>Number of units lost during year from:</b>						
Sales including right to buy	32	20	3	3	3	3
Demolition	55	0	0	0	0	0
Transfers out	0	0	0	0	0	0
Other	0	0	0	0	0	0
Number of units managed at end of period (exclude factored units)	0	0	0	0	0	0
<b>Units owned:</b>						
Social Rent Properties	7,428	7,738	7,953	8,125	8,297	8,469
MMR Properties	1,311	1,355	1,407	1,482	1,557	1,632
Low Costs Home Ownership Properties	199	199	199	199	199	199
Properties - Other Tenures	0	0	0	0	0	0
<b>Number of units owned at end of period</b>	<b>8,938</b>	<b>9,292</b>	<b>9,559</b>	<b>9,806</b>	<b>10,053</b>	<b>10,300</b>
<b>Financed by:</b>						
Scottish Housing Grants	24,561.5	29,348.2	21,187.2	22,500.0	22,950.0	23,409.0
Other public subsidy	0.0	0.0	0.0	0.0	0.0	0.0
Private finance	19,103.4	22,826.4	16,478.9	17,500.0	17,850.0	18,207.0
Sales	0.0	0.0	0.0	0.0	0.0	0.0
Cash reserves	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total cost of new units</b>	<b>43,664.9</b>	<b>52,174.6</b>	<b>37,666.1</b>	<b>40,000.0</b>	<b>40,800.0</b>	<b>41,616.0</b>
<b>Assumptions:</b>						
General Inflation (%)	8.0	4.0	3.0	2.0	2.0	2.0
Rent increase - Margin above/below General Inflation (%)	(2.5)	3.7	1.0	1.0	1.0	1.0
Operating cost increase - Margin above/below General Inflation (%)	0.0	0.0	0.0	0.0	0.0	0.0
Direct maint cost increase-Margin above/below General Inflation (%)	(1.0)	0.0	0.0	0.0	0.0	0.0
Actual / Assumed average salary increase (%)	4.9	4.0	3.0	2.0	2.0	2.0
Average cost of borrowing (%)	4.7	4.9	4.7	4.3	5.0	5.0
Employers Contributions for pensions (%)	8.5	8.5	8.5	8.5	8.5	8.5
Employers Contributions for pensions (£'000)	488.1	518.4	534.0	550.5	561.2	573.4
SHAPS Pensions deficit contributions (£'000)	0.0	0.0	0.0	0.0	0.0	0.0
Min. headroom cover on tightest interest cover covenant (£'000)	0.0	687.6	2,421.8	4,320.8	3,131.6	4,515.0
Minimum headroom cover on tightest gearing covenant (£'000)	104,603.2	135,879.1	167,448.6	174,958.1	170,706.6	167,647.2

Minimum headroom cover on tightest asset cover covenant (£'000)	14,318.8	14,318.8	14,318.8	14,318.8	14,318.8	14,318.8
Total staff costs (including NI & pension costs) (£'000)	9,514.1	10,724.2	11,324.0	11,957.3	12,434.7	12,934.8
Full time equivalent staff	229.1	232.3	236.3	240.3	241.3	242.3
EESH Revenue Expenditure included above (£'000)	80.6	0.0	0.0	0.0	0.0	0.0
EESH Capital Expenditure included above (£'000)	1,227.0	0.0	0.0	0.0	0.0	0.0
Total capital & revenue expend on maint pre-1919 properties (£'000)	3,048.6	3,174.8	3,353.2	3,559.2	3,738.1	3,866.6
Total capital & revenue expend on maint all other properties (£'000)	17,275.6	17,990.6	19,001.4	20,169.0	21,182.4	21,910.5
Estimated decarbonisation cost indicator	No					
Estimated decarbonisation cost (£'000)	-					

**TRENDS & COMPARATORS**

<b>RATIOS</b>	<b>Year -2</b>	<b>Year -1</b>	<b>Year 0</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>National Median</b>
	<b>Actual</b>	<b>Actual</b>	<b>Outturn</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	
<b>Financial capacity</b>									
Interest cover	247.5%	195.7%	168.212%	165.337%	173.958%	199.593%	180.412%	188.360%	425.2%
Gearing	249.9%	289.3%	323.973%	342.926%	342.557%	345.197%	351.333%	351.777%	44.8%
<b>Efficiency</b>									
Voids	2.2%	2.6%	2.240%	2.342%	2.083%	1.991%	1.871%	1.900%	0.8%
Arrears	3.1%	3.7%	3.689%	3.693%	3.516%	3.384%	3.250%	3.138%	1.9%
Bad debts	(0.1%)	0.2%	0.704%	0.755%	0.753%	0.752%	0.751%	0.752%	0.5%
Staff costs / turnover	20.3%	20.1%	18.080%	18.378%	18.222%	18.205%	17.883%	17.705%	21.0%
Turnover per unit	£5,166	£5,397	£5,887	£6,280	£6,501	£6,698	£6,917	£7,093	£5,571
Responsive repairs to planned maintenance	1.5	1.1	1.3	1.0	0.9	1.0	1.0	1.0	1.6
<b>Liquidity</b>									
Current ratio	0.7	0.5	0.4	0.4	0.3	0.4	0.2	0.4	1.9
<b>Profitability</b>									
Gross surplus / (deficit)	33.5%	17.8%	20.220%	21.400%	21.855%	22.814%	24.275%	25.749%	16.2%
Net surplus / (deficit)	24.3%	7.3%	1.099%	1.429%	2.867%	5.587%	4.321%	5.738%	11.1%
EBITDA / revenue	46.5%	29.8%	26.054%	31.309%	33.921%	34.528%	35.488%	36.627%	28.8%
<b>Financing</b>									
Debt Burden	4.7	5.1	5.0	4.9	4.7	4.7	4.7	4.6	1.7
Net debt per unit	£23,503	£26,758	£29,199	£30,686	£30,435	£31,156	£31,981	£32,685	£7,062
Debt per unit	£24,535	£27,536	£29,678	£31,009	£30,749	£31,462	£32,279	£32,976	£10,191
<b>Diversification</b>									
Income from non-rental activities	16.6%	17.2%	18.589%	17.548%	16.238%	16.015%	15.730%	15.270%	17.4%
<b>INDICATORS</b>									
Turnover	43,619.5	47,405.1	52,622.3	58,353.9	62,144.7	65,683.2	69,534.9	73,057.4	
Operating costs	26,207.9	29,334.0	31,688.5	34,883.3	36,680.2	38,024.3	39,144.5	40,096.2	
Net housing assets	629,161.6	683,123.3	720,531.7	762,112.3	787,701.0	824,032.1	839,098.1	854,288.2	
Cash & current investments	8,718.1	6,834.2	4,277.7	2,999.6	2,999.9	2,999.9	3,000.2	2,999.9	
Debt	206,711.7	241,386.9	265,261.3	288,131.6	293,928.1	308,513.1	324,501.5	339,653.1	
Net assets / capital & reserves	79,404.9	81,248.3	80,557.3	83,146.9	84,928.4	88,504.0	91,508.9	95,700.7	

## Comments

Page	Field	Comment
SOCI	Gross rents	Gross Rents increase due to new handovers plus annual inflationary increase
SOFP	Loans due after one year	Loan Repayment due in Year 2 and Year 4
SOCF	Increase / (Decrease) in Payables	Differences due to timing of spend, as per Budget
SOCF	(Increase) / Decrease in Receivables	Differences due to timing of spend, as per Budget
Additional Information	Number of units owned at end of period	Unit numbers increase year-on-year as per Development Programme
Additional Information	Other public subsidy	No other subsidy is Forecast
Additional Information	Private finance	The Forecast increase of 250 units in Year 5 will be financed with a mixture of Grant Funding and Loan Drawdown
Additional Information	Minimum headroom cover on tightest interest cover covenant (£'000)	Lenders agreed to an adjusted Loan Covenant figure for 2023-24
Additional Information	Full time Equivalent Staff Curr Year	Increased staffing levels required to manage increasing stock
Additional Information	Estimated decarbonisation cost	No decarbonisation costs are Budgeted until 2029-30 (Year 6)