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 2026

Hillcrest Homes (Scotland) Limited

Report and Consolidated Financial Statements
for the year ended 31st March 2026

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Hillcrest Homes (Scotland) Limited
Members, Executives and Advisers

Governing Body

Mr. D. Boyle	Chairperson
Mr. P. Shepherd	Operations Sub Committee Convenor
Ms. A. Fyfe	Audit & General Purposes Sub Committee Convenor
Mr. C. Robertson	(Elected)
Mr. D. Hogg	(Elected) – resigned 17/03/2026
Mr. R. Burnett	(Elected)
Mr. S. Qadar	(Elected)
Prof. M. McMurdo	(Elected)
Mr. E. Jones	(Elected)
Mr. S. Elder	(Elected)
Mr. B. Matheson	(Elected)
Ms. A. Gauld	(Elected) – appointed 14/08/2025

Key Management Personnel

Chief Executive	Ms. A. Linton (retired 18/07/2025) Mr. J. Alexander (appointed 23/06/2025)
Deputy Chief Executive	Ms. F. Morrison
Company Secretary	Ms. L. Don
Director of Corporate Services	Ms. L. Don
Director of Finance and Property	Mr. M. Percival
Director of Hillcrest Futures	Mr. J. Booth

Registered Office

1 Explorer Road
Dundee
DD2 1EG

Auditors

External Auditor

CT Audit Limited
Chartered Accountants &
Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL

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

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

Thorntons 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 2026

The Governing Body presents their report and the audited Financial Statements for the year ended 31st March 2026.

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;

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. Subsequent to the year end, the operations of this entity were merged into Hillcrest Enterprises Limited as part of a corporate restructuring process to streamline operations.

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.

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 was the rental of property. The company was wound up on 9th March 2026.

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.

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.

A three-year Business Plan outlines Hillcrest's overall strategic direction, supporting both financial resilience and growth across the group. Each trading subsidiary aligns its own development priorities with this overarching plan, ensuring their individual strategies are interconnected with the wider business objectives.

Operating performance

The year to 31st March 2026 reflects a period of more consistent delivery across the organisation, with improved visibility across key operational areas despite a continued challenging external environment. Performance across housing, care and support, and maintenance services has remained stable, supported by a stronger focus on service consistency, accountability and operational control. Demand for services continues to be high, particularly in areas such as tenancy sustainment, homelessness prevention and support provision, and this has shaped priorities throughout the year.

Delivery of the development programme has progressed with greater predictability than in previous periods. While delays from earlier years have continued to influence the timing of completions, these are now better understood and reflected within planning assumptions, enabling more effective management of both delivery and financial impact.

Operating performance (continued)
Supporting tenants in the context of ongoing affordability pressures has remained a central focus. Targeted interventions and sustained engagement have contributed to stable tenancy outcomes and consistent income collection performance.

Internally, the year has seen increased emphasis on simplifying core processes, improving customer journeys and strengthening the use of data and systems to support decision-making. This reflects a deliberate shift towards a more structured and efficient operating model, aligned with the priorities set out in the Business Plan.

Financial Review
Hillcrest Homes, the parent company, achieved an overall surplus of £2.2M in 2026, compared to a surplus of £2.0M in 2025. This excludes the actuarial adjustments on pension, exceptional items and business combinations. The results for Hillcrest Homes Group are reflected on page 22.

The outturn reflects disciplined cost management across the organisation, alongside lower financing costs and the impact of a number of one-off income and accounting adjustments during the year. Performance was achieved despite some areas of operational pressure, particularly within income and maintenance.

The pension scheme actuarial valuation reflected an overall gain between the 2 financial years of £0.4M Adjustments to the pension scheme will continue to be included to reflect the fluctuating pension market and different assumptions used.

Turnover for the year was £61.7M, broadly in line with budget. Rental income was £0.8M below budget, reflecting delays in development handovers during the year. This was offset by stronger performance in other income streams, including property sales and non-recurring receipts.

Additional information on the breakdown of turnover is provided in the Notes 2 and 3 of the Financial Statements. The overall position reflects the continued scale of the development programme alongside the impact of timing differences in completions.

The Homes consolidated financial position was broadly in line with Budget, with subsidiaries contributing positively to the overall financial performance

Cost pressures were experienced in specific operational areas, most notably within void-related maintenance. Void costs were higher than planned, driven by both an increase in void volumes and higher average costs per property. This has been identified as a priority area for management focus moving into 2026/27.

Hillcrest Homes made aggregate charitable donations of £10,000 in the year to 31 March 2026.

Financial Review (continued)

There was continued investment in housing provision during the financial year, with development activity progressing across a number of sites. This investment is supported through a combination of grant funding and private finance and remains aligned to the organisation's strategic priorities. There was an investment of £38.0M in housing development by Hillcrest Homes during the financial year ended 31st March 2026.

To assist with this investment, £19.1M was received from Government grants with the balance met by private finance.

Funds held in the bank are managed to ensure sufficient liquidity to meet operational and development commitments. Cash balances are maintained at appropriate levels, with borrowing drawn in line with development activity and cashflow requirements.

Future Review

Hillcrest enters the next planning period with a stable financial platform and a clear focus on maintaining resilience in a challenging and evolving operating environment. Financial projections within the Business Plan reflect the need to balance investment in growth with careful management of cost pressures, income assumptions and risk.

During the year, the organisation has undertaken active management of its borrowing and treasury position. The total loan portfolio increased from approximately £281.4M at 1st April 2025 to £290.9M at 31st March 2026, reflecting a combination of new drawdowns and scheduled repayments.

This included £11.0M of new borrowing drawn down during the year, alongside £1.5M of loan repayments, demonstrating a structured approach to funding that balances growth with ongoing portfolio management.

Borrowing facilities continue to support the organisation's development ambitions, with drawdowns aligned to the timing of development expenditure. Treasury management remains focused on maintaining appropriate liquidity, managing interest rate exposure and ensuring continued compliance with lender covenants. The organisation continues to utilise specialist financial and legal advice to support decision-making in this area.

While there is greater stability relative to previous periods, external uncertainty remains, particularly in relation to public funding, construction costs and regulatory requirements. These factors will continue to be actively monitored and reflected in financial planning and decision-making.

Hillcrest Homes continues to work closely with Local Authority partners and the Scottish Government to align development activity with housing need and maximise funding opportunities through the Strategic Housing Investment Plan (SHIP) process.

Growth

During the financial year to 31 March 2026, Hillcrest Homes took into management approximately 200 new homes, reflecting continued delivery across the development programme.

Growth (continued)

Delivery is expected to increase in the short term, with approximately 170 homes programmed for completion in 2026/27, based on schemes currently on site and progressing through the development pipeline.

Across the medium term, the organisation continues to maintain a substantial development programme, with a pipeline of over 1,100 homes at various stages of commitment and planning. This reflects a sustained commitment to supporting housing need while balancing delivery with financial capacity and market conditions.

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 £89.2M 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

CT Audit Limited are auditors to the Association after being appointed in the year after tendering exercise.

By Order of the Governing Body
D. Boyle
Chairperson



The Governing Body present their strategic report for the year ended 31 March 2026.

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 2028. 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;

- Build and maintain inclusive, sustainable and energy efficient homes at affordable rents
- Work in partnership to create fairer communities
- Deliver consistent, person-centred support that enables people to fulfil their potential
- Transition to a net zero organisation
- Attract and retain an engaged, empathetic and skilled workforce providing excellent customer service

Sustainability and Corporate Responsibility
Hillcrest Homes and subsidiary entities embrace all areas of sustainability and transitioning to a low carbon future. To date two ESG Reports have been prepared with the principal aim to see continuous improvement every year. A full ESG framework is in place across the organisation will a working group fully supporting and delivering on this. We have adopted the Sustainability Reporting Standard for Social Housing (SRS) which is central to our approach in this area and demonstrating our ESG credentials. Our 'Net Zero Strategy' is in the process of being drafted will the aim of this being approved by the Hillcrest Homes Governing Body in the next few months.

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 secondary school pupils. 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 2026. The Foundation's aims are to provide an opportunity to support external community initiatives and build on our Corporate Social Responsibility. The Foundation enables 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.

Sustainability and Corporate Responsibility (continued)

The initial couple of years from incorporation has focused on delivering projects within the group. Over the last two years, the Foundation was open to external bids and 20 bids from external organisations were supported to the amount of £ (2025 : £108k)

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 it's 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.

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. 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.

Principal risks and uncertainties

The Governing Body monitor the overall risk profile of the Association and Group. In addition, the Governing Body is responsible for determining clear policies as to what the Association and Group 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. 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.

Principal risks and uncertainties (continued)

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.

Data and information risk due to system failures and misconfigurations of cyber security

Risk
There is a risk that system failures, vulnerabilities in configuration in security tools and systems used could result in the Association being suspectable to a cyber-attack.

Mitigation
Hillcrest has several measures and controls in place including some of the following vulnerability assessments, cybersecurity insurance, continuous security testing and firewall management. Hillcrest is a member of the Cyber and Fraud Centre Scotland and has introduced new threat intelligence software 'Checkpoint' to detect sophisticated phishing and malware threats.

Strategic delivery risk due to reduction in housing supply programme.
Risk
There is a risk that the reduction in the housing supply programme with the Scottish Government results in Hillcrest not being able to continue to build and expand sustainable communities.

Mitigation
Hillcrest collaborates with local authorities and the Scottish Government to ensure our development projects are prioritised. We are actively campaigning for longer term funding positions to be made clearer to allow future planning.

Financial risk due to loss of key contractors
Risk
There is a financial risk to the organisation to allow continued developing due to reduction and loss of key contractors in the housing sector.

Mitigation

We will continue with monitoring, risk assessment and detailed financial scrutiny of contractors prior to any new contracts being signed. Regular on-site management is crucial to try and avoid any termination during developments.

By Order of the Governing Body

D. Boyle
Chairperson



Hillcrest Homes (Scotland) Limited

Statement of Governing Body's Responsibilities for the year ended 31st March 2026

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.

Hillcrest Homes (Scotland) Limited

Statement of Governing Body's Responsibilities in respect of Internal Financial Control for the year ended 31st March 2026

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:-

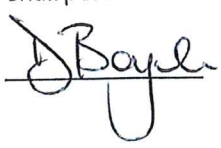
1. The reliability of financial information whether used within the Group or provided for external users;
2. The maintenance of proper accounting records; and
3. The safeguarding of assets against unauthorised use or disposition.

It is the Governing Body's responsibility to establish and maintain the systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements of the Group's systems include ensuring that:

- formal policies and procedures are in place, including the on-going documentation of key systems and rules in relation to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of the Group's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the governing body to monitor the key business risks, financial objectives and progress being made towards achieving the financial plans set for the year and for the medium term;
- quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Governing Body;
- the Governing Body received reports from management and from external and internal auditors, to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Group is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Governing Body has reviewed the effectiveness of the system of internal financial control in existence in the Group for the year ended 31 March 2025. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

D. Boyle
Chairperson



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 2025 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 2026 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.

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:

- proper books of account have not been kept by the association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the association in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the association; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Governing Body

As explained more fully in the Governing Body's responsibilities statement, (set out on page 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.

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.

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the association operates in and how the Association is complying with the legal and regulatory frameworks;
- inquired of management and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider that the most significant laws and regulations that have a direct impact on the financial statements were, but not limited to, FRS 102, Housing SORP 2018, the Scottish Housing Regulator's Determination of Accounting Requirements 2024, the Co-operative and Community Benefit Societies Act 2014 and the Housing (Scotland Act) 2010. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures against the requirements of the relevant financial reporting standards.

We also performed audit procedures to inquire of management, and those charged with governance whether the Association is in compliance with these laws and regulations, inspected correspondence with regulatory authorities including mandatory submissions to the Regulator, reviewed minutes of meetings of the Governing Body and relevant sub-committees, and reviewed available online information.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. 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 Part 7 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.

CT Audit

CT Audit Limited
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH 3 6NL
30.7.26.

Hillcrest Homes (Scotland) Limited

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

Corporate Governance

In addition to our audit of the financial statements, we have reviewed your statement on page 15 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 page 15 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.

CT Audit

CT Audit Limited
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

30.7.26.

Hillcrest Homes (Scotland) Limited

Consolidated Statement of Comprehensive Income for the year ended 31st March 2026

	Notes	2026 £	2025 £
Turnover	2(a)	83,977,816	78,691,638
Operating expenditure	2(a)	(71,539,651)	(66,315,218)
Operating surplus	11	12,438,165	12,376,420
Gain on disposal of tangible fixed assets	4	537,315	749,919
Finance income	5	313,796	321,444
Finance costs	6	(11,792,619)	(11,254,507)
Movement in fair value of financial instruments	24	78,998	189,975
Surplus before tax		**1,575,654**	**2,383,251**
Taxation	12	-	(102,502)
Surplus after tax		**1,575,654**	**2,280,749**
Actuarial profits / (losses) in respect of pension scheme	22	553,000	333,371
Total comprehensive income for the year		**2,128,654**	**2,614,120**

All income and expenditure derive from continuing activities.

The Financial statements were approved by the Governing Body on 14th July 2026 and were signed on its behalf by:

David Boyle ..... CHAIRPERSON

Alison Fyfe .....GOVERNING BODY MEMBER

Lesley Don ..... SECRETARY

The notes on pages 32 to 69 form part of the Financial Statements

Hillcrest Homes (Scotland) Limited

Association Statement of Comprehensive Income
for the year ended 31st March 2026

	Notes	2026	2025
		£	£
Turnover	2(a)	61,729,813	57,951,541
Operating expenditure	2(a)	(48,619,531)	(45,751,776)
Operating surplus	11	13,110,282	12,199,765
Gain on disposal of tangible fixed assets	4	537,983	698,139
Finance income	5	152,829	148,021
Finance costs	6	(11,728,975)	(11,216,446)
Movement in fair value of financial instruments	24	78,998	189,975
Surplus before and after taxation for the year		**2,151,117**	**2,019,454**
Actuarial gain/(loss) in respect of pension scheme	22	436,000	305,600
Total comprehensive income for the year		**2,587,117**	**2,325,054**

All income and expenditure derive from continuing activities.

The Financial statements were approved by the Governing Body on 14th July 2026 and were signed on its behalf by:

David Boyle ..... CHAIRPERSON

Alison Fyfe .....GOVERNING BODY MEMBER

Lesley Don ..... SECRETARY

The notes on pages 32 to 69 form part of the Financial Statements

Hillcrest Homes (Scotland) Limited

Consolidated Statement of Financial Position as at 31st March 2026

	Notes	2026	2025
		£	£
Fixed Assets			
Tangible fixed assets	14/15	787,764,214	761,225,789
Investments	16	378,430	378,430
		788,142,644	**761,604,219**
Current Assets			
Stock		395,736	401,550
Trade and other debtors	18	8,342,110	11,049,568
Cash and cash equivalents		14,362,555	12,174,330
Short term investments		1,500,000	3,000,000
		24,600,401	26,625,448
Less: Creditors: amounts falling due within one year	20	(25,675,736)	(25,706,424)
Net curren(liabilities)/assets		(1,075,335)	919,024
Total Assets Less Current Liabilities		**787,067,309**	**762,523,243**
Creditors: amounts falling due after more than one year	21	(692,077,721)	(669,316,308)
Pension – defined benefit liability	22	(3,242,187)	(3,588,187)
Total net assets		**(695,319,908)**	**(672,904,495)**
Reserves		**91,747,401**	**89,618,748**
Share capital		47	48
Income and expenditure reserve	25	91,330,577	89,150,957
Non-controlling interest	25	2	2
Restricted reserve	25	416,775	467,741
		91,747,401	**89,618,748**

The Financial Statements were approved by the Governing Body on 14th July 2026 and were signed on its behalf by:

David Boyle ..... CHAIRPERSON

Alison Fyfe..... GOVERNING BODY MEMBER

Hillcrest Homes (Scotland) Limited

Association Statement of Financial Position as at 31st March 2026

	Notes	2026	2025
		£	£
Fixed Assets			
Tangible fixed assets	14/15	783,456,970	756,465,072
Investments	16	2,833,430	2,833,430
		786,290,400	**759,298,502**
Current Assets			
Trade and other debtors	18	7,209,119	10,353,399
Cash and cash equivalents		7,819,491	6,843,016
		15,028,610	17,196,415
Less: Creditors: amounts falling due within one year	20	(22,138,194)	(22,484,500)
Net current liabilities		**(7,109,584)**	**(5,288,085)**
Total Assets Less Current Liabilities		**779,180,816**	**754,010,417**
Creditors: amounts falling due after more than one year	21	(691,037,096)	(668,187,813)
Pension – defined benefit liability	22	(2,689,000)	(2,955,000)
		(693,726,096)	**(671,142,813)**
Total net assets		**85,454,720**	**82,867,604**
Reserves			
Share capital		47	48
Income and expenditure reserve	25	85,454,673	82,867,556
		85,454,720	**82,867,604**

The Financial Statements were approved by the Governing Body on 14th July 2026 and were signed on its behalf by:

David Boyle ..... CHAIRPERSON

Alison Fyfe.....GOVERNING BODY MEMBER

Lesley Don ..... SECRETARY

The notes on pages 32 to 69 form part of these financial statements

Hillcrest Homes (Scotland) Limited

Consolidated Statement of Changes in Reserves for the year ended 31st March 2026

	Share Capital	Income & Expenditure Reserve	Restricted Reserve	Non-Controlling Interest	Negative goodwill	Total
	£	£	£	£	£	£
At 31 March 2025 and 1 April 2025	**48**	**89,150,957**	**467,741**	**2**	**-**	**89,618,748**
Surplus for the year	-	1,575,654	-	-	-	1,575,654
Actuarial gains in respect of pension scheme	-	553,000	-	-	-	553,000
Total comprehensive income	-	2,128,654	-	-	-	2,128,654
Share capital cancelled	(1)	-	-	-	-	(1)
Released to statement of comprehensive income	-	-	-	-	-	-
Transfer to/(from) designated reserve	-	50,966	(50,966)	-	-	-
At 31 March 2026	**47**	**91,330,577**	**416,775**	**2**	**-**	**91,747,401**

Hillcrest Homes (Scotland) Limited

Association Statement of Changes in Reserves for the year ended 31st March 2026

	Share Capital £	Income & Expenditure Reserve £	Total £
At 31 March 2025 and 1 April 2025	**48**	**82,867,556**	**82,867,604**
Surplus for the year	-	2,151,117	2,151,117
Return on Investment	-	-	-
Actuarial gains in respect of pension scheme	-	436,000	436,000
Total comprehensive income	-	2,587,117	2,587,117
Share capital cancelled	(1)	-	(1)
At 31 March 2026	**47**	**85,454,673**	**85,454,720**

Hillcrest Homes (Scotland) Limited
Consolidated Statement of Cash Flows
for the year ended 31st March 2026

	Notes	2026	2025
		£	£
Net cash generated from operating activities	(Note i)	**20,834,252**	**20,426,683**
Cash flow from investing activities			
Purchase of tangible fixed assets		(38,817,778)	(44,521,524)
Proceeds from sale of tangible fixed assets		1,056,052	2,054,966
Grants received		19,541,013	20,916,008
Grants repaid		(304,829)	(631,474)
Interest receivable		313,796	369,351
		(18,211,746)	(21,812,673)
Cash flow from financing activities			
Interest payable		(11,419,892)	(13,084,839)
New secured loans		11,000,000	25,000,000
Repayment of borrowings		(1,514,389)	(8,490,157)
		(1,934,281)	3,425,004
Net change in cash and cash equivalents		**688,225**	**2,039,014**
Cash flow from increase in debt		**(9,487,114)**	**(16,509,843)**
Cash and cash equivalents at 1 April 2025		**(265,099,178)**	**(250,628,349)**
Cash and cash equivalents at 31 March 2026		**(273,898,068)**	**(265,099,178)**

Hillcrest Homes (Scotland) Limited

Association Statement of Cash Flows
for the year ended 31st March 2026

	Notes	2026	2025
		£	£
Net cash generated from operating activities	(Note i)	**21,115,864**	**19,337,287**
Cash flow from investing activities			
Purchase of tangible fixed assets		(38,210,412)	(43,242,817)
Proceeds from sale of tangible fixed assets		537,983	2,003,187
Grants received		19,541,286	20,915,735
Grants repaid		(304,829)	(709,982)
Interest receivable		152,829	148,021
		(18,283,143)	(20,885,856)
Cash flow from financing activities			
Issue of share capital			
Interest payable		(11,356,247)	(12,921,225)
New secured loans		11,000,000	25,000,000
Repayment of borrowings		(1,500,000)	(8,475,000)
		(1,856,247)	3,603,775
Net change in cash and cash equivalents		**976,474**	**2,055,206**
Cash flow from increase in debt		**(9,500,000)**	**(16,525,000)**
Cash and cash equivalents at 1 April 2025		**(276,410,464)**	**(261,940,670)**
Cash and cash equivalents at 31 March 2026		**(284,933,990)**	**(276,410,464)**

Hillcrest Homes (Scotland) Limited

Notes to the Consolidated Association Statement of Cash Flows for the year ended 31st March 2026

Consolidated

Note i

Cash flow from operating activities	**2026**	**2025**
	£	**£**
Surplus/ (Loss) for year	**12,438,165**	**12,376,420**
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	7,695,486	7,537,698
Decrease in stock	5,813	24,587
Decrease/(increase) in trade and other debtors	1,026,170	(1,420,243)
Increase/(decrease) in trade and other creditors	(302,647)	1,920,860
Shares cancelled	(1)	(5)
Decrease / (increase) in loan fair value	(28,734)	-
Taxation	-	(12,634)
	20,834,252	**20,426,683**

Association

Note i

Cash flow from operating activities	**2026**	**2025**
	£	**£**
Surplus for the year	**13,110,282**	**12,199,764**
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	7,371,037	7,406,990
Decrease/(Increase) in trade and other debtors	1,462,722	(1,803,508)
Increase/(decrease) in trade and other creditors	(799,442)	1,534,046
Shares cancelled	(1)	(5)
Decrease / (increase) in loan fair value	(28,734)	-
Net cash generated from operating activities	**21,115,864**	**19,337,287**

Notes to the Consolidated Association Statement of Cash Flows for the year ended 31st March 2026

Consolidated – note ii
Analysis of changes in net debt

	At 1 April 2025 £	Cashflow £	Other non-cash changes £	At 31 March 2026 £
Cash and cash equivalents:				
Short term cash investments	3,000,000	(1,500,000)	-	1,500,000
Cash at bank and in hand	12,174,330	2,188,225	-	14,362,555
	15,174,330	688,225		15,862,555
Borrowings:				
Debt due within one year	(1,514,389)	(26,003)	-	(1,540,392)
Debt due after more than one year	(278,759,119)	(9,461,111)		(288,220,230
	280,273,508)	(9,487,114)	-	(389,760,622)
Total	**(265,099,178)**	**(8,798,889)**	-	**(273,898,067)**

Association – note ii
Analysis of changes in net debt

	At 1 April 2025 £	Cashflow £	Other non-cash changes £	At 31 March 2026 £
Cash and cash equivalents:				
Cash at bank and in hand	6,843,016	976,474	-	7,819,490
Borrowings:				
Debt due within one year	(1,500,000)	(25,000)	-	(1,525,000)
Debt due after more than one year	(281,753,480)	(9,475,000)	-	(291,228,480)
	(283,253,480)	(9,500,000)	-	(292,753,480)
Total	**(276,410,464)**	**(8,523,526)**	-	**(284,933,990)**

Notes to the Consolidated Financial Statements for the year ended 31st March 2026

(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 2024.

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 financial statements consolidate the financial statements of Hillcrest Homes (Scotland) Limited and its subsidiary companies. Surpluses 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

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

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.

(ii) Construction contracts

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

Where the outcome cannot be 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 contact turnover, the expected loss is recognised as an expense immediately, with a corresponding provision.

(iii) Interest and dividends receivable

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

(e) Grant income

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

(f) Tangible Fixed Assets - Housing Properties

(i) Housing Properties

Housing properties, including developments in progress, 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:-

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

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

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

"Difficult to let" properties- 20 years straight line

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

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

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

Land is not depreciated.

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

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

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 where costs are higher than anticipated, and other changes in technology, market, economy and legislation.

(iii) Impairment (Continued)

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

(iv) Works to Existing Housing Properties

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

(v) Capitalisation of Development Overheads

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

(vi) Development Interest

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

(vii) Sales of Housing Properties

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

(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.

(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.

(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.

(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 2026 are accounted for as an expense within the Statement of Comprehensive Income and respective creditor included within Note 20.

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

Pre-April 2014 Hillcrest Homes and Hillcrest Futures operated a defined benefit scheme, the assets of this Scheme are held separately from those of the companies in an independently administered fund (see Note 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:

(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.

(s) 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.

(t) 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.

(u) Short term cash investments

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

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

	Turnover	Operating Costs	2026 Operating Surplus	2025 Operating Surplus
	£	£	£	£
Affordable letting activities (Note 2b)	60,888,669	32,529,843	28,358,826	26,715,940
Other activities (Note 3)	23,089,147	39,009,808	(15,920,661)	(14,339,520)
	83,977,816	71,539,652	12,438,165	12,376,420
2026 - Total	**83,977,816**	**71,539,652**	**12,438,165**	**12,376,420**
2025 - Total	**78,691,638**	**66,315,218**		

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

	Turnover	Operating Costs	2026 Operating Surplus	2025 Operating Surplus
	£	£	£	£
Affordable letting activities (Note 2b)	55,658,662	43,493,619	12,165,043	11,296,008
Other activities (Note 3)	6,071,151	5,125,912	945,239	903,757
2026 - Total	**61,729,813**	**48,619,531**	**13,110,282**	**12,199,765**
2025 – Total	**57,951,541**	**45,751,776**		

2 (b) Consolidated Particulars of Turnover, Operating Costs and Operating Surplus or Deficit from Affordable Letting Activities

	General Needs Housing	Supported Housing Accomm.	Shared Ownership	Mid-market & Held for Lease	2026 Total	2025 Total
Income from lettings	£	£	£	£	£	£
Rent receivable net of service charges	44,190,845	268,893	651,789	10,535,632	55,647,159	51,342,501
Service charges	1,845,587	40,664	37,050	219,396	2,142,697	2,089,252
Gross income from rents and service charges	**46,036,432**	**309,557**	**688,839**	**10,755,028**	**57,789,856**	**53,431,753**
Less voids	(1,062,262)	(5,941)	(34,388)	(184,114)	(1,286,705)	(1,193,572)
Net income from rents and service charges	**44,974,170**	**303,616**	**654,451**	**10,570,914**	**56,503,151**	**52,238,181**
Grants released from deferred income	3,302,378	-	78,933	554,598	3,935,909	4,535,534
Revenue grants from the Scottish Ministers	449,609	-	-	-	449,609	131,163
Total turnover	**48,726,157**	**303,616**	**733,384**	**11,125,512**	**60,888,669**	**56,904,878**
Expenditure on lettings						
Management & maintenance administration costs	11,359,473	212,776	150,086	2,350,674	14,073,009	10,965,240
Service costs	3,066,727	28,157	30,576	533,957	3,659,417	3,227,659
Reactive & void maintenance costs	1,558,433	3,334	14,731	577,702	2,154,200	3,603,190
Planned, cyclical & major repairs costs	1,580,576	2,058	-	387,534	1,970,168	1,106,047
Bad debts – rents and service charges	205,208	-	-	-	205,208	189,545
Depreciation of affordable let properties	8,779,753	-	209,853	1,478,235	10,467,841	11,097,257
Operating costs	**26,550,170**	**246,325**	**405,246**	**5,328,102**	**32,549,843**	**30,188,938**
Operating surplus 2026	**22,175,987**	**57,291**	**328,138**	**5,797,410**	**28,358,826**	
Operating surplus 2025	**20,942,863**	**49,854**	**170,083**	**5,553,141**		**26,715,940**

2 (b) Association Particulars of Turnover, Operating Costs and Operating Surplus or Deficit from Affordable Letting Activities

	General Needs Housing	Supported Housing Accomm.	Shared Ownership	Mid- Market & Held for Lease	2026 Total	2025 Total
Income from lettings	£	£	£	£	£	£
Rent receivable net of service charges	44,073,703	286,015	651,789	5,267,816	50,279,323	46,386,107
Service charges	1,845,587	40,664	37,050	173,111	2,096,412	2,039,799
Gross income from rents and service charges	**45,919,290**	**326,679**	**688,839**	**5,440,927**	**52,375,735**	**48,425,906**
LESS: Rent losses from voids	(1,062,262)	(5,941)	(34,388)	-	(1,102,591)	(1,026,527)
Net income from rents and service charges	**44,857,028**	**320,738**	**654,451**	**5,440,927**	**51,273,144**	**47,399,379**
Grants released from deferred income	3,302,378	-	78,933	554,598	3,935,909	4,535,534
Revenue grants from Scottish Ministers	449,609	-	-	-	449,609	131,163
Total turnover	**48,609,015**	**320,738**	**733,384**	**5,995,525**	**55,658,662**	**52,066,076**
Expenditure on lettings						
Management & maintenance administration costs	11,306,078	223,321	150,086	1,164,606	12,844,091	12,136,138
Service costs	5,567,642	21,166	30,576	33,709	5,653,093	4,955,879
Reactive & Void maintenance costs	9,129,343	5,056	14,731	36,922	9,186,052	8,642,040
Planned, cyclical & major repairs costs	5,069,552	1,451	-	70,103	5,141,106	3,749,341
Bad debts – rents and service charges	205,208	-	-	-	205,208	189,545
Depreciation of affordable let properties	8,779,753	-	209,853	1,474,463	10,464,069	11,097,125
Operating costs	**40,057,576**	**250,994**	**405,246**	**2,779,803**	**43,493,619**	**40,770,068**
Operating surplus / (deficit) 2026	**8,551,439**	**69,744**	**328,138**	**3,215,722**	**12,165,043**	
Operating surplus / (deficit) 2025	**8,351,062**	**40,130**	**170,082**	**2,734,734**		**11,296,008**

Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2026

(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) 2026 £	Operating Surplus/ (deficit) 2025 £
Continuing activities									
Wider role	-	80	-	-	80	-	-	80	100
Factoring	-	-	-	85,118	85,118	63,821	87,726	(66,429)	(42,626)
Uncapitalised development administration costs	921,807	-	-	-	921,807	-	1,394,992	(473,185)	(463,924)
Support activities	-	-	481,158	-	481,158	-	539,611	(58,453)	170,074
Care activities	-	-	20,146,065	(822,827)	19,323,238	-	19,147,102	176,136	382,395
Contracted out services undertaken for other organisations									-
Commercials	-	-	-	686,587	686,586	24,338	263,295	398,953	312,201
Central charges	-	-	-	(51,661)	(51,661)	-	1,707,726	(1,759,387)	(1,588,423)
Other activities	-	-	-	1,642,821	1,642,821	-	15,781,197	(14,138,376)	(13,109,317)
	921,807	80	20,627,223	1,540,037	23,089,147	88,159	38,921,649	(15,920,661)	(13,506,969)
2026 Total	**921,807**	**80**	**20,627,223**	**1,540,038**	**23,089,148**	**88,159**	**38,921,651**	**(15,920,661)**	**(14,339,520)**
2025 Total	**824,850**	**18,100**	**19,792,658**	**1,181,152**	**21,786,760**	**86,991**	**36,039,289**		

Notes to the Consolidated Financial Statements (continued)
For the year ended 31st March 2026

(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) 2026	Operating Surplus/ (deficit) 2025
	£	£	£	£	£	£	£	£	£
Wider role	-	80	-	-	80	-	-	80	100
Factoring	-	-	-	85,118	85,118	63,821	87,726	(66,429)	(49,902)
Uncapitalised development administration costs	921,807	-	-	-	921,807	-	1,394,992	(473,185)	(463,924)
Support activities	-	-	481,158	-	481,158	-	539,611	(58,453)	170,074
Commercials	-	-	-	676,463	676,463	24,338	240,640	411,485	351,705
Central charges	-	-	-	2,862,732	2,862,732	-	1,707,728	1,155,004	1,038,641
Other activities	-	-	-	1,043,793	1,043,793	-	1,067,056	(23,263)	(142,937)
2026 Total	**921,807**	**80**	**481,158**	**4,668,106**	**6,071,151**	**88,159**	**5,037,753**	**945,239**	**903,757**
2025 Total	**824,850**	**100**	**675,721**	**4,384,795**	**5,885,465**	**49,267**	**4,932,981**		

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

	Proceeds from sales	Cost of Sales	2026 Profit / (Loss) on Sales	Proceeds from sales	2025 Profit / (Loss) on Sales
Association	£	£	£	£	£
Shared Ownership	330,057	(95,164)	234,893	80,513	34,737
Sale of other fixed assets	1,217,144	(914,054)	303,090	1,859,718	663,402
	1,547,201	**(1,009,218)**	**537,983**	**1,940,231**	**698,139**
Consolidated					
Shared Ownership	330,057	(95,164)	234,893	80,513	34,737
Sale of other fixed assets	1,272,365	(969,943)	302,422	1,911,497	715,181
	1,602,422	**1,065,107**	**537,315**	**1,992,010**	**749,918**

(5) Finance Income

	Consolidated		Association	
	2026	**2025**	**2026**	**2025**
	£	£	£	£
Interest receivable	313,796	321,444	104,829	100,021
Dividends receivable	-	-	48,000	48,000
	313,796	**321,444**	**152,829**	**148,021**

(6) Finance Costs

	Consolidation		Association	
	2026	**2025**	**2026**	**2025**
	£	£	£	£
Interest payable	11,514,595	10,950,844	11,487,951	10,945,784
Other financing costs	71,024	118,662	71,024	118,662
Pension interest expense	207,000	185,000	170,000	152,000
	11,792,619	**11,254,506**	**11,728,975**	**11,216,446**

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

(7) Pension Remeasurement

	Consolidated		Association	
	2026	2025	2026	2025
	£	£	£	£
Impact of changes in assumptions (Note 22)	-	-	-	-
Amendments to the contribution schedule (Note 22)	-	-	-	-
	-	-	-	-

(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	
	2026	2025	2026	2025
	£	£	£	£
The emoluments payable to key management personnel and former key management personnel amount to:-				
Emoluments excluding employers pension	2,247,106	1,516,218	911,865	1,142,609
Employers pension contributions	82,745	110,914	45,928	93,703
Total emoluments payable	**2,329,851**	**1,627,132**	**957,793**	**1,236,312**
The emoluments payable to, or received by, the Group Chief Executive amount to:-				
Emoluments excluding employers pension	180,899	154,403	180,899	154,403
Employers pension contributions	7,440	13,124	7,440	13,124
Total emoluments payable	**188,339**	**167,527**	**188,339**	**167,527**

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

£60,001 - £70,000	6	4	8	4
£70,001 - £80,000	-	-	1	-
£80,001 - £90,000	6	5	5	5
£90,001 - £100,000	-	-	-	-
£100,001 - £110,000	3	2	3	2
£110,001 - £120,000	-	-	-	-
£120,001 - £130,000	1	1	1	1
£130,001 - £140,000	-	-	-	
£140,001 - £150,000	-	-	-	-
£150,001 - £160,000	1	1	-	
£160,001 - £170,000	-	-	-	-

During the year, emoluments were paid to a member of the Governing Body. Total emoluments paid amounted to £8,596 (2025: £Nil).

(9) Employee Information

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

	Consolidated		Association	
	2026	2025	2026	2025
Office Staff	268	255	229	216
Wardens, Caretakers & Cleaners	18	21	18	21
Support Staff	624	606	-	-
Maintenance	218	201	21	16
	1,128	1,083	268	253
The average number of full time equivalent	1,128	882	268	227

Staff Costs (including Key Management Personnel Emoluments):

	Consolidated		Association	
	2026	2025	2026	2025
	£	£	£	£
Wages and Salaries	32,752,383	30,590,542	9,649,990	9,108,229
Social Security Costs	3,997,457	2,840,429	1,233,412	924,588
Pension Costs	1,239,942	1,176,960	545,158	523,351
	37,989,782	**34,607,931**	**11,428,560**	**10,556,168**

(10) Investment Property - Consolidated

	2026	2025
	£	£
Valuation		
At 1 April 2025	45,000	45,000
Loss on revaluation	-	-
At 31 March 2026	**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:

	2026	2025
	£	£
Historic cost	**61,250**	**61,250**

Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2026

(11) Operating Surplus

Operating surplus is stated after charging:	Consolidated 2026 £	Consolidated 2025 £	Association 2026 £	Association 2025 £
Depreciation – Housing property	10,304,044	10,750,843	10,464,069	11,097,125
Depreciation – Disposals	267,853	418,007	267,853	418,007
Depreciation – Other fixed assets	1,245,058	1,146,289	691,684	690,110
Amortisation of grant	4,087,425	4,549,767	4,087,425	4,549,767
Operating lease – plant & machinery	-	-	-	-
- other	193,529	227,037	220,401	255,901
- motor vehicles	10,254	19,395	7,890	9,896
External auditor's remuneration for all group companies (including VAT):-				
- In their capacity as auditors	74,255	89,388	43,800	57,473
- In respect of other services	2,010	3,900	2,010	-

(12) Tax on Profit On Ordinary Activities – Consolidated

	2026 £	2025 £
Corporation tax at 25% (2024 – 19%)	-	34,962
Deferred tax	-	67,540
	-	**102,502**

(13) Housing Stock Analysis

	Consolidated 2026	Consolidated 2025	Association 2026	Association 2025
General Housing Needs	7,878	7,626	7,855	7,600
Supported Housing Accommodation	179	209	154	205
Shared Ownership	194	197	194	197
Mid-Market	1,273	1,314	1,273	1,314
	9,524	**9,346**	**9,476**	**9,316**
Other Units				
Factored	484	484	479	459
Feu Superior for Landscaping	845	799	845	799
	1,329	**1,283**	**1,324**	**1,258**
Total Units	**10,853**	**10,629**	**10,800**	**10,574**

(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 2025	**616,123,390**	**66,399,845**	12,726,366	-	-	**165,320,109**	**19,717,000**	-	**880,286,710**
Schemes completed	36,022,105	(36,022,105)	-	-	-	7,770,278	**(7,770,278)**	-	-
Business acquisition	80,632	-	-	-	-	-	-	-	80,632
Reclassification									
Additions	5,458,579	26,226,023	-	-	-	-	**6,287,784**	-	37,972,386
Disposals	(1,106,185)	-	(256,837)	-	-	(30,086)	-	-	(1,393,108)
At 31 March 2026	656,578,521	56,603,763	12,469,529	-	-	173,060,301	18,234,506	-	(916,946,620)
Depreciation									
At 1 April 2025	**118,645,360**	-	**2,267,377**	-	-	**10,344,833**	-	-	**131,257,570**
Charge for the year	9,255,873	-	**57,661**	-	-	1,289,579	-	-	**10,603,114**
Disposals	(891,069)	-	**(202,602)**	-	-	(30,086)	-	-	**(1,123,757)**
At 31 March 2026	127,010,164	-	2,122,436	-	-	11,604,326	-	-	140,736,926
Net Book Value At 31 March 2026	**529,568,357**	**56,603,763**	**10,347,093**	-	-	**161,455,975**	**18,234,506**	-	**776,209,694**
Net Book Value At 31 March 2025	**497,511,385**	**66,391,841**	**10,458,990**	-	-	**154,975,276**	**19,717,001**	-	**749,062,493**

Total expenditure on works to existing properties amounted to £19,624,425, for which £nil Social Housing Grants were received during the year. Of this, £2,886,979 was capitalised for the replacement of components, £294,624 capitalised for properties and infrastructure costs and £16,442,822 charged to the Statement of Comprehensive Income in the year. During the year £921,807 development administration costs and interest of £1,965,948 were capitalised.

(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 2025	**616,123,390**	**66,399,845**	**12,726,366**	**-**	**-**	**161,733,047**	**19,717,000**	**-**	**876,699,648**
Schemes completed	36,022,105	(36,022,105)	-	-	-	7,770,278	(7,770,278)	-	-
Reclassification	-	-	-	-	-	-	-	-	-
Acquisitions	80,632	-	-	-	-	-	-	-	80,632
Additions	5,458,576	26,226,023	-	-	-	-	6,287,784	-	37,972,383
Disposals	(1,106,185)	-	(256,837)	-	-	-	-	-	(1,363,022)
At 31 March 2026	**656,578,518**	**56,603,763**	**12,469,529**	**-**	**-**	**169,503,325**	**18,234,506**	**-**	**913,389,641**
Depreciation									
At 1 April 2025	**118,645,360**	**-**	**2,267,376**	**-**	**-**	**10,002,147**	**-**	**-**	**130,914,883**
Charge for the year	9,255,873	-	57,661	-	-	1,185,391	-	-	10,498,925
Disposals	(891,069)	-	(202,602)	-	-	-	-	-	(1,093,671)
At 31 March 2026	**127,010,164**		**2,122,435**	**-**	**-**	**11,187,538**		**-**	**140,320,137**
Net Book Value at 31 March 2026	**529,568,354**	**56,603,763**	**10,347,094**	**-**	**-**	**158,315,787**	**18,234,506**	**-**	**773,069,504**
Net Book Value at 31 March 2025	**497,478,030**	**66,399,845**	**10,458,990**	**-**	**-**	**151,730,900**	**19,717,000**	**-**	**745,784,765**

Total expenditure on works to existing properties amounted to £17,047,721, for which Social Housing Grants of £nil were received during the year. Of this, £2,886,979 was capitalised for the replacement of components, £294,624 capitalised for properties, and infrastructure costs and £13,866,118 was charged to the statement of comprehensive income in the year. During the year £921,807 development administration costs and interest of £1,965,948 were capitalised.

(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 2026 £	Total 2025 £
Cost or valuation										
At 1 April 2025	**5,820,386**	**8,440,561**	**445,714**	**54,574**	**5,812,222**	**3,024,517**	**119,327**	**10,000**	**23,727,301**	**23,578,450**
Revaluation										
Additions in Year	-	-	-	-	654,672	384,887	-	-	1,039,559	1,212,693
Disposal/ Transfer	-	(536,697)	-	-	(5,949)	(86,364)	-	-	(629,010)	(1,063,842)
At 31 March 2026	**5,820,386**	**7,903,864**	**445,714**	**54,574**	**6,460,945**	**3,323,040**	**119,327**	**10,000**	**24,137,850**	**23,727,301**
Depreciation										
At 1 April 2025	**1,892,898**	**2,600,929**	**427,599**	**53,549**	**4,377,316**	**2,092,387**	**119,327**	**-**	**11,564,005**	**10,781,556**
Revaluation	-	-	-	-		-	-	-		1,146,292
Charge for Year	122,301	162,725	3,217	-	524,852	431,965	-	-	1,245,060	(363,842)
Disposal/Transfer	-	(136,741)			(4,329)	(84,664)		-	(225,734)	
At 31 March 2026	**2,015,199**	**2,626,913**	**430,816**	**53,549**	**4,897,839**	**2,439,688**	**119,327**	**-**	**12,583,331**	**11,564,005**
Net Book Value At 31 March 2026	**3,805,187**	**5,276,951**	**14,898**	**1,025**	**1,563,106**	**883,352**	**-**	**10,000**	**11,544,519**	
Net Book Value At 31 March 2025	**3,927,493**	**5,839,632**	**18,115**	**1,025**	**1,434,906**	**932,130**	**-**	**10,000**	**12,163,296**	

Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2026

(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 2026 £	Total 2025 £
Cost									
At 1 April 2025	**5,820,387**	**7,812,533**	**445,716**	**54,574**	**5,136,082**	**28,054**	**10,000**	**19,307,346**	**18,748,469**
Additions in Year	16,993	-	-	-	381,850	-	-	398,843	596,774
Transfer	-	-	-	-	-	-	-	-	-
Business Combination	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	(37,897)
At 31 March 2026	5,837,380	7,812,533	445,716	54,574	5,517,932	28,054	10,000	19,706,189	19,307,346
Depreciation									
At 1 April 2025	**1,892,893**	**2,379,067**	**427,391**	**53,754**	**3,845,880**	**28,054**	**-**	**8,627,039**	**7,974,826**
Charge for Year	122,301	160,798	3,053	164	405,368	-	-	691,684	690,110
Transfer	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	(37,897)
At 31 March 2026	2,015,194	2,539,865	430,444	53,918	4,251,248	28,054	-	9,318,723	8,627,039
Net Book Value At 31 March 2026	**3,822,186**	**5,272,668**	**15,272**	**656**	**1,266,684**	**-**	**10,000**	**10,387,466**	
Net Book Value At 31 March 2025	**3,927,494**	**5,433,466**	**18,325**	**820**	**1,290,202**	**-**	**10,000**	**10,680,307**	

(16) Investments

	Consolidated		Association	
	2026	2025	2026	2025
Investments - Subsidiaries	£	£	£	£
At 1 April 2025	-	-	2,500,000	2,500,000
Release of investment	-	-	-	-
At 31 March 2026	**-**	**-**	**2,500,000**	**2,500,000**
Investments - Subsidiaries	**-**	**-**	**2,500,000**	**2,500,000**
Investments – Homestake				
At 1 April 2025	**333,430**	**411,938**	333,430	411,938
Disposal in the year	**-**	**(78,508)**	-	(78,508)
At 31 March 2026	**333-430**	**333,430**	**333,430**	**333,430**
Investment - Homestake	333,430	333,430	333,430	**333,430**
Investments	45,000	45,000	-	-

(17) Stock

	Consolidated		Association	
	2026	2025	2026	2025
	£	£	£	£
Stock	395,736	401,550	-	-
	395,736	**401,550**	**-**	**-**

(18) Debtors

	Consolidated		Association	
	2026	2025	2026	2025
	£	£	£	£
Rental Debtors	2,075,586	2,028,976	2,017,397	1,963,644
Provision for Bad Debts	(341,147)	(359,904)	(341,147)	(359,904)
	1,734,439	1,669,072	1,676,250	1,603,740
Other Grants & HAG Receivable	2,617,411	4,298,969	2,617,411	4,298,969
Other Loan to Employee	4,275	4,459	4,275	4,459
VAT receivable	-	28,894	-	28,894
Other Debtors	3,120,569	5,048,174	2,423,061	3,769,129
Amounts due from Subsidiaries	865,416	-	488,122	648,208
	8,342,110	**11,049,568**	**7,209,119**	**10,353,399**

(19) Short term cash investments

Consolidated

	2026	2025
	£	£
Cash held on fixed term deposits	1,500,000	3,000,000
	1,500,000	**3,000,000**

(20) Creditors: amounts falling due within one year

	Consolidated		Association	
	2026	2025	2026	2025
	£	£	£	£
Prepaid Rents & Service Charges	900,144	824,500	900,144	824,500
Loan interest and Principal	2,211,064	1,838,336	2,211,064	1,838,336
Contracts for Capital Works	5,740,229	5,498,782	5,740,229	5,498,782
Other Taxation & Social Security	560,228	464,676	264,615	219,919
VAT Payable	4,884	-	4,884	-
Other Creditors	10,630,348	11,306,124	7,010,643	7,600,741
Due to Subsidiary	-	-	393,168	899,235
Deferred Income	4,087,265	4,101,805	4,087,265	4,101,805
Deferred tax (see Note 23)	-	156,630	-	-
Pension Provision	1,182	1,182	1,182	1,182
Housing Loans (see Note 21)	1,540,392	1,514,389	1,525,000	1,500,000
	25,675,736	**25,706,424**	**22,138,194**	**22,484,500**

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

	Consolidated		Association	
	2026	2025	2026	2025
	£	£	£	£
Housing Loans	289,288,120	279,929,724	288,876,095	279,429,829
Non Housing Loans	461,233	461,233	461,233	461,233
Deferred Income	402,163,620	388,681,605	401,535,020	388,053,005
Derivative Financial Instruments	164,748	243,746	164,748	243,746
Total	**692,077,721**	**669,316,308**	**691,037,096**	**668,187,813**

Borrowings are repayable as follows:

	Consolidated		Association	
	2026	2025	2026	2025
	£	£	£	£
Housing Loans				
Within 1 Year	1,540,392	1,514,389	1,525,000	1,500,000
Between 1 & 2 Years	1,565,258	1,540 258	1,550,000	1,525,000
Between 2 & 5 Years	77,279,959	77,145,861	77,232,291	77,094,330
More than 5 Years	210,093,803	200,820,525	210,093,803	201,271,732
	290,479,413	**281,021,033**	**290,401,094**	**281,391,062**
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**

(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
Fixed 5.20045%	01/10/2042	Interest & capital	21,852,571	21,852,571
Fixed 2.26%	31/07/2045	Interest only then capital & interest	24,811,688	24,811,688
Sonia + 1.55%	30/05/2049	Interest only then capital & interest	29,083,656	29,083,656
Sonia + 0.875%	30/09/2028	Interest only then capital & interest	72,282,291	72,282,291
Sonia + 1.7%	30/07/2045	Interest only then capital & interest	24,785,557	24,785,557
Sonia + 0.24%	02/10/2037	Interest only then capital & interest	13,985,138	13,985,138
Fixed 5.193%	22/04/2038	Interest only then bullet repayment	34,342,692	34,342,692
Fixed 3.33%	04/04/2034	Interest only then bullet repayment	9,969,569	9,969,569
Fixed 3.69%	04/04/2044	Interest only then bullet repayment	34,858,315	34,858,315
Fixed 3.76%	05/04/2049	Interest only then bullet repayment	9,956,901	9,956,901
Fixed 3.79%	04/10/2049	Interest only then bullet repayment	14,933,945	14,933,949
Fixed 5.88%	26/06/2030	Fully amortising	84,604	-
-	-	No fixed repayment	6,600	-
			290,479,413	290,862,327

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

The deferred income balance is made up as follows:

Consolidated	Homes (Scotland) Grants £	Other Housing Grants £	Homestake £	Other Grants £	Total £
Deferred income as at 1 April 2025	**380,099,671**	**11,651,172**	**333,430**	**699,139**	**392,783,412**
Additional income received	17,859,729	-	-	-	17,859,729
Disposals	(304,829)	-	-	-	(304,829)
Transfer of engagement					
Released to Statement of Comprehensive Income	(3,910,828)	(134,926)	-	(41,671)	(4,087,425)
Deferred income as at 31 March 2026	**393,743,743**	**11,516,246**	**333,430**	**657,468**	**406,250,887**
Association					
Deferred income as at 1 April 2025	**379,471,070**	**11,651,171**	**333,430**	**699,139**	**392,154,810**
Additional income received	17,859,729	-	-	-	17,859,729
Disposals	(304,829)	-	-	-	(304,829)
Reclassification of grants	5,458,891	(5,458,891)	-	-	-
Released to Statement of Comprehensive Income	(3,910,828)	(134,926)	-	(41,671)	(4,087,425)
Deferred income as at 31 March 2026	**398,574,033**	**6,057,354**	**333,430**	**657,468**	**405,622,285**

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

	Consolidated		Association	
	2026 £	2025 £	2026 £	2025 £
Due within 1 year	4,087,265	4,101,805	4,087,265	4,101,805
Due in 1 year or more	402,163,622	388,681,606	401,535,020	388,053,005
	406,250,887	**392,783,411**	**405,622,285**	**392,154,810**

(22) Provisions for liabilities – Pension Provision

SFHA Pension	Consolidated		Association	
	2026	2025	2026	2025
	£	£	£	£
Provision at 1 April 2025	3,588,187	3,796,787	2,955,000	3,108,600
Transfer of engagement	-	-	-	-
Unwinding of the discount factor (interest expense)	207,000	185,000	170,000	152,000
Deficit contribution paid	-	-	-	-
Remeasurements – impact of any change in assumptions	(553,000)	(393,600)	(436,000)	(305,600)
Unrecognised surplus	-	-	-	-
Net Pension Deficit at 31 March 2026	**3,242,187**	**3,588,187**	**2,689,000**	**2,955,000**
Due within 1 year	575,328	-	575,328	-
Due in more than 1 year	2,666,859	3,855,187	2,113,672	2,955,000
	3,242,187	**3,855,187**	**2,689,000**	**2,955,000**

Pension Trust's Growth Plan	Consolidated		Association	
	2026	2025	2026	2025
	£	£	£	£
Provision at 1 April 2025	2,935	1,160	2,935	1,160
Unwinding of the discount factor (interest expense)	114	31	114	31
Deficit contribution paid	(1,047)	(1,182)	(1,047)	(1,182)
Remeasurements – impact of any change in assumptions	(1)	19	(1)	19
Remeasurements – amendments to the contribution schedule	-	2,907	-	2,907
Provision as 31 March 2026	**2,001**	**2,935**	**2,001**	**2,935**
Due within 1 year	2,001	2,935	2,001	2,935
Due in more than 1 year	-	-	-	-
	2,001	**2,935**	**2,001**	**2,935**

Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2026

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

Summary of pension deficit funding liability

	Consolidated		Association	
	2026	2025	2026	2025
	£	£	£	£
Due within 1 year				
Pension Trust's Growth Plan	2,001	2,935	2,001	2,935
YMCA	-	-	-	-
	2,001	2,935	2,001	2,935
Due in more than 1 year				
Pension Trust's Growth Plan	-	-	-	-
YMCA	-	-	-	-
	-	-	-	-

(23) Provision for Deferred Taxation – Consolidated

	2026	2025
	£	£
Provision at 1 April 2025	156,630	89,090
Deferred tax charge/(credit)	-	67,540
Provision at 31 March 2026	**156,630**	**156,630**

Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2026

(24) Financial Instruments

The carrying amounts of financial instruments are as follows:

	Consolidated		Association	
	2026	2025	2026	2025
	£	£	£	£
Financial Liabilities				
Measured at fair value through the Statement of Comprehensive Income				
- Derivative financial instruments (Note 21)	164,748	243,746	164,748	243,746
	167,748	243,746	164,748	243,746
Measured at amortised cost				
- Bank loans (Note 21)	290,479,413	281,021,855	290,862,327	281,391,062
	290,647,161	281,265,601	291,027,075	281,634,808

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

	Consolidated		Association	
	2026	2025	2026	2025
Income and expense				
Financial liabilities measured at amortised cost	71,024	118,662	71,024	118,662
Net gains and (losses) (including changes in fair value)				
Financial liabilities measured at fair value through the Statement of Comprehensive income	78,998	189,975	78,998	189,975

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	
	2026	2025	2026	2025
Interest income	313,796	321,444	104,829	100,021
Interest expense	11,792,619	11,254,506	11,487,951	11,097,784

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.

Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2026

(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.

(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 2024. This valuation revealed a deficit of £79.5m. A Recovery Plan has been put in place to eliminate the deficit which ran to 30 March 2030.

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.

Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2026

(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 2026 were as follows:

	Hillcrest Futures Limited	**Hillcrest Homes (Scotland) Limited**
	% per annum	% per annum
Discount Rate	6.08%	6.02%
Inflation (RPI)	3.31%	3.33%
Inflation (CPI)	3.03%	3.02%
Salary Growth	4.03%	4.02%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2026 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2026	20.7
Female retiring in 2026	22.9
Male retiring in 2046	21.9
Female retiring in 2046	24.4

Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2026

(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	
	2026 (£000's)	2025 (£000's)	2026 (£000's)	2025 (£000's)
Fair value of plan assets	25,394	25,759	21,000	21,341
Present Value of defined benefit obligation	28,636	29,347	23,689	24,296
Deficit in plan	(3,242)	(3,588)	(2,689)	(2,955)
Unrecognised Surplus				
Defined Benefit Liability to be recognised	**(3,242)**	**(3,588)**	**(2,689)**	**(2,955)**

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

	Consolidation 2026 (£000's)	Association 2026 (£000's)
Defined benefit obligation at start of period	29,347	24,296
Expenses	51	42
Interest Expense	1,650	1,362
Actuarial gains due to scheme experience	(744)	(593)
Actuarial gains due to changes in demographic assumptions	331	284
Actuarial gains due to changes in financial assumptions	(383)	(300)
Benefits paid and expenses	(1,616)	(1,402)
Defined benefit obligation at end of period	**28,636**	**23,689**

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

	Consolidation 2026 (£000's)	Association 2026 (£000's)
Fair value of plan assets at start of period	25,759	21,341
Interest income	1,443	1,192
Experience on plan assets (excluding amounts included in interest income) - gain	(243)	(173)
Contributions by the employer	51	42
Benefits paid and expenses	(1,616)	(1,402)
Fair value of plan assets at end of period	**25,394**	**21,000**

Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2026

(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 2025 to 31 March 2026 for Hillcrest Homes and Hillcrest Futures was £1,019,000 and £181,000 respectively.

Defined Benefit Costs Recognised in Statement of Comprehensive Income

	Consolidation 2026 (£000's)	Association 2026 (£000's)
Expenses	51	42
Net interest expense	207	170
Defined benefit costs recognised in statement of comprehensive income	**258**	**212**

Defined Benefit Costs Recognised in Other Comprehensive Income

	Consolidation 2026 (£000's)	Association 2026 (£000's)
Experience on plan assets (excluding amounts included in interest income) - loss	(243)	(173)
Experience gains and losses arising on the plan liabilities – gain	744	593
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	(331)	(284)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	383	300
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain	**553**	**436**
Total amount recognised in other comprehensive income – gain	**553**	**436**

Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2026

(26) Pensions (continued)

(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.

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 2023. This valuation showed assets of £514.9m, liabilities of £531.0m and a deficit of £16.1m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2025 to 31 March 2028: £2,100,000 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 March 2028 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.

Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2026

(26) Pensions (continued)

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

	2026	2025
Assumption - the rate of discount - % per annum	4.92%	5.31%

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.

(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.

(28) Related Parties

During the year one (2025 - one) member 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 £11,953 (2025 - £11,305). As at 31 March 2026 no amount (2025 – 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.

(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 (g)	100%	Provides services and support to services users with drug addictions. Company was would up on 9th March 2026

Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2026

29) Subsidiaries Information (continued)

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 (h)	50%	Wider role activities

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 financial statements. 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) Cair Scotland Limited is a 100% owned subsidiaries of Hillcrest Futures Limited. The Company was wound up on 9th March 2026.

h) Hillcrest Foundation 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 2026

(30) Capital Commitments

	2026	2025
	£	£
Housing Properties		
Association		
Capital expenditure that has been contracted for but has not been provided for in the Financial Statements	90,076,431	67,698,840
Consolidation		
Capital expenditure that has been contracted for but has not been provided for in the Financial Statements	90,076,431	67,698,840
Consolidation & Association		
The estimated amount of contracts for capital expenditure authorised by Governing Body which has not been contracted for	-	-

(31) Contingent Liability

Hillcrest Homes (Scotland) Limited

Should the Association decide to end participation in the SFHA Pension Scheme there would be a potential liability of £5,679,475 of which £Nil relates to the scheme deficit contributions and has been included as a liability as at 31 March 2026. Should the Association decide to end participation in the SFHA Pension Trust Growth Plan there would be a potential liability of £10,411, of which £2,094 relates to the scheme deficit contributions and has been included as a liability as at 31 March 2026. 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 £1,210,347 payable, of which £Nil relates to the scheme deficit contributions and has been included as a liability as at 31 March 2026. There is no intention at present to cease membership of the Pension scheme.

Notes to the Consolidated Financial Statements (continued) for the year ended 31st March 2026

(32) Financial Commitments

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

	Consolidated		Association	
	2026	2025	2026	2025
	£	£	£	£
Property				
Less than one year	118,443	151,940	220,401	225,901
Between 1 – 5 years	339,700	567,325	338,492	558,893
Over 5 years		-	-	-
Plant & Machinery				
Less than one year	-	-	-	-
Between 1 – 5 years	-	-	-	-
Motor Vehicles				
Less than one year	7,890	11,822	7,890	9,896
Between 1 – 5 years	29,587	16,256	29,587	5,773

(33) Goodwill

	2026	2025
Consolidated	£	£
As at 1 April 2025	15,368	23,052
Released to Statement of Comprehensive Income	-	(7,684)
As at 31 March 2026	**15,368**	**15,368**