

Registered number: SC168624

Charity number: SC025334

CASTLEHILL HOUSING TRUST

(A company limited by guarantee and not having share capital)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

**CASTLEHILL HOUSING TRUST
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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CASTLEHILL HOUSING TRUST
LEGAL AND ADMINISTRATIVE INFORMATION

DIRECTORS AND TRUSTEES

The directors of the charitable company are its trustees for the purposes of charity law. The directors are as follows:

	Nominated by:	
Caroline Campbell	Independent	
Alan Grant	Independent	
Mari Galletly	Independent	
Jennifer Stewart	Independent	
Sandra Williamson	Independent	Resigned 13 May 2020
David Lappin	Castlehill Housing Association	
Gail Robertson	Castlehill Housing Association	Resigned 14 August 2019
Paul King	Castlehill Housing Association	
Nicola Shand	Castlehill Housing Association	Appointed 14 May 2019
Allan Manson	Castlehill Housing Association	Appointed 14 May 2019
Lyn Cullum	Castlehill Housing Association	Appointed 14 May 2019
Isla Gray	Castlehill Housing Association	Appointed 5 February 2020

Registered and Principal Office 4 Carden Place
Aberdeen
AB10 1UT

Registered Auditors Anderson Anderson & Brown Audit LLP
Kingshill View
Kingswells
Aberdeen
AB15 8PU

Bankers Clydesdale Bank plc
Principal Branch
Queen's Cross
Aberdeen
AB15 4XU

Solicitors Burness Paull LLP
Union Plaza
Union Wynd
Aberdeen
AB10 1DQ

CASTLEHILL HOUSING TRUST DIRECTORS' REPORT

The directors submit their report and the audited financial statements of the charitable company for the year ended 31 March 2020.

The directors confirm that the annual report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Nature of governing document

Castlehill Housing Trust (the Trust) is a company limited by guarantee (company number SC168624) and recognised as a charity by the Office of the Scottish Charity Regulator (charity number SC025334). The charitable company is governed by its Memorandum and Articles of Association.

The Trust is a wholly owned subsidiary of Castlehill Housing Association (Industrial & Provident Society number MS 1670 R(S)) & recognised as a charity by the Scottish Charity Regulator (charity number SC013584).

Organisational structure

A board of directors of up to 11 members, who meet at least 4 times a year, administers the charity. A maximum of 6 members may be representatives of Castlehill Housing Association.

A manager is employed by the Trust's parent company, Castlehill Housing Association Ltd, to manage the operations of the charity with day to day activities being carried out by the member Housing Association.

Recruitment and appointment of directors

The powers for appointment and removal of Directors are set out in the company's memorandum and articles of association.

The resignation and appointment of directors who are local authority councillors are as a result of local authority elections.

Prospective independent directors are proposed by an existing director at a minuted board meeting before the individual is approached, and their appointment is based on the candidate's expertise and suitability to the role.

The members have the power to review the composition of the Board at an Annual General Meeting or at an Extraordinary General Meeting, under Articles 22 and 33. Directors shall also vacate their office through disqualification as required under Articles 44 and 45.

CASTLEHILL HOUSING TRUST
DIRECTORS' REPORT (continued)

Risk management

The directors have assessed the major risks to which the Trust is exposed, in particular those related to the operations and finance of the company and are satisfied that the systems are in place to manage the exposure to major risks.

Objectives and Activities

Castlehill Housing Trust was incorporated on 27 September 1996 with the primary objective of providing affordable, specialised housing for people who are unable to live independently in the community.

Initially the main focus of the Trust from its inception has been the NHS Grampian Hospital Resettlement Programme, the aim of which is to provide accommodation in the community for people living in long stay hospital care.

A further progression from this is to provide suitable family accommodation for those with a family member who have specialised requirements.

Currently the Trust has 47 individual properties of which 20 are shared living. In total there are 157 bed spaces.

The directors have agreed a vision statement to guide them in developing the future activities of the Trust: "Providing sustainable and adaptable homes for people with particular needs".

In order to achieve the objectives the charity has engaged with stakeholders to identify opportunities for development.

The company's main sources of funding are obtained from The Scottish Government, Local Authorities and private borrowings. Opportunities to develop the company's portfolio of affordable and specialised housing are assessed on a needs basis and no project is undertaken unless it is financially viable.

ACHIEVEMENTS AND PERFORMANCE

Relationships have been built across the three local authorities in which we have housing stock, where we now have current void loss/nomination agreements in place. We are now looking at development opportunities particularly within Moray where an accommodation review for learning disabilities is nearing completion. Alternative funding sources will require to be identified to continue with future additions to the Trust's stock.

FINANCIAL REVIEW

The results for the year are set out in the Statement of Financial Activities on page 10 and the Statement of comprehensive income on page 11. The Directors of the Company are of the opinion that the state of affairs of the Trust as shown on the Statement of financial position on page 12 is satisfactory.

CASTLEHILL HOUSING TRUST
DIRECTORS' REPORT (continued)

FINANCIAL REVIEW (continued)

The surplus for the year was £371,781 (2019 - £143,033). An amount of £171,872 (2019 - £303,691) has been transferred from designated reserves.

The unrestricted reserves are made up of a general reserve of £2,435,050 (2019 - £1,891,397) and designated reserves of £1,505,825 (2019 - £1,677,697).

Investments

The policy of the Trust in the investment of cash is to achieve a satisfactory return while minimising risk. The overriding principle is to minimise risk rather than maximise return.

Loan funding

The long term loans of the Trust total £1,476,511 at 31 March 2020.

Reserves

It is the policy of the Trust to maintain three unrestricted funds, two of which are designated for specific purposes.

The general reserve represents those funds not tied up in designated funds. The Trust's policy is to maintain the general reserve at a level which equates to between three to six months unrestricted expenditure, which equates to between £250,000 and £500,000 of free reserves. This will provide sufficient funds to cover management and administration costs during any temporary interruption to the Trust's activities. The balance on the general reserve at 31 March 2020 was £2,435,050. The Board intends to monitor the general reserve annually to ensure the reserve remains at a satisfactory level.

The major repairs reserve has been designated by the Board to fund future planned maintenance - the appropriate level of this reserve has been determined from previous 25-year life cycle cost projections. Regular inspections of the Trust's properties also contribute to planned maintenance. The balance on the reserve at 31 March 2020 was £907,935 which the Board considers to be sufficient.

The services reserve has been designated to fund the replacement of specialised equipment provided by the Trust to tenants, and charged to tenants through a service charge. The specialised equipment is included with the houses for letting costs in the balance sheet. The amount transferred annually to this reserve is equivalent to the surplus of the service charge income over costs incurred.

PLANS FOR FUTURE PERIODS

We will continue to work in partnership with our local Adult Health and Social Care Partners in both the public and third sector. We are ensuring that our housing stock meets the changing needs of our current tenants and leaseholders, and for our potential customers of the future as highlighted in the local authorities' mapping exercises.

CASTLEHILL HOUSING TRUST
DIRECTORS' REPORT (continued)

PLANS FOR FUTURE PERIODS (continued)

We intend to lease some new build properties at Banff, Aberdeenshire from our parent Castlehill Housing Association to include 4 self-contained 1 Bedroom flats and a semi-detached 3 bed bungalow. This development will be due for handover in Autumn 2020. We are actively considering reconfiguration plans on one of our properties in Aberdeenshire to meet the changing needs of the tenants/service users. We have undertaken works in one of our shared living bungalows during the financial year to ensure our stock wherever possible has en-suite bathrooms to respect the dignity of people within group living environments.

The rent review was finalised last year, and all rents are now based on the agreed points based system that came into effect on 1st April 2019. This has resulted in some increases that are in the process of being phased over 3 years to 31 March 2022, where the increase was more than £3000 per annum, and some reductions in rent too. We believe that the new policy is fair and accountable, and clearly demonstrates how the rent costs have been derived.

PROVISION OF INFORMATION TO AUDITORS

As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware and we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The company is currently undertaking a tender exercise and following the completion of this process a recommendation will be made at the AGM regarding the appointment of auditors.

Signed on behalf of the Board of Directors



.....
Director

19 August 2020
Date

CASTLEHILL HOUSING TRUST
DIRECTORS' RESPONSIBILITIES STATEMENT

The directors (who are also trustees of Castlehill Housing Trust) for the purposes of company law) are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company and charity law requires the directors to prepare the financial statements for each year.

Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the company and of the incoming resources and application of resources of the company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles of the Charities SORP;
- Make judgments and estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF CASTLEHILL HOUSING TRUST

Opinion

We have audited the financial statements of Castlehill Housing Trust for the year ended 31 March 2020 which comprise Statement of Financial Activities, Statement of Comprehensive Income, Statement of Financial Position 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 charitable company's affairs as at 31 March 2020 and of its incoming resources and application of resources 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

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 charitable company 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF CASTLEHILL HOUSING TRUST

Other information (continued)

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are 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 trustees 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF CASTLEHILL HOUSING TRUST

Auditor's responsibilities for the audit of the financial statements

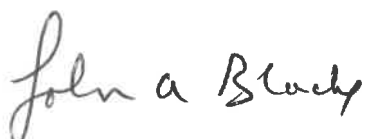
We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

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 charitable company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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 charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



John A Black
Senior Statutory Auditor

For and on behalf of
Anderson Anderson & Brown Audit LLP

Statutory Auditor

Kingshill View
Prime Four Business Park
Kingswells
Aberdeen
AB15 8PU

19 AUGUST 2020

CASTLEHILL HOUSING TRUST
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2020

	Note	General funds £	Designated Funds £	Restricted funds £	Total 2020 £	General Funds £	Designated funds £	Restricted funds £	Total 2019 £
INCOMING RESOURCES									
Incoming resources from charitable activities	3	979,314	-	124,067	1,103,381	1,025,029	-	124,156	1,149,185
Incoming resources from generated funds	4	8,022	-	-	8,022	6,822	-	-	6,822
Investment income	5	124,909	-	-	124,909	-	-	-	-
Gain on Sale									
TOTAL INCOMING RESOURCES		1,112,245	-	124,067	1,236,312	1,031,851	-	124,156	1,156,007
Grants capitalised									
NET INCOMING RESOURCES		1,112,245	-	124,067	1,236,312	1,031,851	-	124,156	1,156,007
RESOURCES EXPENDED									
Cost of charitable activities		-	-	-	-	-	-	-	-
Provision of accommodation	6	734,164	-	124,067	858,231	882,818	-	124,156	1,006,974
Governance costs	6	734,164	-	124,067	858,231	882,818	-	124,156	1,006,974
		6,300	-	-	6,300	6,000	-	-	6,000
TOTAL RESOURCES EXPENDED		740,464	-	124,067	864,531	888,818	-	124,156	1,012,974
Movement in total funds for the year		371,781	-	-	371,781	143,033	-	-	143,033
Total funds brought forward		1,891,397	1,677,697	-	3,569,094	1,444,673	1,981,388	-	3,426,061
Transfer between funds		171,872	(171,872)	-	-	303,691	(303,691)	-	-
Total funds carried forward	17	2,435,050	1,505,825	-	3,940,875	1,891,397	1,677,697	-	3,569,094

The company has made no gains or losses other than as reported above.

CASTLEHILL HOUSING TRUST
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

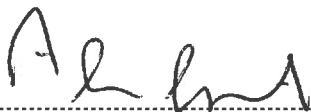
	Notes	2020 £	2019 £
INCOME			
Grant Released from Deferred Income	3	124,067	124,156
Lease income	3	979,314	1,025,029
		<u>1,103,381</u>	<u>1,149,185</u>
EXPENDITURE			
Net operating costs	7	<u>(809,707)</u>	<u>(956,295)</u>
OPERATING SURPLUS		293,674	192,890
Gain on sale of fixed assets	5	124,909	-
Surplus on operating activities before Interest		<u>418,583</u>	<u>192,890</u>
Interest receivable	4	8,022	6,822
Interest payable	8	(54,824)	(56,679)
SURPLUS FOR THE YEAR		<u><u>371,781</u></u>	<u><u>143,033</u></u>

The company has made no gains or losses other than as reported above.


CASTLEHILL HOUSING TRUST
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Land and Buildings	11	7,631,594	7,910,027
CURRENT ASSETS			
Debtors	13	32,918	44,539
Cash at Bank		1,927,510	1,537,449
		<u>1,960,428</u>	<u>1,581,988</u>
CREDITORS: amounts falling due within one year	14	<u>(412,609)</u>	<u>(401,563)</u>
NET CURRENT ASSETS		<u>1,547,819</u>	<u>1,180,425</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,179,413</u>	<u>9,090,452</u>
CREDITORS: amounts falling due after more than one year	15	<u>(5,238,538)</u>	<u>(5,521,358)</u>
NET ASSETS		<u>3,940,875</u>	<u>3,569,094</u>
UNRESTRICTED INCOME FUNDS			
General	17	2,435,050	1,891,397
Designated	18	1,505,825	1,677,697
TOTAL FUNDS		<u>3,940,875</u>	<u>3,569,094</u>

Signed on behalf of the board of directors



Director



Director

19 August 2020
Date

CASTLEHILL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

1. General Information

Castlehill Housing Trust is a private company limited by guarantee incorporated in Scotland. The registered office is 4 Carden Place, Aberdeen, AB10 1UT. The principal activity of the company is to provide affordable specialist housing for people who are unable to live independently in the community.

2. Accounting Policies

(a) Basis of financial statements preparation.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and Companies Act 2006.

Castlehill Housing Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

(b) Going concern

The directors, having made due and careful enquiry and preparing forecasts, are of the opinion that the company has adequate working capital to execute its operations over the next 12 months. The directors, therefore, have made an informed judgement, at the time of approving the financial statements, that the company has adequate resources to continue in operational existence for the foreseeable future. As a result, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

(c) Incoming Resources

(i) Donations

Donations, including donations in kind, are credited to income in the year in which they are receivable.

(ii) Lease income

Lease income represents rental and service charge income receivable net of voids.

(iii) Revenue grants

Revenue grants are credited to income in the year to which they relate.

(iv) Intangible income

Intangible income, which comprises donated services being the provision of directors and other individuals to attend management meetings, has not been recognised in the Statement of Financial Activities as it has not been possible to obtain estimates of the financial cost borne by the donors.

CASTLEHILL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020 (continued)

2. Accounting Policies (continued)

(d) Resources Expended

Liabilities are recognised when the charity has an obligation to make a payment to a third party. Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT.

Expenditure is directly attributed to the relevant category within the Statement of Financial Activities where practical. Other expenditure is allocated on a pro-rata basis determined by the directors.

(e) Tangible fixed assets - housing properties

Housing properties are stated at historical cost. This cost includes:

- Cost of acquiring land and buildings
- Development expenditure
- Interest charged on the development loans used to finance the scheme
- Directly attributable costs of administration of acquisition and development

Depreciation is charged on a straight line basis over the remaining expected useful life of the property. All properties are assumed to have a useful economic life of 50 years.

Properties (excluding land) are depreciated at 2% p.a. on original cost.

(f) Capital Grants

Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where grant is received from government and other bodies as a contribution towards capital cost of housing schemes, it is recognised (as income using the performance model in accordance with the SORP). Prior to satisfying the performance conditions (e.g. on completion of new build properties), such grants are held as deferred income on the statement of financial position.

(g) Taxation

The company is recognised by HM Revenue and Customs as a charity and as a consequence of the tax reliefs available in relation to current year income is not liable to taxation.

(h) Lease Commitments

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

CASTLEHILL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020 (continued)

2. Accounting Policies (continued)

(i) Funds

Funds held by the charity comprise:

Restricted fund:

A restricted fund is used for amounts received from sponsoring organisations, which have been earmarked for specific purposes by the donor. There was no such fund at the year end.

Unrestricted funds:

- **General**
This fund is expendable at the discretion of the Directors in furtherance of the objects of the Trust.
- **Designated**
This fund represents funds earmarked for future major repairs and to fund the replacement of specialist equipment. The Trust maintains its properties in a state of repair, which at least maintains their residual value in prices prevailing at the time of acquisition and construction. Provision is made for such future expenditure.

The amount transferred annually to the services reserve is equivalent to the surplus of service income over costs incurred in the provision of services and replacement of equipment.

(j) Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

(k) Creditors

Short term creditors are measured at transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

(l) Cash and cash equivalents

Cash comprises cash in hand and deposits repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying value.

CASTLEHILL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020 (continued)

2. Accounting Policies (continued)

(m) Financial Instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised at cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(n) Provisions

The company only provides for liabilities at the year end where there is a legal or constructive obligation incurred which will likely result in the outflow of resources.

CASTLEHILL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020 (continued)

3. Income Resources from Charitable Activities

	2020 £	2019 £
Provision of accommodation:		
Lease income	979,314	1,025,029
Property grants released	124,067	124,156
	<u>1,103,381</u>	<u>1,149,185</u>

4. Investment Income

	2020 £	2019 £
Bank Interest receivable	<u>8,022</u>	<u>6,822</u>

5. Gain on Sale

On 28th February 2020, Castlehill Housing Trust sold a property at 10 Seafield Road Elgin. The net proceeds from the sale of the property was £194,287 which gave rise to a gain on sale of £124,909.

6. Resources Expended

	Cost of charitable activities £	Governance £	2020 £	2019 £
Provision of accommodation:				
Property, management and administration costs	852,300	-	852,300	998,482
Printing, stationery and office	1,442	-	1,442	2,155
Audit	-	6,300	6,300	6,000
Legal and professional	2,380	-	2,380	7,037
Bank charges	250	-	250	164
Insurance	855	-	855	963
Bad debts	1,004	-	1,004	(1,827)
	<u>858,231</u>	<u>6,300</u>	<u>864,531</u>	<u>1,012,974</u>

CASTLEHILL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020 (continued)

7. Net Operating Costs

	2020 £	2019 £
Legal and professional	2,380	7,037
Auditors' remuneration	6,300	6,000
Day to day maintenance	148,035	183,073
Planned maintenance	161,289	272,782
Depreciation	174,201	174,401
Bad debts	1,004	(1,827)
Service costs	111,534	123,403
Property, management and administration costs	204,964	191,426
Total	809,707	956,295

8. Interest Payable and Similar Charges

	2020 £	2019 £
On loans from banks payable wholly or partly in more than five years by instalments	54,824	56,679

9. Staff Costs and Employees

The Trust does not directly employ any staff. Management services are provided by the staff of Castlehill Housing Association Limited, the Trust's parent company.

10. Directors' Emoluments

None of the Directors received any emoluments during the year (2019: £nil).

During the year no travel expenses were paid to the trustees (2019: £nil)

Professional indemnity insurance was provided for the Directors of the Trust at a cost of £104 (2019 - £144).

CASTLEHILL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020 (continued)

11. Tangible Fixed Assets

	Houses for letting	Houses under construction	Total
COST			
At 1 April 2019	10,602,888	-	10,602,888
Additions	-	-	-
Disposals	(147,361)	-	(147,361)
At 31 March 2020	10,455,527	-	10,455,527
DEPRECIATION			
At 1 April 2019	2,692,861	-	2,692,861
Charge for the year	174,201	-	174,201
Disposals	(43,129)	-	(43,129)
At 31 March 2020	2,823,933	-	2,823,933
Net book values at:			
31 March 2020	7,631,594	-	7,631,594
31 March 2019	7,910,027	-	7,910,027

12. Grants

	2020 £	2019 £
Deferred grant at beginning of year	4,170,604	4,548,891
Release of grant on termination of lease	-	(254,131)
Release of grant on disposal	(34,312)	-
Release of deferred grant in year	(124,067)	(124,156)
Balance at end of year	4,012,225	4,170,604
Included in accounts as follows:		
Creditors: amounts due within one year (Note 14)	123,086	124,156
Creditors: amounts due after more than one year (Note 15)	3,889,139	4,046,448
	4,012,225	4,170,604

CASTLEHILL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020 (continued)

13. Debtors

	2020 £	2019 £
Rental debtors	18,478	19,911
Less: Provision for bad debts	(10,616)	(9,501)
Other debtors	25,056	34,129
	<u>32,918</u>	<u>44,539</u>

14. Creditors: amounts falling due within one year

	2020 £	2019 £
Bank loans (Note 15)	123,218	123,669
Trade Creditors	9,686	15,722
Amounts owed to parent company	7,163	38,225
Deferred grant income	123,086	124,156
Accruals and deferred income	149,456	99,791
	<u>412,609</u>	<u>401,563</u>

15. Creditors: amounts falling due after more than one year

	2020 £	2019 £
Deferred grant income	3,889,139	4,046,448
Bank loans for completed schemes	1,349,399	1,474,910
	<u>5,238,538</u>	<u>5,521,358</u>

CASTLEHILL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020 (continued)

15. Creditors: amounts falling due after more than one year (continued)

Bank loans for completed schemes

	2020 £	2019 £
Repayable as follows:		
In one year or less	123,218	123,669
Between one and two years	464,860	127,691
Between two and five years	663,783	766,855
In five years or more	224,650	583,609
	<u>1,476,511</u>	<u>1,601,824</u>
Less: amounts falling due within one year	(123,218)	(123,669)
Less: loan arrangement fee	(3,894)	(3,245)
	<u><u>1,349,399</u></u>	<u><u>1,474,910</u></u>

Amounts of loans outstanding per lender at the year end are as follows:

Halifax Bank of Scotland	£596,856
Royal Bank of Scotland plc	£507,936
Cooperative Bank Plc	£371,719

The loan terms range between 20 and 30 years.

Interest rates prevailing during 2019-20 for fixed rate loans were as follows:

Royal Bank of Scotland plc	6.05%
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At the year end approximately 30% of the loan balances were on fixed rate arrangements.

Interest rates prevailing during 2019-20 for varied rate loans were as follows:

Halifax Bank of Scotland	0.75% above base
Royal Bank of Scotland plc	0.70% above base
Cooperative Bank Plc	3.25% above base

Loans are secured by specific charges on certain of the Trust's properties. A second ranking security is held by The Scottish Housing Regulator and Aberdeenshire Council over certain properties.

CASTLEHILL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020 (continued)

16. Share Capital

The charity is a company limited by guarantee and has no share capital. The members' liability in the event of winding up does not exceed £1 per member.

17. Unrestricted Funds

	General funds £	Designated Funds £	Total £
At 31st March 2019	1,891,397	1,677,697	3,569,094
Movement in funds for the year	371,781	-	371,781
Transfer of amount designated for future major repairs to general funds	161,289	(161,289)	-
Transfer of amount designated for service costs to general funds	10,583	(10,583)	-
At 31 March 2020	2,435,050	1,505,825	3,940,875

18. Designated Funds

	Services £	Repairs £	Total £
At 31 March 2019	608,473	1,069,224	1,677,697
Transfer to general funds	(10,583)	(161,289)	(171,872)
At 31 March 2020	597,890	907,935	1,505,825

The purpose of the services designated funds is to fund the replacement of specialist equipment provided by the Trust to tenants.

The purpose of the major repair designated reserve is to fund future planned maintenance at the appropriate level.

CASTLEHILL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020 (continued)

19. Analysis of Net Assets Between Funds

	Restricted Funds £	Unrestricted funds General £	Designated £	Total funds £
Land and buildings at net book value	4,012,225	3,619,369	-	7,631,594
Grants received	(4,012,225)	-	-	(4,012,225)
	-	3,619,369	-	3,619,369
Net current assets/(liabilities)	-	165,080	1,505,825	1,670,905
Creditors falling due after one year	-	(1,349,399)	-	(1,349,399)
	-	2,435,050	1,505,825	3,940,875

20. Related Party Transactions

The Trust is a wholly controlled subsidiary of Castlehill Housing Association Limited.

Details of transactions with Castlehill Housing Association included in the Trust's accounts for 2020 are as follows:

	£
Expenditure	
Repair and development recharges	75,472
Management charge	161,458
Total	236,930
Total due to Castlehill Housing Association at 31 March 2020	7,163

21. Contingent Liabilities

Special Needs Capital Grants provided by the Scottish Government have the sole purpose of funding schemes for people with special needs. If the conditions attached to the grant are breached then the grant is repayable to the Scottish Government.

Of the total grant, as disclosed in Note 12, £1,471,454 relates to Special Needs Capital Grants subject to repayment to The Scottish Housing Regulator in the event of breach of conditions.

CASTLEHILL HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020 (continued)

22. Contracted expenditure commitments

	2020 £	2019 £
Expenditure that has been contracted for but not provided for in the financial statements	<u>87,000</u>	<u>-</u>
	2020 £	2019 £
The Association expects its contracted expenditure to be financed as follows:		
Loan finance	-	-
Grant	-	-
Own reserves	<u>87,000</u>	<u>-</u>
	<u>87,000</u>	<u>-</u>