

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 2022**

**CASTLEHILL HOUSING TRUST  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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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:

	<b>Nominated by:</b>	
Mari Galletly	Independent	
Caroline Campbell	Independent	Resigned 12 September 2021
Alan Grant	Independent	
Jennifer Stewart	Independent	
Karen Wood	Independent	
David Lappin	Castlehill Housing Association	
Paul King	Castlehill Housing Association	
Nicola Shand	Castlehill Housing Association	
Allan Manson	Castlehill Housing Association	
Lyn Cullum	Castlehill Housing Association	
Isla Gray	Castlehill Housing Association	

**Registered and  
Principal Office**                      4 Carden Place  
Aberdeen  
AB10 1UT

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

**Bankers**                                      Virgin Money  
Principal Branch  
Queen's Cross  
Aberdeen  
AB15 4XU

**Solicitors**                                      Burness Paul 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 2022.

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 2019.

### **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 163 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 £194,146 (2021 - £404,700). An amount of £38,540 (2021 - £44,887) has been transferred from designated reserves.

The unrestricted reserves are made up of a general reserve of £3,117,323 (2021 - £2,884,637) and designated reserves of £1,422,398 (2021 - £1,460,938).

**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 £1,213,096 at 31 March 2022.

**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 2022 was £3,117,323. 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 2022 was £804,465 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)**

In January 2021 we began leasing five new build properties at Banff, Aberdeenshire from our parent Castlehill Housing Association. We are actively considering reconfiguration plans on one of our properties in Aberdeenshire to meet the changing needs of the tenants/service users. The Trust is currently looking at our future strategy in conjunction with Castlehill Housing Association to ensure our current property portfolio is fit for purpose and meets the changing needs and aspirations of our tenants and plan for the future.

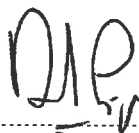
**PROVISION OF INFORMATION TO AUDITOR**

As far as the directors are aware, there is no relevant audit information of which the company's auditor is 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 auditor is aware of that information.

**AUDITOR**

Anderson Anderson & Brown Audit LLP have expressed their willingness to continue in office and a resolution proposing their re-appointment will be submitted at the annual general meeting.

Signed on behalf of the Board of Directors



Director DAVID LAPPIN

17 August 2022  
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.



## **CASTLEHILL HOUSING TRUST**

### **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 2022 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 2022 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**

In auditing the financial statements, we have concluded that the director'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 company'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 directors with respect to going concern are described in the relevant sections of this report.

#### **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.

## **CASTLEHILL HOUSING TRUST**

### **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.

## CASTLEHILL HOUSING TRUST

### 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.

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

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements.

The laws and regulations we considered in this context were the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

We identified the greatest risk of material impact on the financial statements from irregularities including fraud to be:

- Management override of controls to manipulate the company's key performance indicators to meet targets
- Compliance with relevant laws and regulations which directly impact the financial statements and those that the company needs to comply with for the purpose of trading

Our audit procedures to respond to these risks included:

- Testing of journal entries and other adjustments for appropriateness
- Evaluating the business rationale of significant transactions outside the normal course of business
- Reviewing judgments made by management in their calculation of accounting estimates for potential management bias
- Enquiries of management about litigation and claims and inspection of relevant correspondence
- Reviewing legal and professional fees to identify indications of actual or potential litigation, claims and any non-compliance with laws and regulations
- Analytical procedures to identify any unusual or unexpected trends or relationship
- Reviewing minutes of minutes of those charged with governance to identify any matters indicating actual or potential fraud

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**CASTLEHILL HOUSING TRUST**

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

**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.



Andrew Shaw (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

22 August 2022

**CASTLEHILL HOUSING TRUST**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31 MARCH 2022**

Note	General funds £	Designated Funds £	Restricted funds £	Total 2022 £	General Funds £	Designated funds £	Restricted funds £	Total 2021 £
<b>INCOMING RESOURCES</b>								
Incoming resources from charitable activities	990,844	-	123,086	1,113,930	992,054	-	123,086	1,115,140
Incoming resources from generated funds	-	-	-	-	-	-	-	-
Investment income	2,050	-	-	2,050	1,400	-	-	1,400
Gain on Sale	-	-	-	-	-	-	-	-
<b>TOTAL INCOMING RESOURCES</b>	<b>992,894</b>	<b>-</b>	<b>123,086</b>	<b>1,115,980</b>	<b>993,454</b>	<b>-</b>	<b>123,086</b>	<b>1,116,540</b>
<b>NET INCOMING RESOURCES</b>	<b>992,894</b>	<b>-</b>	<b>123,086</b>	<b>1,115,980</b>	<b>993,454</b>	<b>-</b>	<b>123,086</b>	<b>1,116,540</b>
<b>RESOURCES EXPENDED</b>								
Cost of charitable activities	-	-	-	-	-	-	-	-
Provision of accommodation	792,280	-	123,086	915,366	582,454	-	123,086	705,540
Governance costs	792,280	-	123,086	915,366	582,454	-	123,086	705,540
	6,468	-	-	6,468	6,300	-	-	6,300
<b>TOTAL RESOURCES EXPENDED</b>	<b>798,748</b>	<b>-</b>	<b>123,086</b>	<b>921,834</b>	<b>588,754</b>	<b>-</b>	<b>123,086</b>	<b>711,840</b>
Movement in total funds for the year	194,146	-	-	194,146	404,700	-	-	404,700
Total funds brought forward	2,884,637	1,460,938	-	4,345,575	2,435,050	1,505,825	-	3,940,875
Transfer between funds	38,540	(38,540)	-	-	44,887	(44,887)	-	-
Total funds carried forward	<b>3,117,323</b>	<b>1,422,398</b>	<b>-</b>	<b>4,539,721</b>	<b>2,884,637</b>	<b>1,460,938</b>	<b>-</b>	<b>4,345,575</b>

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 2022**

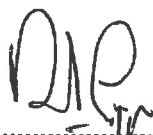
	Notes	2022 £	2021 £
<b>INCOME</b>			
Grant Released from Deferred Income	3	123,086	123,086
Lease income	3	990,844	992,054
		<u>1,113,930</u>	<u>1,115,140</u>
<b>EXPENDITURE</b>			
Net operating costs	7	<u>(879,407)</u>	<u>(667,533)</u>
<b>OPERATING SURPLUS</b>		<b>234,523</b>	<b>447,607</b>
Gain on sale of fixed assets	5	-	-
<b>Surplus on operating activities before Interest</b>			<u>447,607</u>
Interest receivable	4	2,050	1,400
Interest payable	8	<u>(42,427)</u>	<u>(44,307)</u>
<b>SURPLUS FOR THE YEAR</b>		<u><b>194,146</b></u>	<u><b>404,700</b></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 2022**

	Notes	2022 £	2021 £
<b>FIXED ASSETS</b>			
Land and Buildings	11	7,287,606	7,459,600
<b>CURRENT ASSETS</b>			
Debtors	13	57,706	64,237
Cash at Bank		2,409,949	2,197,188
		<u>2,467,655</u>	<u>2,261,425</u>
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(797,427)</u>	<u>(400,191)</u>
<b>NET CURRENT ASSETS</b>		<u>1,670,228</u>	<u>1,861,234</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>8,957,834</u>	<u>9,320,834</u>
<b>CREDITORS: amounts falling due after more than one year</b>	15	<u>(4,418,113)</u>	<u>(4,975,259)</u>
<b>NET ASSETS</b>		<u>4,539,721</u>	<u>4,345,575</u>
<b>UNRESTRICTED INCOME FUNDS</b>			
General	17	3,117,323	2,884,637
Designated	18	1,422,398	1,460,938
<b>TOTAL FUNDS</b>		<u>4,539,721</u>	<u>4,345,575</u>

Signed on behalf of the board of directors



Director **DAVID LAPPIN**



Director **ISLA GRAY**

17 August 2022

**Date**

**CASTLEHILL HOUSING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

**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) - (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*

Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover in the year to which they relate. Income from grants is recognised when there is evidence of entitlement to the grant, receipt is probable and its amount can be measured reliably.

*(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 2022 (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 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 2022 (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 2022 (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 2022 (continued)**

**3. Income Resources from Charitable Activities**

	2022 £	2021 £
<b>Provision of accommodation:</b>		
Lease income	990,844	992,054
Property grants released	123,086	123,086
	<u>1,113,930</u>	<u>1,115,140</u>

**4. Investment Income**

	2022 £	2021 £
Bank Interest receivable	<u>2,050</u>	<u>1,400</u>

**5. Gain on Sale**

There have been no gains on sale in this financial year.

**6. Resources Expended**

	Cost of charitable activities £	Governance £	2022 £	2021 £
<b>Provision of accommodation:</b>				
Property, management and administration costs	896,421	-	896,421	700,387
Printing, stationery and office	181	-	181	927
Audit	-	6,468	6,468	6,300
Legal and professional	4,638	-	4,638	8,473
Bank charges	195	-	195	164
Insurance	1,335	-	1,335	995
Bad debts	12,596	-	12,596	(5,406)
	<u>915,366</u>	<u>6,468</u>	<u>921,834</u>	<u>711,840</u>

**CASTLEHILL HOUSING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**7. Net Operating Costs**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Legal and professional	4,638	8,473
Auditor's remuneration	6,468	6,300
Day to day maintenance	156,530	110,653
Planned maintenance	209,936	43,534
Depreciation	171,994	171,994
Bad debts	12,596	(5,406)
Service costs	93,608	113,160
Property, management and administration costs	223,637	218,825
<b>Total</b>	<b>879,407</b>	<b>667,533</b>

**8. Interest Payable and Similar Charges**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
On loans from banks payable wholly or partly in more than five years by instalments	42,427	44,307

**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 (2021: £nil).

During the year no travel expenses were paid to the trustees (2021: £nil)

**CASTLEHILL HOUSING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

**11. Tangible Fixed Assets**

	Houses for letting	Houses under construction	Total
<b>COST</b>			
At 31 March 2022 and 1 April 2021	<b>10,455,527</b>	-	<b>10,455,527</b>
<b>DEPRECIATION</b>			
At 1 April 2021	2,995,927	-	2,995,927
Charge for the year	171,994	-	171,994
Disposals	-	-	-
At 31 March 2022	<b>3,167,921</b>	-	<b>3,167,921</b>
<b>Net book values at:</b>			
31 March 2022	<b>7,287,606</b>	-	<b>7,287,606</b>
31 March 2021	<b>7,459,600</b>	-	<b>7,459,600</b>

**12. Grants**

	2022 £	2021 £
Deferred grant at beginning of year	3,889,139	4,012,225
Release of deferred grant in year	(123,086)	(123,086)
Balance at end of year	<b>3,766,053</b>	<b>3,889,139</b>
Included in accounts as follows:		
Creditors: amounts due within one year (Note 14)	123,086	123,086
Creditors: amounts due after more than one year (Note 15)	3,642,967	3,766,053
	<b>3,766,053</b>	<b>3,889,139</b>

CASTLEHILL HOUSING TRUST  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2022 (continued)

13. Debtors

	2022 £	2021 £
Rental debtors	37,991	34,720
Less: Provision for bad debts	(16,169)	(3,921)
Other debtors	35,884	33,438
	<u>57,706</u>	<u>64,237</u>

14. Creditors: amounts falling due within one year

	2022 £	2021 £
Bank loans (Note 15)	432,758	132,127
Trade creditors	9,381	18,135
Amounts owed to parent company	4,742	49,106
Deferred grant income	123,086	123,086
Accruals and deferred income	227,460	77,737
	<u>797,427</u>	<u>400,191</u>

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

	2022 £	2021 £
Deferred grant income	3,642,967	3,766,053
Bank loans for completed schemes	775,146	1,209,206
	<u>4,418,113</u>	<u>4,975,259</u>

CASTLEHILL HOUSING TRUST  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2022 (continued)

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

Bank loans for completed schemes

	2022 £	2021 £
Repayable as follows:		
In one year or less	432,758	132,127
Between one and two years	97,088	433,667
Between two and five years	308,322	306,935
In five years or more	374,928	473,147
	<u>1,213,096</u>	<u>1,345,876</u>
Less: amounts falling due within one year	(432,758)	(132,127)
Less: loan arrangement fee	(5,192)	(4,543)
	<u>774,146</u>	<u>1,209,206</u>

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

Halifax Bank of Scotland	£457,440
Royal Bank of Scotland plc	£431,315
Cooperative Bank Plc	£324,341

The loan terms range between 20 and 30 years.

Interest rates prevailing during 2021-22 for fixed rate loans were as follows:

Royal Bank of Scotland plc	6.05%
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At the year end approximately 35% of the loan balances were on fixed rate arrangements.

Interest rates prevailing during 2021-22 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 2022 (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 2021	2,884,637	1,460,938	4,345,575
Movement in funds for the year	194,146	-	194,146
Transfer of amount designated for future major repairs to general funds	59,936	(59,936)	-
Transfer of amount designated for service costs to general funds	(21,396)	21,396	-
<b>At 31 March 2022</b>	<b><u>3,117,323</u></b>	<b><u>1,422,398</u></b>	<b><u>4,539,721</u></b>

**18. Designated Funds**

	Services £	Repairs £	Total £
At 31 March 2021	596,537	864,401	1,460,938
Transfer to general funds	21,396	(59,936)	(38,540)
<b>At 31 March 2022</b>	<b><u>617,933</u></b>	<b><u>804,465</u></b>	<b><u>1,422,398</u></b>

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 2022 (continued)**

**19. Analysis of Net Assets Between Funds**

	Restricted Funds £	Unrestricted funds General £	Designated £	Total funds £
Land and buildings at net book value	3,766,053	3,521,553	-	7,287,606
Grants received	(3,766,053)	-	-	(3,766,053)
	-	3,521,553		3,521,543
Net current assets/(liabilities)	-	370,916	1,422,398	1,793,314
Creditors falling due after one year	-	(775,146)	-	(775,146)
	-	3,117,323	1,422,398	4,539,721

**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 2022 are as follows:

	£
Expenditure	
Repair and development recharges	83,825
Management charge	150,000
Total	233,825
Total due to Castlehill Housing Association at 31 March 2022	4,742

**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 2022 (continued)

22. Contracted expenditure commitments

	2022 £	2021 £
Expenditure that has been contracted for but not provided for in the financial statements	<u>8,100</u>	<u>87,000</u>
	2022 £	2021 £
The Association expects its contracted expenditure to be financed as follows:		
Loan finance	-	-
Grant	-	-
Own reserves	<u>8,100</u>	<u>87,000</u>
	<u>8,100</u>	<u>87,000</u>