

HILL HOMES

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

Co-operative and Community Benefit Societies Number: 12687R
Registered Housing Provider Number: LH1315

HILL HOMES
ANNUAL REPORT
YEAR ENDED 31 MARCH 2019

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HILL HOMES

REPORT OF THE BOARD

YEAR ENDED 31 MARCH 2019

The Board presents its report for the year ended 31 March 2019.

CONSTITUTION

Hill Homes is an Association registered under the Co-operative and Community Benefit Societies Act 2014 and an exempt charity. It is also registered with the Homes and Communities Agency. During the year the organisation has operated a Sheltered Housing Unit, a general needs property and an Extra-Care Housing Scheme.

OBJECTS OF THE ASSOCIATION

Hill Homes is an Association formed for the benefit of the community. Its objects are to carry on for the benefit of the community:

- the business of providing housing, accommodation, and assistance to help house people and associated facilities and amenities for people in necessitous circumstances or for the relief of aged, disabled, handicapped (whether physically or mentally) or chronically sick people;
- any other charitable object that can be carried out by a Co-operative and Community Benefit Society registered as a social landlord with the Homes and Communities Agency (HCA).

REVIEW OF BUSINESS

Over the course of the year, 2018-19, Hill Homes has continued to provide housing services for our tenants, housed in 66 properties at three sites: our Extra-Care Scheme at Trees; our Supported Housing Scheme at Nuffield Lodge; and general needs property in Barnet.

Trees continues to be a vibrant, lively community in which to live; occupancy has averaged 94% for the year.

Having occupied the building for over eight years, the carpet in the third floor communal areas was showing signs of wear and tear. It is important to us to maintain high standards of accommodation at Trees so we undertook a consultation exercise and our tenants chose a new carpet with an appropriate specification; this was fitted in August 2018.

Following feedback from tenants' relatives about the speed of traffic along Broadlands Road, we discussed tenant safety extensively with Haringey Council. As a result, elderly people warning signs have been erected at the roadside at either end of our property, helping to improve the environment in which our tenants live.

Unfortunately we suffered two significant power outages at Trees resulting from transformer problems at UK Power Networks. Whilst this inevitably caused inconvenience to our tenants, we were delighted that our backup generator kicked into operation and we were not left totally without power. Following both incidents, staff held debriefing sessions and we have implemented learning so we can make improvements to our response should we be faced with a similar situation in the future.

Our Sheltered Housing Unit, Nuffield Lodge, was 100% occupied at the end of the year; average occupancy for 2018/19 was 93%. We have strong connections with local refuges and homeless charities and are delighted that we have been able to offer permanent homes to four additional disadvantaged people.

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Following an extensive tender process, we appointed AD Construction Group to modernise the fire doors at Nuffield Lodge. As part of their bid, AD Construction Group has appointed a tenant liaison officer who is ensuring tenants' views are taken into account throughout the project. Initial surveys have taken place and, following tenant consultation on the finish to be used on the doors, the manufacturing process has started. Once the on-site work commences, the tenant liaison officer will be at Nuffield Lodge daily.

Hill Homes' subsidiary company, Hill Homes Care Limited, has continued to provide both core care and extra care services to tenants within Trees. Tenants and their families benefit from the unification of the care and support services, increasing their confidence in the service. Hill Homes Care also provides care services to some of our tenants at Nuffield Lodge. This enables them to remain in their own homes in a sheltered housing environment.

Hill Homes Care Limited employs an Activities Co-ordinator who ensures our tenants have access to a wide variety of activities. When a new tenant moves into one of our properties, our co-ordinator meets with them, helping them complete an activity form on which they can identify their specific likes. This allows us to design an activity programme based around our tenants' wishes. Our tenant survey, undertaken during the year, demonstrates that the activities programme is highly valued by our tenants. As a result of their feedback requesting a wider variety of activities, we are planning to increase the budget available for this in 2019-20.

We have a wide variety of activities available to tenants. Exercise classes continue to prove popular with our tenants, with between five and 14 tenants attending each session. We have a variety of musicians coming into Trees to perform for our tenants who particularly enjoy being able to sing along to some of their old favourites. Other regular sessions include a poetry group, arts & crafts sessions, a film club and a weekly afternoon tea. Plans are underway to add a nostalgia club to the programme during 2019-20.

In addition to our in-house activity programme, we organised a trip to the ballet and an afternoon out at a local garden centre for our tenants. These were thoroughly enjoyed by all who attended. One of our tenants has an interest in Queen so one of our carers accompanied him to 'Bohemian Rhapsody', a trip he particularly appreciated.

Following the success of tenants' outings, our Activities Co-ordinator has met with representatives from local societies to explore ways in which our tenants can become involved with events in the local community. We are also encouraging local residents to join in our activities at Trees, further strengthening our community links.

Over the course of the year, we have worked with 13 volunteers who provided a total of 2,366 hours of work supporting activities and trips, acting as befrienders for tenants and assisting with our activities programme. Without the support of our volunteers, it would not be possible for us to deliver a full programme of activities. In recognition of the contributions of all our volunteers, we held a volunteer appreciation day in May. Once again, Hill Homes' Board Members wish to express their thanks to all our donors and volunteers.

FUTURE PLANS

During 2019-20 we will be upgrading the communal kitchen at Trees. This will bring the facilities up to today's standards and provide more space for catering for tenants' events.

Once our neighbours have completed their building work, the pathways in the garden at Trees will be relaid to ensure they remain safe for our tenants and their visitors.

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YEAR ENDED 31 MARCH 2019

Whilst Hill Homes would like to provide further housing for those in need, Board Members are wary about the current turmoil occurring in the social housing sector. There is a lack of capital grant available and a review of funding for older persons' housing is underway. The Board has decided that, together with our Chief Executive, it will continue to keep the future direction of the association under review.

GOVERNANCE

The Association's affairs are directed by a Board which is responsible for ensuring that it operates in accordance with its objects and rules and ensures that its functions are properly performed. The Board comprises a minimum of five members and a maximum of 12. At the end of March 2019, there were six members of the Board.

Board Members are elected by the shareholders. In advance of the circulation of the notice for the annual general meeting, the Board notifies each shareholder of the requirements for the skills, qualities and experience it needs from its members, identifying how these requirements are met by current Board Members, those retiring and those intending to offer themselves for re-election. Members are elected for a fixed term of three Annual General Meetings and, once a term has reached 9 consecutive Annual General Meetings are not available for re-election or co-option. Provided the maximum Board size is not exceeded, the Board may appoint a maximum of five co-optees to serve on the Board.

Within one month of appointment, all Board members are required to sign a statement confirming that they will meet their obligations to the Board and the Association. New Board Members are provided with policies, procedures and management accounts and meet with the Chair and Chief Executive as part of their induction. Individual training needs are met on a case-by-case basis.

The Association's rules specify that the Board's functions will be agreed by its Members and set out in writing. Hill Homes has adopted the National Housing Federation's Code of Governance which specifies that:

- the Board must be effective in leading and controlling the organisation and acting wholly in its best interest. Board members must ensure that the interests of the organisation are placed before any personal interests;
- the Board must be clear about its duties and responsibilities. These must be set out and made available for all existing and potential Board members;
- all Board members must receive induction on joining the Board and should regularly refresh and update skills. The Board must be supplied in a timely manner with information in a form and quality appropriate to enable it to discharge its duties;
- recruitment to board vacancies must be open and transparent, based on merit and objective selection and assessment techniques. The Board must undertake a formal and rigorous annual appraisal of its members and of the Board as a whole;
- each board must be headed by a properly appointed and skilled chair who is aware of his or her duties as head of the Board and the clear division of responsibilities between the Board and the Executive;
- the board must act effectively, making clear decisions based on timely and accurate information; and,
- there must be clear working arrangements between the Board and the chief executive and clear delegation of authority..

Board Members have reviewed the code of conduct, utilising the National Housing Federation's compliance checklist, and have not identified any areas of non-compliance.

HILL HOMES REPORT OF THE BOARD YEAR ENDED 31 MARCH 2019

The Board has also assessed its compliance with the Governance and Financial Viability Standard and certifies that it fully complies with the requirements.

The Board meets a minimum of three times every calendar year. During the financial year 2018-19, the Board met five times and held a training session. Board members who fail to attend four consecutive meetings of the Board, without special leave of absence, are required to resign from the Board.

Attendance during the year ended 31 March 2019:

(Note: meetings at which individuals were no longer Board Members are indicated by shaded blocks)

	23 May 2018	18 July 2018	19 September 2018	21 November 2018	20 February 2019	Percentage Attendance
David Crump	√	√	√	√	√	100%
Susan Faridi	√	X	√	√	√	80%
Patrick Hammill	X	√	√	√	√	100%
Charles Hollwey	√	√	√	√	√	100%
Gerald Kelly	X	√	X			33%
Eldon Pethybridge	√	√	√	√	√	100%
Eamon Ray	X	√	√			67%
Susan Tokley	√	X	√	√	√	80%

There is one sub-committee of the Board: the Finance, Risk and Audit Committee. Membership of this committee is determined by the Board and they exercise their powers under the written terms of reference provided by the Board. The committees report all their proceedings to the Board.

The Board delegates day-to-day management and control of the Association to a Chief Executive who manages a staff team currently comprising five employees.

VALUE FOR MONEY

The Association understands that Value for Money is not about reducing costs but about achieving a balance between costs and quality, with tenants' needs being the driver for all activities undertaken.

As a consequence, achieving Value for Money is a core assumption that underpins all of the Association's strategies.

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REPORT OF THE BOARD
YEAR ENDED 31 MARCH 2019

In their consideration of Value for Money, Board Members have agreed that:

- they will work with tenants to understand what their needs are. The wellbeing of the Association's tenants will always be a priority in the delivery of services;
- value for money will always be a priority in all services, without compromising on quality;
- consideration will be given to the impact of all decisions on tenants, the local community and society;
- they will understand the cost drivers of the organisation so costs can be properly managed and controlled;
- all staff will understand what value for money means and what their part is in the process, so value for money is embedded in the Association's culture;
- strong financial controls will be in place;
- management information systems will provide accurate and appropriate data that will allow the delivery of the required outcomes in an efficient and effective manner; and
- there will be an understanding of how the political, economic, social and technological environment determines who the customers are and how it drives their needs now and into the future.

During the year, the Association undertook a number of Value for Money initiatives:

- we upgraded the guest rooms at both Nuffield Lodge and Trees, replacing both the beds and soft furnishings. This was appreciated by all our tenants' visitors.
- we continued to invest in the garden at Trees, with tenants enjoying the additional colourful planting and new cushions on the outdoor seating. We also provided cushioning on the outdoor seating at Nuffield Lodge; and,
- Hill Homes' caretaker provides a handyman service to all our tenants, addressing small maintenance tasks in individual flats at no cost to tenants. Tenant feedback tells us that they continue to value the personal and responsive service we are able to offer.

Whilst the Association has achieved a number of successes with Value for Money initiatives, the Board is aware that more can still be done. Board Members are aware that, due to the small size of the Association, the running costs of Hill Homes' properties are high in relation to larger landlords.

Hill Homes is a small, tenant-focussed community organisation. Our two larger properties are both located in Highgate, which is a particularly expensive area of the country. These factors impact on our Value for Money Metrics, making the cost per unit, in particular expensive

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Value for Money Metrics

Reinvestment	Investment in properties as a percentage of the value of total properties held	1.15%
Gearing	Degree dependence on debt finance	0.97%
Earnings before interest, tax, depreciation, amortisation, major repairs interest cover (EBITDA MRI)	Indicator of liquidity and investment capacity	2264%
Headline social housing cost per unit	As defined by the regulator	£10,260.26
Operating margin:	Profitability of operating assets before exceptional expenses are taken into account	
- Social housing lettings only		-38%
- Overall		13%
Return on capital employed (ROCE)	Compares operating surplus to total assets less current liabilities	1.17%
New supply delivered		0%

FINANCIAL REVIEW

During the year the group made an operating deficit of £349,687 (2018: £379,006). Following the receipt of interest earned from investments and cash deposits and social housing grant, the overall surplus for the year was £11,664 (2018: deficit £39,514). The results of Hill Homes Care Limited, the Association's subsidiary company are consolidated in these accounts. This includes a surplus of £5,243 (2018: loss £110,562) for the company for the year.

There was in addition an unbudgeted unrealised surplus on investments of £185,540 (2018: deficit £182,154) resulting in an overall increase in reserves of £197,204 (2018: decrease £221,668).

During 2018-19, the investment income receivable was reinvested in the long-term portfolio, resulted in an increase in income generated by the portfolios of £5,388 to £353,496 (2018: £348,108). Other income for 2018-19 includes fees payable under a licence granted to our neighbours allowing scaffolding to infringe on Trees' garden.

Turnover for the year was £1,553,879 (2018: £1,515,351), an increase of £38,528.

In preparing the accounts, Board Members have made judgements relating to the useful economic life of the Association's assets and as to the likelihood of recovery of debts. Board Members are comfortable that the estimates of the useful economic life of assets are reasonable and in line with sector norms. Whilst continuing to follow up all outstanding debts, Board Members have acknowledged that there is considerable difficulty in collecting money from ex-tenants or their estates. Provision for non-collection of these debts has been made in these financial statements. Provision has also been made for any aged debts over 90 days that relate to current tenants. We are, however, continuing to take action to collect all outstanding money and have successfully recovered some debts from the estates of ex-tenants that had been provided for in previous years.

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The Association has a financial processes manual that is reviewed annually. This documents the internal controls within the organisation, including details of responsibilities and delegated authority levels, financial processes and reconciliation requirements and controls on both human resources and information technology. As far as is practical in a small organisation, segregation of duties underpins all processes.

REMUNERATION & RECRUITMENT

The Group Chief Executive, Finance Manager and the Care & Support Manager are considered to be Hill Homes' Group key management. Board Members, following recommendations made by the Finance, Risk and Audit Committee, approve remuneration for these staff, and all other employees.

All staff received a 2% salary increase for 2019-20.

The Association welcomes applications for employment from all members of the population. Every application is assessed on merit, regardless of any disability. Full and fair consideration is given to all applications having due regard for their particular aptitudes and abilities.

Once employed, the Association will support staff in continued employment should an employee become disabled. This support will, where appropriate, take the form of additional training and development opportunities or, wherever operationally possible, adjustments to working practices will be made.

RISK MANAGEMENT

The Association has a risk register that is reviewed at each Finance, Risk & Audit Committee (FRAC) meeting. This register prioritises the risk in terms of impact and likelihood to produce an overall risk score.

The key operational risks identified by the FRAC are:

- **Health and Safety**
Work is underway for a programme of major works to modernise our passive fire precautions. Following a review of our health and safety processes and procedures, Personal Emergency Evacuation Plans have been documented for all our tenants.
- **Medication**
Failure to deal with medication properly would be a breach of CQC regulations. All staff handling medication have received appropriate training and are qualified to do so.
- **Hill Homes Care Limited finances**
Hill Homes Care Limited will continue to require support from Hill Homes in the short-term. The agreed hourly rate for care has been increased and will need to be further increased in future years. In the case of tenants financed by the local authority, this is subject to the local authority's agreement. Changes have been implemented to reduce costs and an external review of the organisation's future plans has been commissioned.

INVESTMENTS

The Board continued working with Sarasin & Partners as investment managers. All investment income earned on the portfolios is reinvested in the long-term portfolio. The portfolios continue to be invested in Common Investment Funds. Sarasin & Partners continue to work closely with Board Members, attending a minimum of one Finance, Risk and Audit Committee meeting per year.

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RESERVES POLICY

The Board Members review the level of reserves on an annual basis and, where appropriate, set aside or designate funds for special purposes.

At the end of the year, there was £13,098,624 in reserves. The Board is currently considering how a proportion of the general reserve could be used to develop further the objectives of Hill Homes whilst sustaining the financial viability of the Association.

Within the reserves, the board has set aside funds for major repairs at Nuffield Lodge, Trees and Vyse Close. During 2014-15, a full stock condition survey of both Nuffield Lodge and Trees was undertaken. This identified long-term repairs that would be required and their likely year of occurrence. The major repairs fund is being held to ensure these repairs can take place when required. At the end of March 2019, the major repairs fund stood at £692,815. A new stock condition survey is planned for 2019/20, following which the level of designated reserves will be reviewed.

The Board Members consider that the current level of reserves is appropriate.

POST BALANCE SHEET EVENTS

There were no post balance sheet events.

MEMBERS OF THE BOARD

The members of the Board who served during the year were:

Mr D Crump	co-opted 21 st February 2018; appointed 19 th September 2018
Ms S Faridi	
Mr P Hammill	
Mr C Hollwey	(Honorary Treasurer)
Mr G Kelly	resigned 19 th September 2018
Mr E Pethybridge	(Chair)
Mr E Ray	resigned 19 th September 2018
Ms S Tokley	co-opted 21 st February 2018; appointed 19 th September 2018

Members of the Finance and Audit Sub-Committee

Mrs K Chotai	appointed 20 th February 2019
Mr C Hollwey	
Mr G Kelly	resigned 31 st January 2019
Mr E Ray	resigned 31 st January 2019
Mr R Spain	appointed 20 th February 2019

REGISTERED OFFICE

Unit A
2-4 Broadlands Road
Highgate
London
N6 4AN

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INVESTMENT ADVISORS

Sarasin & Partners LLP
Juxon House
100 St. Paul's Churchyard
London
EC4M 8BU

BANKERS

Barclays Bank Plc
Leicester
LE87 2BB

AUDITORS

Crowe U.K. LLP
Carrick House
Lypiatt Road
Cheltenham
Gloucestershire
GL50 2QJ

AUDITOR

So far as each member of the Board is aware at the time the report is approved:

- there is no relevant audit information of which the Association and group auditors are unaware; and,
- the Board has taken all steps it ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

A resolution for the reappointment of Crowe UK LLP will be proposed at the Annual General Meeting for the ensuing year.

This report was approved by the Board on 17 July 2019 and signed on its behalf by

Eldon Pethybridge



Chair

HILL HOMES

STATEMENT OF THE RESPONSIBILITIES OF THE BOARD MEMBERS

The board members are responsible for preparing the report of the board and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Societies' law and social housing legislation require the board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the association and of the surplus or deficit of the association for that period.

In preparing these financial statements, the board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers (Update 2014) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the association's transactions and disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act and the Accounting Direction for Private Registered Providers of Social Housing in England from April 2015. They are also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board is responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers (Update 2014).

INDEPENDENT AUDITOR'S REPORT TO HILL HOMES

Opinion

We have audited the financial statements for the year ended 31 March 2019 which comprise the consolidated income statement, the group statement of financial position, the group statement of cash flows 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 Group's and of the Association's affairs as at 31 March 2019 and of the Group's and the Association's surplus and deficit respectively for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

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 Group and 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

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 board members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Association'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 board are responsible for the other information. 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 we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO HILL HOMES (cont'd)

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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the parent Association; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent Association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the board

As explained more fully in the statement of the responsibilities of the board members set out on page 11, the board 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 board members 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 board are responsible for assessing the Group and 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 board either intend to liquidate the Group or 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.

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.

**INDEPENDENT AUDITOR'S REPORT TO
HILL HOMES (cont'd)**

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with the Housing and Regeneration Act 2008 and 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe UK LLP

Crowe U.K. LLP
Statutory Auditor
Carrick House
Lypiatt Road
Cheltenham
Gloucestershire
GL50 2QJ
United Kingdom
Date

30 June 2019

Crowe UK LLP is a limited liability partnership registered in England and Wales (with registered number OC307043).

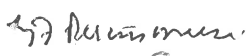
HILL HOMES
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2019

	<u>Notes</u>	<u>Group</u> <u>2019</u> £	<u>2018</u> £	<u>Hill Homes</u> <u>2019</u> £	<u>2018</u> £
Turnover	2	1,553,879	1,515,351	773,159	803,456
Operating costs					
Direct expenditure		(1,550,481)	(1,553,215)	(720,196)	(791,521)
Administration costs		(353,085)	(341,142)	(458,767)	(363,830)
Total operating costs		(1,903,566)	(1,894,357)	(1,178,963)	(1,155,351)
Operating (deficit)		(349,687)	(379,006)	(405,804)	(351,895)
Losses on sale of fixed assets		(9,212)	-	(9,212)	-
Interest receivable and other income	4	378,502	348,951	446,840	414,940
Donations and legacies received		2,370	995	2,370	995
Interest payable and similar charges	5	(10,309)	(10,454)	(10,309)	(10,454)
Debt impairment		-	-	(270,308)	-
Surplus for year on ordinary activities		11,664	(39,514)	(246,423)	53,586
Unrealised gains /(losses) on investments		185,540	(182,154)	185,540	(182,154)
Surplus/(deficit) for year after investment gains and losses		197,204	(221,668)	(60,883)	(128,568)
Reserves brought forward		12,901,420	13,123,088	13,066,294	13,194,862
Reserves carried forward		13,098,624	12,901,420	13,005,411	13,066,294

All the above results are derived from continuing activities.

There were no recognised gains or losses other than the surplus for the year.

The Statement of Comprehensive Income was approved and authorised for issue by the Board of Trustees and signed on its behalf on 17 July 2019:


Eldon Pethybridge
Chair



Charles Hollwey
Honorary Treasurer


Gil Chimon
Company Secretary

HILL HOMES
STATEMENT OF FINANCIAL POSITION
YEAR ENDED 31 MARCH 2019

		Group <u>2019</u> £	<u>2018</u> £	Hill Homes <u>2019</u> £	<u>2018</u> £
	<u>Notes</u>				
FIXED ASSETS					
Housing properties at depreciated cost	7	6,706,016	7,014,189	6,706,016	7,014,189
Other tangible assets	7	71,147	113,023	71,147	113,023
		<hr/>	<hr/>	<hr/>	<hr/>
		6,777,163	7,127,212	6,777,163	7,127,212
Investments	8	9,844,131	9,313,247	9,844,131	9,313,247
		<hr/>	<hr/>	<hr/>	<hr/>
		16,621,294	16,440,459	16,621,294	16,440,459
		<hr/>	<hr/>	<hr/>	<hr/>
CURRENT ASSETS					
Debtors	9	188,489	163,179	118,761	266,266
Cash at bank and in hand		355,852	548,928	276,739	535,949
		<hr/>	<hr/>	<hr/>	<hr/>
		544,341	712,107	395,500	802,215
CREDITORS – amounts falling due within one year	10	(318,112)	(347,596)	(262,484)	(272,830)
		<hr/>	<hr/>	<hr/>	<hr/>
NET CURRENT ASSETS		226,229	364,511	133,016	529,385
		<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		16,847,523	16,804,970	16,754,310	17,443,222
		<hr/>	<hr/>	<hr/>	<hr/>
CREDITORS – amounts falling due after one year	11	(3,748,872)	(3,903,525)	(3,748,872)	(3,903,525)
		<hr/>	<hr/>	<hr/>	<hr/>
		13,098,651	12,901,445	13,005,438	13,066,319
		<hr/>	<hr/>	<hr/>	<hr/>
CAPITAL AND RESERVES					
Share capital	12	27	25	27	25
Revenue reserves		13,098,356	12,901,192	13,005,143	13,066,066
Restricted reserves		268	228	268	228
		<hr/>	<hr/>	<hr/>	<hr/>
		13,098,651	12,901,445	13,005,438	13,066,319
		<hr/>	<hr/>	<hr/>	<hr/>

The financial statements were approved and authorised for issue by the Board of Trustees and were signed on its behalf on 17 July 2019:



Eldon Pethybridge
Chair



Charles Hollway
Honorary Treasurer



Gil Chimon
Company Secretary

HILL HOMES
STATEMENT OF CHANGES IN GROUP RESERVES
YEAR ENDED 31 MARCH 2019

	Balance 1 st April 2018	Income	Expenditure	Balance 31 st March 2019
	£	£	£	£
Restricted reserves				
Tenants' activities	228	732	(692)	268
Total restricted reserves	228	732	(692)	268
Revenue reserves				
Revenue reserves	12,901,192	2,119,559	(1,922,395)	13,098,356
Total revenue reserves	12,901,192	2,119,559	(1,922,395)	13,098,356
Total reserves	12,901,420	2,120,291	(1,923,087)	13,098,624

	Balance 1 st April 2017	Income	Expenditure	Balance 31 st March 2018
	£	£	£	£
Restricted reserves				
Tenants' activities	-	228	-	228
Total restricted reserves	-	228	-	228
Revenue reserves				
Revenue reserves	13,123,088	1,682,915	(1,904,811)	12,901,192
Total revenue reserves	13,123,088	1,682,915	(1,904,811)	12,901,192
Total reserves	13,123,088	1,683,143	(1,904,811)	12,901,420

HILL HOMES
STATEMENT OF CHANGES IN HILL HOMES RESERVES
YEAR ENDED 31 MARCH 2019

	Balance 1 st April 2018	Income	Expenditure	Balance 31 st March 2019
	£	£	£	£
Restricted reserves				
Tenants' activities	228	732	(692)	268
Total restricted reserves	228	732	(692)	268
Revenue reserves				
Revenue reserves	13,066,066	1,407,177	(1,468,100)	13,005,143
Total revenue reserves	13,066,066	1,407,177	(1,468,100)	13,005,143
Total reserves	13,066,294	1,407,909	(1,468,792)	13,005,411

	Balance 1 st April 2017	Income	Expenditure	Balance 31 st March 2018
	£	£	£	£
Restricted reserves				
Tenants' activities	-	228	-	228
Total restricted reserves	-	228	-	228
Revenue reserves				
Revenue reserves	13,194,862	1,219,163	(1,347,959)	13,066,066
Total revenue reserves	13,194,862	1,219,163	(1,347,959)	13,066,066
Total reserves	13,194,862	1,219,391	(1,347,959)	13,066,294

During 2017-18, a retired Board Member held a birthday party at Trees. She donated the money she received as gifts to Hill Homes, specifically to be used on tenants' activities. This fund will be put towards an outing for tenants during 2019-20.

During 2018-19, tenants donated money towards activities at Trees. The unspent balance of £40 at the end of March will be spent during 2019-20.

HILL HOMES
GROUP STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2019

<u>Notes</u>	<u>2019</u>	<u>2018</u>
	£	£
Cash flows from operating activities		
Profit/(loss) for the financial year	197,204	(221,688)
Adjustments for:		
Depreciation	359,525	362,262
Unrealised loss/(gain) on investments	(185,540)	182,154
Loss on disposal of property, plant & equipment	9,212	-
Interest paid	10,309	10,454
Interest received	(353,496)	(348,108)
Decrease/(increase) in debtors	(25,310)	(1,906)
(Decrease)/increase in creditors	(183,739)	(107,598)
	<hr/>	<hr/>
Cash from operations	(171,835)	(124,430)
Interest paid	(10,309)	(10,454)
	<hr/>	<hr/>
Net cash generated from operating activities	(182,144)	(134,884)
Cash flows from investing activities		
Purchases of property, plant & equipment	(18,690)	(8,207)
Purchases of investments	(345,344)	(327,246)
Interest received	353,496	348,108
	<hr/>	<hr/>
Net cash from investing activities	(10,538)	12,655
Cash flows from financing activities		
Issue of ordinary share capital	2	(7)
Repayment of borrowings	(396)	(251)
	<hr/>	<hr/>
Net cash used in financing activities	(394)	(258)
	<hr/>	<hr/>
Net (decrease) in cash and cash equivalents	(193,076)	(122,487)
Cash and cash equivalents at beginning of year	548,928	671,415
	<hr/>	<hr/>
Cash & cash equivalents at end of year	355,852	548,928
	<hr/> <hr/>	<hr/> <hr/>

The purchases of investments figure included in the cash flow represents the investment income that is retained by Sarasin & Partners within the Association's portfolio. This differs from the additions figure included in note 8 on investments that represents the additional CIF units purchased within the portfolio.

HILL HOMES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

1 ACCOUNTING POLICIES

Hill Homes is a Co-operative & Community Benefit Society and is an English registered social housing provider. The address of Hill Homes' registered office and principal place of business is Unit A, Trees, 2-4 Broadlands Road, London N6 4AN.

Hill Homes' principal activity is the provision of housing and accommodation for older people. It is a public benefit entity with charitable status for corporation tax purposes.

(a) Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the valuation of investments and in accordance with applicable accounting standards, and comply with the UK GAAP (FRS 102), the Statement of Recommended Practice 2014, the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing in England from April 2015. Hill Homes is a Public Benefit Entity.

(b) Consolidation

Consolidated financial statements or "group accounts", which it is required to prepare by statute, have been prepared in respect of Hill Homes and its subsidiary Hill Homes Care Limited. The results of the subsidiary have been consolidated on a line by line basis.

(c) Fixed assets and depreciation

Housing properties are stated at cost less depreciation. The cost of properties is their purchase price and any subsequent improvements.

All invoices or architects' certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the financial statements for the year provided that the dates of issue or valuation are prior to the year-end.

Housing properties under construction are recognised in the accounts based on the certified value of work completed. Assets under the course of construction are not depreciated until brought into use.

Depreciation has been calculated using component accounting, identifying the individual components comprising the properties. Depreciation is charged on fixed assets on a straight-line basis over their expected useful economic lives at the following annual rates:

Furniture & equipment	-	10% per annum on cost
Freehold building fabric	-	1.33% per annum on cost
Freehold building roofs, windows floors, electrical installations, fire detecting equipment, internal décor and heating	-	5% per annum on cost
Internal doors and lifts	-	4% per annum on cost
CCTV systems	-	10% per annum on cost
Door entry systems, warden call systems, induction loops, kitchens bathrooms	-	6.5% per annum on cost
Computers	-	33 1/3% per annum on cost

Freehold land is not depreciated.

HILL HOMES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

1 ACCOUNTING POLICIES (Continued)

(d) Social Housing Grants

Social Housing Grant (SHG) is a capital grant made towards the cost of acquiring and/or building additional housing for rent or sale.

SHG has been included as deferred income and is recognised in income over the expected useful life of the structure and components on a pro-rata basis. The amount recognised during the year has been reduced to reflect the change in depreciation policy for the fabric of the building.

SHG is repayable indefinitely unless formally abated or waived.

(e) Investments

Investments are managed by Sarasin & Partners in Common Investment Funds. Originally the funds were invested 50% in a long-term portfolio and 50% in a medium-term portfolio. Following capital growth and the reinvestment of income the balance of investment at the end of March 2019 was 59% in the long-term portfolio and 31% in the medium-term portfolio.

Investments are valued at bid price as at the end of the financial year.

(f) Reserves policy

The Board Members review the level of reserves on an annual basis and, where appropriate, set aside for special purposes.

The unrestricted reserves are available to spend in furtherance of any of the association's objects at the discretion of the Board.

Restricted funds represent grants and donations received which the donor allocates for specific purposes

(g) Turnover

Turnover represents rental income receivable net of voids and bad debts, fees and grants from local authorities.

(h) Supporting people grant accounting policy

The turnover includes Supporting People (SP) grant income received from administering authorities, plus support charges to individual tenants. The related expenditure is included in operating cost.

(i) Operating costs

All expenditure is accounted for on an accruals basis and is allocated to the appropriate heading in the accounts

HILL HOMES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

1 ACCOUNTING POLICIES (Continued)

(j) Operating lease rentals

Expenditure in respect of operating leases is accounted for in the period to which it relates.

(k) Pensions

The Association does not operate a pension scheme, however contributions may be made to the personal pension schemes of employees. Such contributions are made on a wholly discretionary basis and are charged to the income and expenditure account.

(l) Grant making

Costs of grant making are included in the income and expenditure account in the year in which they are payable.

Multi-year grant commitments are conditional on progress reviews to determine whether future funding is provided and is discretion is retained by Hill Homes to terminate the grant. Where multi-year commitments exist, only expenditure relating to the current year's liability will be recognised.

(m) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Association; this is usually upon notification of the interest paid or payable by the Bank.

(n) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit for similar account.

(o) Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses from impairment are deducted from income.

(p) Going concern

The financial statements have been prepared on a going-concern basis as Board Members believe that no material uncertainties exist. The Board Members have considered the level of funds and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the Association to be able to continue as a going concern.

HILL HOMES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

1 ACCOUNTING POLICIES (Continued)

(q) Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, Board Members have had to make the following judgements:

- Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- Tangible fixed assets are depreciated over their useful lives. The actual lives of the assets are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation and maintenance programmes are taken into account.

(r) Financial instruments

With the exception of investments of £9,844,131 held at fair value, the Association's basic financial instruments are measured at amortised cost. All financial liabilities are of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost

2 TURNOVER AND OPERATING COSTS

A Particulars of turnover, cost of sales, operating expenditure and operating surplus

	Turnover	Cost of Sales	Operating Expenditure	Operating Surplus/(Deficit)	2018
	£	£	£	£	£
Social Housing Lettings (Note B)	751,833	(683,619)	(353,085)	(284,871)	(292,850)
Other Social Housing Activities:					
Charges for support services	171,427	(179,306)	-	(7,879)	(18,586)
	<u>923,260</u>	<u>(862,925)</u>	<u>(353,085)</u>	<u>(292,750)</u>	<u>(311,436)</u>
Activities other than Social Housing Activities:					
Charges for care	630,278	(674,533)	-	(44,255)	(46,288)
Charges for activities	341	(13,023)	-	(12,682)	(21,282)
Total	<u>1,553,879</u>	<u>(1,550,481)</u>	<u>(353,085)</u>	<u>(349,687)</u>	<u>(379,006)</u>

HILL HOMES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

2 TURNOVER AND OPERATING COSTS (continued)

B Particulars of turnover and operating expenditure from Social Housing Lettings

	General Needs Housing	Supported Housing and Housing for Older People	Other	2019	2018
	£	£	£	£	£
Income					
Rent receivable net of identifiable service charges	7,734	397,007	-	404,741	440,765
Service charge income	358	192,476	-	192,834	191,463
Amortised government grants	-	154,258	-	154,258	154,258
Turnover from Social Housing Lettings	8,092	743,741	-	751,833	786,486
Operating expenditure					
Management	53	366,313	-	366,366	350,830
Service charge costs	112	296,603	-	296,715	306,376
Routine maintenance	598	55,278	-	55,876	66,494
Planned maintenance	-	-	-	-	-
Major repairs expenditure	-	5,890	-	5,890	44,148
Bad debts	-	-	-	-	-
Depreciation of housing properties	12,090	299,767	-	311,857	311,488
Operating expenditure on Social Housing Lettings	12,853	1,023,851	-	1,036,704	1,079,336
Operating deficit in Social Housing Lettings			-	(284,871)	(292,850)
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	-	49,630	-	49,630	17,389

HILL HOMES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

3 STAFF COSTS

	Group 2019 £	Group 2018 £	Hill Homes 2019 £	Hill Homes 2018 £
Wages and salaries	724,823	694,253	190,055	197,040
Social security costs	62,629	59,999	17,240	18,358
Other pension costs	27,078	17,164	12,400	12,272
	<u>814,530</u>	<u>771,416</u>	<u>219,695</u>	<u>227,670</u>

The average number of persons employed during the year was as follows:

	Group 2019 £	Group 2018 £	Hill Homes 2019 £	Hill Homes 2018 £
Staff	23.8	23.1	5.7	5.6
	<u>23.8</u>	<u>23.1</u>	<u>5.7</u>	<u>5.6</u>

Full time equivalents are calculated based on a standard working week of 37.5 hours for Hill Homes' staff and 40 hours for Hill Homes Care Limited.

Emoluments for the highest paid director were £77,000 (2018: £66,992) during the year. Associated pension contributions totalled £6,160 for the year (2018: £5,359). One employee's earnings were in the £70,000 - £80,000 band. (2018: none) No employee's earnings were in the £60,000 - £70,000 band. (2018: one).

Senior management for the group comprises the Chief Executive Officer, the Finance Manager and the Care & Support Manager. Total remuneration of these senior managers, including social security and pension contributions totals £150,627 (2018: £195,336)

All Board members act on a voluntary basis and received no remuneration. Travelling costs and out-of-pocket expenses reimbursed to two Board members amounted to £82 (2018: £101 to two members).

4 INTEREST RECEIVABLE AND OTHER INCOME

	Group 2019 £	Group 2018 £	Hill Homes 2019 £	Hill Homes 2018 £
Deposit interest	935	234	935	234
Investment income	353,496	348,108	353,496	348,108
Other income	24,071	609	92,409	66,598
	<u>378,502</u>	<u>348,951</u>	<u>446,840</u>	<u>414,940</u>

HILL HOMES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

5 INTEREST PAYABLE AND SIMILAR CHARGES

	Group 2019 £	Group 2018 £	Hill Homes 2019 £	Hill Homes 2018 £
On bank loans, overdrafts and other loans: Repayable in more than 5 years - by instalments	10,309	10,454	10,309	10,454
	<u>10,309</u>	<u>10,454</u>	<u>10,309</u>	<u>10,454</u>

6 OPERATING DEFICIT FOR THE YEAR

	Group 2019 £	Group 2018 £	Hill Homes 2019 £	Hill Homes 2018 £
The operating deficit for the year is stated after charging:				
Depreciation	359,525	362,262	359,525	362,262
Auditors				
- audit fees (net of VAT)	16,500	19,885	12,250	11,450
- tax advice (net of VAT)	1,450	6,298	-	-
Lease expense	763	763	763	763
	<u>359,525</u>	<u>362,262</u>	<u>359,525</u>	<u>362,262</u>

7 FIXED ASSETS

All fixed assets are owned by Hill Homes

	<u>Freehold properties</u> £	<u>Work in progress</u> £	<u>Furniture and equipment</u> £	<u>Computers</u> £	<u>Total</u> £
Cost					
At 1 April 2018	10,255,568	-	501,950	86,081	10,843,599
Additions	-	10,866	7,824	-	18,690
Disposals	(9,489)	-	(4,644)	-	(14,133)
At 31 March 2019	<u>10,246,079</u>	<u>10,866</u>	<u>505,130</u>	<u>86,081</u>	<u>10,848,156</u>
Depreciation					
At 1 April 2018	3,241,379	-	394,713	80,296	3,716,388
Charge for the year	311,595	-	43,687	4,243	359,525
Disposals	(2,045)	-	(2,875)	-	(4,920)
At 31 March 2019	<u>3,550,929</u>	<u>-</u>	<u>435,525</u>	<u>84,539</u>	<u>4,070,993</u>
Net book amounts					
At 31 March 2019	<u>6,695,150</u>	<u>10,866</u>	<u>69,605</u>	<u>1,542</u>	<u>6,777,163</u>
At 31 March 2018	<u>7,014,190</u>	<u>-</u>	<u>107,237</u>	<u>5,785</u>	<u>7,127,212</u>

Number of units: 2019: 66 (2018: 66)

HILL HOMES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

8 INVESTMENTS

All investments are held by Hill Homes

	<u>2019</u> £	<u>2018</u> £
Investments comprise:		
Sarasins Alpha CIF Funds	9,844,131	9,313,247
Investment in Hill Homes Care	1	1
	<hr/>	<hr/>
	<u>2019</u> £	<u>2018</u> £
Market value as at 1 April 2018	9,313,074	9,168,125
Additions to CIF Fund at cost	340,045	325,103
Unrealised gain/(losses)	185,540	(182,154)
	<hr/>	<hr/>
	9,836,659	9,311,074
Cash held by investment managers	7,472	2,173
	<hr/>	<hr/>
	<u>9,844,131</u>	<u>9,313,247</u>

9 DEBTORS

	<u>Group</u> <u>2019</u> £	<u>Group</u> <u>2018</u> £	<u>Hill Homes</u> <u>2019</u> £	<u>Hill Homes</u> <u>2018</u> £
Rental & care debtors	101,551	33,859	20,594	14,010
Bad debt provision	(22,143)	(438)	(621)	(438)
Prepayments	31,093	32,343	25,610	23,999
Other debtors	77,988	97,415	73,178	228,695
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>188,489</u>	<u>163,179</u>	<u>118,761</u>	<u>266,266</u>

HILL HOMES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

10 CREDITORS: Amounts falling due within one year

	<u>Group 2019</u> £	<u>Group 2018</u> £	<u>Hill Homes 2019</u> £	<u>Hill Homes 2018</u> £
Trade creditors	41,218	52,122	15,624	24,776
Other taxation and social security	-	15,640	-	2,548
Accruals and deferred income	88,810	103,651	65,408	91,237
Other creditors	33,825	21,924	27,193	10
Social housing grant	154,259	154,259	154,259	154,259
	<u>318,112</u>	<u>347,596</u>	<u>262,484</u>	<u>272,830</u>

The Group pays its trade creditors on an average of 34 days.

11 CREDITORS: Amounts falling due after more than one year

All creditors falling due after more than one year are the liability of Hill Homes

	<u>2019</u>			<u>2018</u>		
	Under 5 years £	Over 5 years £	Total £	Under 5 years £	Over 5 years £	Total £
Housing loan	1,750	63,620	65,370	700	65,066	65,766
Social housing grant	771,295	2,912,207	3,683,502	771,290	3,066,469	3,837,759
	<u>773,045</u>	<u>2,975,827</u>	<u>3,748,872</u>	<u>771,990</u>	<u>3,131,535</u>	<u>3,903,525</u>

The housing loan from Orchardbrook Ltd is repayable by annual instalments of principal and interest, the last instalment of which falls to be repaid in the year 2041; the loan bears interest at a rate of 15.875% per annum. The lender has a first legal charge over the sheltered housing property.

12 SHARE CAPITAL

	<u>2019 Number</u>	<u>2018 Number</u>
Shares of £1 each		
At 1 April 2018	25	32
Movement in year	-	(7)
Share issue	2	-
	<u>27</u>	<u>25</u>
At 31 March 2019	27	25

HILL HOMES

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2019

13 CAPITAL COMMITMENTS

At the end of March 2019, Hill Homes had committed to a fire prevention modernisation programme at Nuffield Lodge. A contract worth £250,000 had been agreed and new doors had been ordered. Installation work started in June 2019.

14 OPERATING LEASE COMMITMENTS

All leases are the liability of Hill Homes.

At 31 March 2019, the Association had commitments under operating leases which expire:

	2019 £	2018 £
Under one year	763	763
Two to five years	-	763

15 LEGISLATIVE PROVISIONS

Hill Homes is an exempt charity incorporated under the Co-operative and Community Benefit Societies Act 2014, under their reference number 12687R.

16 POST BALANCE SHEET EVENTS

There were no post balance sheet events.

17 RELATED PARTY TRANSACTIONS

Hill Homes provided a grant of £108,000 (2018: £40,000) to Hill Homes Care Limited, company number 09225337. Hill Homes Care Limited is a private company limited by shares, established on 18th September 2014, with one subscriber, Hill Homes. During the year, three of Hill Homes' board members were also directors of Hill Homes Care Limited. They were Susan Faridi, Eldon Pethybridge and Susan Tokley.

At the end of March 2019, Hill Homes Care Ltd had an outstanding balance of £270,308 due to Hill Homes. Given the uncertainty surrounding the repayment of the debt, a bad debt provision of £270,308 has been included in Hill Homes' accounts.

18 TAXATION STATUS

As an exempt charity, Hill Homes is not liable to tax on its income and gains that meet the tax exemptions. The subsidiary, Hill Homes Care Limited is liable to corporation tax on any profits not paid to Hill Homes under Gift Aid.

Hill Homes' Group is registered for VAT and charges VAT on some of its services. No VAT on expenditure is recovered by virtue of the amount being de minimis. The financial statements include VAT on expenditure.