

# **HILL HOMES**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2020**

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

**HILL HOMES**  
**ANNUAL REPORT**  
**YEAR ENDED 31 MARCH 2020**

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**HILL HOMES**  
**REPORT OF THE BOARD**  
**YEAR ENDED 31 MARCH 2020**

The Board presents its report for the year ended 31 March 2020.

**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, 2019-20, 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. Our subsidiary company, Hill Homes Care continued to provide high quality care and support to our tenants.

Like businesses all over the world, Hill Homes Group was affected by the outbreak of Covid-19 early in 2020. Several partially complete projects were suspended whilst other projects were postponed before being started. We developed a three-stage action plan focussed on keeping our tenants and staff as safe as possible and by the end of the financial year, our stage three safety measures were fully implemented.

In line with government advice, our office-based staff were working from home but our key workers continued to work on site, continuing to provide care for tenants and ensuring our buildings cleanliness was of the highest standards. Our focus was to ensure our tenants and staff stayed as safe as possible in difficult circumstances. Hill Homes' Board Members are very appreciative of all the work undertaken by staff to keep the business running during these troubled times and are particularly grateful to our key workers who put their own fears to the side to ensure tenants were kept safe and well-cared for.

Both Nuffield Lodge and Trees were closed to all but essential visitors and our activities programme was suspended whilst our tenants isolated in their flats. Our Activities Co-ordinator expanded our weekly newsletter, including puzzles, quizzes and light-hearted stories alongside essential news and information; although this could not fully make up for the lack of face-to-face social contact, feedback was very positive. Hill Homes would like to thank all tenants, their families and friends for their support during this difficult time.

In other news, Trees continues to be a vibrant, lively community in which to live despite higher than usual voids; occupancy averaged 90% for the year.

## **HILL HOMES REPORT OF THE BOARD YEAR ENDED 31 MARCH 2020**

Plans to upgrade the communal kitchen are well underway. Although completion of the project will be delayed due to the coronavirus pandemic, off-site work continued so we will be ready to proceed with building work as soon as it is safe to do so. Plans include increasing the space and storage available, retaining the open plan nature of the kitchen making it more inviting for tenants and their visitors to use whilst also making it more practical for catering our group meals.

Our Sheltered Housing Unit, Nuffield Lodge, was 100% occupied at the end of the year; average occupancy for 2019/20 was 98%.

As reported last year, AD Construction Group were appointed to modernise the fire doors at Nuffield Lodge. All internal doors were replaced during the year and a sprinkler system installed in the basement. In addition to ensuring safety is maintained at the highest level, the new doors have brightened the interior of the building significantly. We agreed with the contractors that rather than 'making good' the surrounds of the new doors, we would bring forward the redecoration and re-carpeting of the entire building. Tenants had selected their preferred colour choices for walls and carpets when work had to be postponed due to the Covid-19 pandemic. We are looking forward to proceeding with the project once government restrictions are lifted, giving the tenants the benefit of brighter, fresher communal areas.

Hill Homes' subsidiary company, Hill Homes Care Limited, has continued to provide both core care and support 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 provides a wide variety of activities available to tenants. Exercise classes continue to prove popular with our tenants, with an additional session being added to the programme during the year. 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 quiz and a very popular weekly bingo session. We are delighted that a number of local residents join in our activities at Trees and we hope to welcome more of their friends and neighbours over the forthcoming year.

Over the course of the year, we have worked with 16 volunteers who provided a total of 2,912 hours of work supporting activities and trips, acting as befrienders for tenants and assisting with our activities programme.

Towards the end of the year we welcomed volunteers from Channing School. The young people ran a lively interactive session, helping our tenants develop their IT skills whilst chatting with them about their life experiences. Great fun was had by all, with one of our older tenants being thrilled that she had learned to send an email at the age of 100. We are excited to further develop our relationship with the young people of Highgate.

Without the support of our volunteers, it would not be possible for us to deliver a full programme of activities. Once again, Hill Homes' Board Members wish to express their thanks to all our donors and volunteers.

### **FUTURE PLANS**

During 2020-21 we will complete the upgrade of the communal kitchen at Trees. This will bring the facilities up to today's standards and provide more space for catering for tenants' events.

With our neighbours having completed their building work, the pathways in the garden at Trees were all set to be re-laid when we had to postpone work due to the coronavirus outbreak. We plan to

## **HILL HOMES**

### **REPORT OF THE BOARD**

### **YEAR ENDED 31 MARCH 2020**

complete this work in the forthcoming year.

Other plans for the next year include improving the functionality of our website and raising our profile in the local area by holding an Open Day.

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 2020, 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.

## HILL HOMES REPORT OF THE BOARD YEAR ENDED 31 MARCH 2020

Board Members have reviewed the code of conduct, utilising the National Housing Federation's compliance checklist. The Board has also assessed its compliance with the Governance and Financial Viability Standard. During these assessments, the Board has identified some areas for improvement and is planning a governance review to be completed early in 2021 to ensure full compliance in the future.

The Board meets a minimum of three times every calendar year. During the financial year 2019-20, 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 2020:

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

	29 May 2019	17 July 2019	18 September 2019	4 November 2019	12 February 2020	Percentage Attendance
David Crump	√	√	√	√	√	100%
Susan Faridi	√	√	√	√	X	80%
Patrick Hammill	√	√	√	√	√	100%
Charles Hollwey	√	√	√	√	√	100%
Eldon Pethybridge	√	√	√	√	√	100%
Susan Tokley	√	√	√	√	√	100%

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 seven 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.

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;

**HILL HOMES**  
**REPORT OF THE BOARD**  
**YEAR ENDED 31 MARCH 2020**

Continued;

- 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 Value for Money initiatives:

- rather than the contractors making good following the modernisation of the fire doors at Nuffield Lodge, we agreed to decorate and replace the flooring throughout the building. The tenants made their colour choices but, unfortunately, the work was delayed due to the coronavirus pandemic. This project will be completed as soon as is safely possible in 2020-21; 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

Value for Money Metrics		2020	2019 (Restated)
Reinvestment	Investment in properties as a percentage of the value of total properties held	1.16%	1.15%
Gearing	Degree dependence on debt finance	0.99%	0.97%
Earnings before interest, tax, depreciation, amortisation, major repairs interest cover (EBITDA MRI)	Indicator of liquidity and investment capacity	1409%	2264%
Headline social housing cost per unit	As defined by the regulator	£11,432.48	£9,223.03
Operating margin:	Profitability of operating assets before exceptional expenses are taken into account		
- Social housing lettings only		-49%	-30%
- Overall		-22%	-23%
Return on capital employed (ROCE)	Compares operating surplus to total assets less current liabilities	-2.59%	-2.13%
New supply delivered		0%	0%

**HILL HOMES**  
**REPORT OF THE BOARD**  
**YEAR ENDED 31 MARCH 2020**

**FINANCIAL REVIEW**

During the year the group made an operating deficit of £423,392 (2019: £358,899). Following the receipt of interest earned from investments and cash deposits and social housing grant, the overall deficit for the year was £55,912 (2019: surplus £11,664). The results of Hill Homes Care Limited, the Association's subsidiary company are consolidated in these accounts. This includes a deficit of £15,730 (2019: surplus £5,243) for the company for the year. There was also a £50,043 loss on the disposal of fixed assets in relation to fire doors being replaced as part of the Fire Prevention scheme

There was in addition an unbudgeted unrealised loss on investments of £311,922 (2019: gain £185,540) resulting in an overall decrease in reserves of £367,834 (2019: increase £197,204). The valuation of our investments was adversely affected by the universal market losses resulting from the coronavirus pandemic in March 2020. By the end of May 2020, the portfolio had recovered these losses.

During 2019-20, the investment income receivable was reinvested in the long-term portfolio for the first half of the year; in the second half of the year the income was withdrawn from the portfolio to fund ongoing capital projects, including the fire door modernisation project at Nuffield Lodge. Investment income increased by £14,248 to £367,744 (2019: £353,496).

Turnover for the year was £1,676,009 (2019: £1,553,879), an increase of £122,130.

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 clients of Hill Homes Care. 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.

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.



**HILL HOMES**  
**REPORT OF THE BOARD**  
**YEAR ENDED 31 MARCH 2020**

**REMUNERATION & RECRUITMENT**

The Group Chief Executive, Finance Manager and the Head of Care and Support 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. In 2020/21 all staff will receive as a minimum the London Living Wage.

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**  
A programme of major work modernising our passive fire precautions is nearing completion.
- **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.
- **Impact of the coronavirus pandemic**  
The board implemented a full coronavirus contingency plan restricting access to our schemes and with office-based staff working from home.

**HILL HOMES**  
**REPORT OF THE BOARD**  
**YEAR ENDED 31 MARCH 2020**

**INVESTMENTS**

The Board continued working with Sarasin & Partners as investment managers. All investment income earned on the portfolios was reinvested in the long-term portfolio for the first half of the year. A planned change to policy was implemented midway through the year with investment income being utilised for operational purposes. The portfolios continue to be invested in Common Investment Funds. In November 2019, our long-term portfolio was transferred to Sarasin's Climate Active Endowment Fund, a fund that prioritises climate change and environmental issues when stock selections are made. Sarasin & Partners continue to work closely with Board Members, attending a minimum of one Finance, Risk and Audit Committee meeting per year.

**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 £12,730,790 (2019: £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 2020, the major repairs fund stood at £782,046 (2019: £692,815). The stock condition survey was reviewed during 2019-20 and annual contributions to the fund will be adjusted from 2020-21 onwards to reflect the updated long-term maintenance plan.

**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	
Ms S Faridi	
Mr P Hammill	
Mr C Hollwey	(Honorary Treasurer)
Mr E Pethybridge	(Chair)
Ms S Tokley	

**Members of the Finance and Audit Sub-Committee**

Mrs K Chotai	
Mr C Hollwey	
Mr R Spain	
Mr A Pythagoras	(Independent Member)

**HILL HOMES**  
**REPORT OF THE BOARD**  
**YEAR ENDED 31 MARCH 2020**

**REGISTERED OFFICE**

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

**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 22<sup>nd</sup> July 2020 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 for registered social housing providers (Update 2018) 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 2019. 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 for registered social housing providers (Update 2018).

## **INDEPENDENT AUDITOR'S REPORT TO HILL HOMES**

### **Opinion**

We have audited the financial statements for the year ended 31 March 2020 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 2020 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 2019..

### **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](http://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 6 August 2020

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 2020**

		Group 2020	2019	Hill Homes 2020	2019
	Notes	£	£	£	£
Turnover	2	1,676,009	1,553,879	775,894	773,159
Operating costs					
Direct expenditure		(1,418,028)	(1,550,481)	(750,992)	(720,196)
Administration costs		(631,330)	(353,085)	(474,865)	(458,767)
Losses on sale of fixed assets		(50,043)	(9,212)	(50,043)	(9,212)
Total operating costs		(2,099,401)	(1,912,778)	(1,275,900)	(1,188,175)
Operating (deficit)		(423,392)	(358,899)	(500,006)	(415,016)
Interest receivable and other income	4	376,446	378,502	468,788	446,840
Donations and legacies received		1,399	2,370	1,399	2,370
Interest payable and similar charges	5	(10,365)	(10,309)	(10,365)	(10,309)
Debt impairment		-	-	(6,527)	(270,308)
Surplus (Loss) for year on ordinary activities		(55,912)	11,664	(46,711)	(246,423)
Unrealised gains /(losses) on investments		(311,922)	185,540	(311,922)	185,540
Surplus/(deficit) for year after investment gains and losses		(367,834)	197,204	(358,633)	(60,883)
Reserves brought forward		13,098,624	12,901,420	13,005,411	13,066,294
Reserves carried forward		12,730,790	13,098,624	12,646,778	13,005,411

All the above results are derived from continuing activities.

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

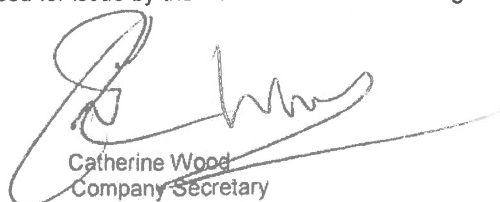
The Statement of Comprehensive Income was approved and authorised for issue by the Board of Trustees and signed on its behalf on 22<sup>nd</sup> July 2020:



Eldon Pethybridge  
Chair



Charles Hollway  
Honorary Treasurer



Catherine Wood  
Company Secretary



**HILL HOMES**  
**STATEMENT OF FINANCIAL POSITION**  
**YEAR ENDED 31 MARCH 2020**

		Group 2020 £	2019 £	Hill Homes 2020 £	2019 £
	<u>Notes</u>				
<b>FIXED ASSETS</b>					
Housing properties at depreciated cost	7	6,565,713	6,706,016	6,565,713	6,706,016
Other tangible assets	7	45,362	71,147	45,362	71,147
		<hr/>	<hr/>	<hr/>	<hr/>
Investments	8	6,611,075 9,631,213	6,777,163 9,844,131	6,611,075 9,631,213	6,777,163 9,844,131
		<hr/>	<hr/>	<hr/>	<hr/>
		16,242,288	16,621,294	16,242,288	16,621,294
		<hr/>	<hr/>	<hr/>	<hr/>
<b>CURRENT ASSETS</b>					
Debtors	9	238,285	188,489	127,519	118,761
Cash at bank and in hand		275,083	355,852	227,518	276,739
		<hr/>	<hr/>	<hr/>	<hr/>
		513,368	544,341	355,037	395,500
<b>CREDITORS – amounts falling due within one year</b>	10	(430,913)	(318,112)	(356,594)	(262,484)
		<hr/>	<hr/>	<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		82,455	226,229	(1,557)	133,016
		<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		16,324,743	16,847,523	16,240,731	16,754,310
		<hr/>	<hr/>	<hr/>	<hr/>
<b>CREDITORS – amounts falling due after one year</b>	11	(3,593,932)	(3,748,872)	(3,593,932)	(3,748,872)
		<hr/>	<hr/>	<hr/>	<hr/>
		12,730,811	13,098,651	12,646,799	13,005,438
		<hr/>	<hr/>	<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>					
Share capital	12	21	27	21	27
Revenue reserves		12,730,522	13,098,356	12,646,510	13,005,143
Restricted reserves		268	268	268	268
		<hr/>	<hr/>	<hr/>	<hr/>
		12,730,811	13,098,651	12,646,799	13,005,438
		<hr/>	<hr/>	<hr/>	<hr/>

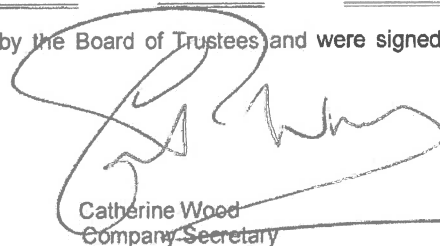
The financial statements were approved and authorised for issue by the Board of Trustees and were signed on its behalf on 22<sup>nd</sup> July 2020:



Eldon Pethybridge  
Chair



Charles Hollway  
Honorary Treasurer



Catherine Wood  
Company Secretary

**HILL HOMES**  
**STATEMENT OF CHANGES IN GROUP RESERVES**  
**YEAR ENDED 31 MARCH 2020**

	Balance 1 <sup>st</sup> April 2019	Income	Expenditure	Balance 31 <sup>st</sup> March 2020
	£	£	£	£
<b>Restricted reserves</b>				
Tenants' activities	268	404	(404)	268
Total restricted reserves	268	404	(404)	268
<b>Revenue reserves</b>				
Revenue reserves	13,098,356	2,053,450	(2,421,284)	12,730,522
Total revenue reserves	13,098,356	2,053,450	(2,421,284)	12,730,522
<b>Total reserves</b>	<b>13,098,624</b>	<b>2,053,854</b>	<b>(2,421,688)</b>	<b>12,730,790</b>

	Balance 1 <sup>st</sup> April 2018	Income	Expenditure	Balance 31 <sup>st</sup> March 2019
	£	£	£	£
<b>Restricted reserves</b>				
Tenants' activities	228	732	(692)	268
Total restricted reserves	228	732	(692)	268
<b>Revenue reserves</b>				
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
<b>Total reserves</b>	<b>12,901,420</b>	<b>2,120,291</b>	<b>(1,923,087)</b>	<b>13,098,624</b>

**HILL HOMES**  
**STATEMENT OF CHANGES IN HILL HOMES RESERVES**  
**YEAR ENDED 31 MARCH 2020**

	Balance 1 <sup>st</sup> April 2019	Income	Expenditure	Balance 31 <sup>st</sup> March 2020
	£	£	£	£
<b>Restricted reserves</b>				
Tenants' activities	268	404	(404)	268
Total restricted reserves	268	404	(404)	268
<b>Revenue reserves</b>				
Revenue reserves	13,005,143	1,245,677	(1,604,310)	12,646,510
Total revenue reserves	13,005,143	1,245,677	(1,604,310)	12,646,510
275				
<b>Total reserves</b>	<b>13,005,411</b>	<b>1,246,081</b>	<b>(1,604,714)</b>	<b>12,646,778</b>

	Balance 1 <sup>st</sup> April 2018	Income	Expenditure	Balance 31 <sup>st</sup> March 2019
	£	£	£	£
<b>Restricted reserves</b>				
Tenants' activities	228	732	(692)	268
Total restricted reserves	228	732	(692)	268
<b>Revenue reserves</b>				
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
<b>Total reserves</b>	<b>13,066,294</b>	<b>1,407,909</b>	<b>(1,468,792)</b>	<b>13,005,411</b>

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 2020-21.

During 2018-19, tenants donated money towards activities at Trees. The unspent balance of £40 at the end of March will be spent during 2020-21.

**HILL HOMES**  
**GROUP STATEMENT OF CASH FLOWS**  
**YEAR ENDED 31 MARCH 2020**

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
		£	£
<b>Cash flows from operating activities</b>			
Profit/(loss) for the financial year		(367,834)	197,204
Adjustments for:			
Depreciation		345,846	359,525
Unrealised loss/(gain) on investments		311,922	(185,540)
Loss on disposal of property, plant & equipment		50,043	9,212
Interest paid		10,365	10,309
Interest received		(367,744)	(353,496)
Decrease/(increase) in debtors		(49,795)	(25,310)
(Decrease)/increase in creditors		(41,800)	(183,739)
		<hr/>	<hr/>
<b>Cash from operations</b>		(108,997)	(171,835)
Interest paid		(10,365)	(10,309)
		<hr/>	<hr/>
<b>Net cash generated from operating activities</b>		(119,362)	(182,144)
 <b>Cash flows from investing activities</b>			
Purchases of property, plant & equipment		(229,801)	(18,690)
Purchases of investments		(99,002)	(345,344)
Interest received		367,744	353,496
		<hr/>	<hr/>
<b>Net cash from investing activities</b>		38,941	(10,538)
 <b>Cash flows from financing activities</b>			
Issue of ordinary share capital		(6)	2
Repayment of borrowings		(342)	(396)
		<hr/>	<hr/>
<b>Net cash used in financing activities</b>		(348)	(394)
		<hr/>	<hr/>
<b>Net (decrease) in cash and cash equivalents</b>		(80,769)	(193,076)
Cash and cash equivalents at beginning of year		355,852	548,928
		<hr/>	<hr/>
<b>Cash &amp; cash equivalents at end of year</b>		275,083	355,852
		<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 2020

#### 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 for registered social housing providers (Update 2018), the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting cashflow for Private Registered Providers of Social Housing in England from 2019. 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	-	33.33% per annum on cost

Freehold land is not depreciated.

**HILL HOMES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2020**

**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.

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 2020 was 58% in the long-term portfolio and 42% 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) Operating costs**

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

**(i) Operating lease rentals**

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

**(j) 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.

**HILL HOMES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2020**

**1 ACCOUNTING POLICIES (Continued)**

**(k) 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 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.

**(l) 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.

**(m) 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.

**(n) 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.

**(o) 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. Although there are uncertainties around COVID-19, Hill Homes has continued to trade throughout the pandemic. Additionally, the Board are regularly reviewing the impact on income and expenditure. They believe it does not currently have a material impact on the going concern status of the organisation.

**(p) 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.

**HILL HOMES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2020**

**1 ACCOUNTING POLICIES (Continued)**

**(q) Financial Instruments**

With the exception of investments of £9,631,213 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	Gains/Losses on Disposal	Operating Surplus/(Deficit)	2019 (Restated)
	£	£	£	£	£	£
Social Housing Lettings (Note B)	739,106	(717,862)	(382,528)	(50,043)	(411,327)	(225,626)
Other Social Housing Activities: Charges for support services	176,024	(156,465)	-	-	19,559	(7,879)
	<u>915,130</u>	<u>(874,327)</u>	<u>(382,528)</u>	<u>(50,043)</u>	<u>(391,768)</u>	<u>(233,505)</u>
Activities other than Social Housing Activities: Charges for care	759,870	(667,035)	(92,337)	-	498	(112,712)
Charges for activities	1,009	(33,131)	-	-	(32,122)	(12,682)
<b>Total</b>	<u><b>1,676,009</b></u>	<u><b>(1,574,493)</b></u>	<u><b>(474,865)</b></u>	<u><b>(50,043)</b></u>	<u><b>(423,392)</b></u>	<u><b>(358,899)</b></u>



**HILL HOMES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2020**

**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	Gains/Losses on Disposal	2020	2019 (Restated)
	£	£	£	£	£
<b>Income</b>					
Rent receivable net of identifiable service charges	7,679	371,297	-	378,976	404,741
Service charge income	390	205,482	-	205,872	192,834
Amortised government grants	-	154,258	-	154,258	154,258
<b>Turnover from Social Housing Lettings</b>	<b>8,069</b>	<b>731,037</b>	<b>-</b>	<b>739,106</b>	<b>751,833</b>
<b>Operating expenditure</b>					
Management	65	429,042	-	429,107	297,909
Service charge costs	129	295,660	-	295,789	296,715
Routine maintenance	164	61,355	-	61,519	55,876
Planned maintenance	-	-	-	-	-
Major repairs expenditure	-	-	-	-	5,890
Bad debts	-	-	-	-	-
Depreciation of housing properties	12,090	301,885	-	313,975	311,857
<b>Operating expenditure on Social Housing Lettings</b>	<b>12,448</b>	<b>1,087,942</b>	<b>-</b>	<b>1,100,390</b>	<b>968,247</b>
(Gains)/Losses on disposal	-	-	50,043	50,043	9,212
<b>Operating deficit in Social Housing Lettings</b>			<b>-</b>	<b>(411,327)</b>	<b>(225,626)</b>
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	-	68,233	-	68,233	49,630

**HILL HOMES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2020**

**3 STAFF COSTS**

	Group 2020 £	Group 2019 £	Hill Homes 2020 £	Hill Homes 2019 £
Wages and salaries	781,723	724,823	248,847	190,055
Social security costs	67,015	62,829	23,423	17,240
Other pension costs	32,836	27,078	12,644	12,400
	<u>881,574</u>	<u>814,530</u>	<u>284,914</u>	<u>219,695</u>

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

	Group 2020 £	Group 2019 £	Hill Homes 2020 £	Hill Homes 2019 £
Staff	25.2	23.8	6.2	5.7
	<u>25.2</u>	<u>23.8</u>	<u>6.2</u>	<u>5.7</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 £73,688 (2019: £77,000) during the year. Associated pension contributions totalled £3,282 for the year (2019: £8,160). One employee's earnings were in the £70,000 - £80,000 band. (2019: one) No employee's earnings were in the £60,000 - £70,000 band. (2019: none).

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 £190,352 (2019: £150,627)

All Board members act on a voluntary basis and received no remuneration. Travelling costs and out-of-pocket expenses reimbursed to one Board members amounted to £67 (2019: £82 to two members).

**4 INTEREST RECEIVABLE AND OTHER INCOME**

	Group 2020 £	Group 2019 £	Hill Homes 2020 £	Hill Homes 2019 £
Deposit interest	368	935	368	935
Investment income	367,744	353,496	367,744	353,496
Other income	8,334	24,071	100,676	92,409
	<u>376,446</u>	<u>378,502</u>	<u>468,788</u>	<u>446,840</u>

**HILL HOMES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2020**

**5 INTEREST PAYABLE AND SIMILAR CHARGES**

	<u>Group</u> <u>2020</u> £	<u>Group</u> <u>2019</u> £	<u>Hill Homes</u> <u>2020</u> £	<u>Hill Homes</u> <u>2019</u> £
On bank loans, overdrafts and other loans: Repayable in more than 5 years - by instalments	10,365	10,309	10,365	10,309
	<u>10,365</u>	<u>10,309</u>	<u>10,365</u>	<u>10,309</u>

**6 OPERATING DEFICIT FOR THE YEAR**

	<u>Group</u> <u>2020</u> £	<u>Group</u> <u>2019</u> £	<u>Hill Homes</u> <u>2020</u> £	<u>Hill Homes</u> <u>2019</u> £
The operating deficit for the year is stated after charging:				
Depreciation	345,846	359,525	345,846	359,525
Auditors				
- audit fees (net of VAT)	16,500	16,500	12,145	12,250
- VAT advice (net of VAT)	3,000		-	-
- tax advice (net of VAT)	1,450	1,450	1,450	-
Lease expense	763	763	763	763

**7 FIXED ASSETS**

All fixed assets are owned by Hill Homes

	<u>Freehold</u> <u>properties</u> £	<u>Work in</u> <u>progress</u> £	<u>Furniture and</u> <u>equipment</u> £	<u>Computers</u> £	<u>Total</u> £
<b>Cost</b>					
At 1 April 2019	10,246,079	10,866	505,130	86,081	10,848,156
Additions	219,290	3,542	5,432	1,538	229,802
Movement	10,866	(10,866)	-	-	-
Disposals	(63,509)	-	-	-	(63,509)
At 31 March 2020	<u>10,412,726</u>	<u>3,542</u>	<u>510,562</u>	<u>87,619</u>	<u>11,014,449</u>
<b>Depreciation</b>					
At 1 April 2019	3,550,929	-	435,525	84,539	4,070,993
Charge for the year	313,975	-	29,872	1,999	345,846
Disposals	(13,465)	-	-	-	(13,465)
At 31 March 2020	<u>3,851,439</u>	<u>-</u>	<u>465,397</u>	<u>86,538</u>	<u>4,403,374</u>
<b>Net book amounts</b>					
At 31 March 2020	<u>6,561,287</u>	<u>3,542</u>	<u>45,165</u>	<u>1,081</u>	<u>6,611,075</u>
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>

Number of units: 2020: 66 (2019: 66)

**HILL HOMES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2020**

**8 INVESTMENTS**

All investments are held by Hill Homes

	<u>2020</u> £	<u>2019</u> £
<b>Investments comprise:</b>		
Sarasins Alpha CIF Funds	9,631,213	9,844,131
Investment in Hill Homes Care	1	1
	<hr/>	<hr/>

	<u>2020</u> £	<u>2019</u> £
Market value as at 1 April 2019	9,836,659	9,311,074
Additions to CIF Fund at cost	6,277,701	340,045
Disposals from CIF Fund at cost	(5,104,877)	-
Realised gain on disposal	(1,088,123)	-
Unrealised gain/(losses)	(311,922)	185,540
	<hr/>	<hr/>
	9,609,438	9,836,659
Cash held by investment managers	21,775	7,472
	<hr/>	<hr/>
	9,631,213	9,844,131
	<hr/>	<hr/>

**9 DEBTORS**

	<u>Group</u> <u>2020</u> £	<u>Group</u> <u>2019</u> £	<u>Hill Homes</u> <u>2020</u> £	<u>Hill Homes</u> <u>2019</u> £
Rental & care debtors	139,341	101,551	31,364	20,594
Bad debt provision	(14,694)	(22,143)	(6,130)	(621)
Prepayments	44,016	31,093	37,606	25,610
Other debtors	69,622	77,988	64,679	73,178
	<hr/>	<hr/>	<hr/>	<hr/>
	238,285	188,489	127,519	118,761
	<hr/>	<hr/>	<hr/>	<hr/>

**HILL HOMES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2020**

**10 CREDITORS: Amounts falling due within one year**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Hill Homes 2020 £</b>	<b>Hill Homes 2019 £</b>
Trade creditors	61,508	41,218	35,815	15,624
Other taxation and social security	222	-	222	-
Accruals and deferred income	170,067	88,810	136,356	65,408
Other creditors	44,858	33,825	29,943	27,193
Social housing grant	154,258	154,259	154,258	154,259
	<b>430,913</b>	<b>318,112</b>	<b>356,594</b>	<b>262,484</b>

The Group pays its trade creditors on an average of 31 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

	<b>2020</b>			<b>2019 (restated)</b>		
	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Total</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Housing loan	1,362	63,327	64,689	1,400	63,970	65,370
Social housing grant	617,032	2,912,211	3,529,243	617,032	3,066,468	3,683,500
<b>Total</b>	<b>618,394</b>	<b>2,975,538</b>	<b>3,593,932</b>	<b>618,432</b>	<b>3,130,438</b>	<b>3,748,870</b>

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.

<b>Reconciliation of Net Debt</b>	<b>At 1 April 2019 £</b>	<b>Cash flows £</b>	<b>Other non-cash changes £</b>	<b>At 31 March 2020 £</b>
Cash at bank and in hand	355,852	(80,769)	-	275,083
Bank overdrafts	-	-	-	-
Debt due after 1 year	(65,029)	-	340	(64,689)
Debt due within 1 year	(340)	340	(340)	(340)
	<b>290,483</b>	<b>(80,429)</b>	<b>-</b>	<b>210,054</b>

**HILL HOMES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2020**

12 SHARE CAPITAL	<u>2020</u> <u>Number</u>	<u>2019</u> <u>Number</u>
Shares of £1 each		
At 1 April 2019	27	25
Movement in year	(6)	-
Share issue	-	2
	<hr/>	<hr/>
At 31 March 2020	21	27
	<hr/>	<hr/>

**13 CAPITAL COMMITMENTS**

There were no capital commitments at 31st March 2020.

**14 OPERATING LEASE COMMITMENTS**

All leases are the liability of Hill Homes.

At 31 March 2020, the Association had commitments under operating leases which expire:

	2020 £	2019 £
Under one year	3,400	763
Two to five years	6,800	-

**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 £nil (2019: £108,000) to Hill Homes Care Limited, company number 09225337. Hill Homes Care Limited is a private company limited by shares, established on 18<sup>th</sup> September 2014, with one subscriber, Hill Homes. During the year, two of Hill Homes' board members were also directors of Hill Homes Care Limited. They were Susan Faridi and Susan Tokley.

At the end of March 2020, Hill Homes Care Ltd had an outstanding balance of £276,834, (2019 £270,308) due to Hill Homes. Given the uncertainty surrounding the repayment of the debt, a bad debt provision of £276,834 (2019 £270,308) has been included in Hill Homes' accounts.

**HILL HOMES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2020**

**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.

