

**HILL HOMES**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2023**

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

**HILL HOMES  
ANNUAL REPORT  
YEAR ENDED 31 MARCH 2023**

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# **HILL HOMES**

## **REPORT OF THE BOARD**

### **YEAR ENDED 31 MARCH 2023**

The Board presents its report for the year ended 31 March 2023.

#### **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 Regulator of Social Housing. 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 Regulator of Social Housing (RSH).

#### **REVIEW OF BUSINESS**

Over the course of the year, 2022-23, 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 a general needs property in Barnet. Our subsidiary companies, Hill Homes Care Ltd. and Hill Homes Care Services Ltd., continued to provide high quality care and support to our tenants.

With all covid restrictions having been lifted, the Board was able to hold a facilitated face-to-face strategy session in November 2022. This was informed by tenant feedback gathered from tenant engagement workshops held at both of our schemes, Nuffield Lodge and Trees, and our staff survey. The board agreed five strategic themes and the Leadership Team held an awayday in February 2023, with the same facilitator, to discuss how to take these themes forward in practice. Hill Homes' 5-year Strategy will be published following the board meeting in July 2023.

The Chief Executive and Board embarked on a period of change in 2019-20; this was inevitably slowed by the Covid-19 pandemic. 2022-23 saw the transformation gain momentum. We engaged an Interim Quality Improvement Manager to support the Chief Executive throughout the process and two new staff members, a Head of Finance and Care & Support Manager, joined the Leadership Team in November 2022 and April 2023 respectively.

In line with our aim of continuous improvement, we undertook our first staff survey in the summer

## **HILL HOMES REPORT OF THE BOARD YEAR ENDED 31 MARCH 2023**

of 2022. As a result of this, we have introduced an Employee of the Month scheme, with nominations being made by both staff and tenants, and enhanced our 'Refer a Friend' scheme to help ease recruitment challenges.

We also invested in our staff group, running a series of quarterly staff development workshops covering The Value of Values, Teams and Trust, Effective Communications and Conflict and Difficult Conversations to further embed our values that were introduced in 2020. These sessions are being followed up with a pair of Equality, Diversity and Inclusion workshops in the first quarter of 2023-24, following which we plan to start an Allyship group.

Our activities programme has expanded exponentially over the last year. Some old favourites have returned, including a weekly coffee morning, poetry group, bingo session, art group and quiz, alongside some new activities. At tenants' request, we started a book club and have also formed links with our local Debutots group, who visit us monthly for intergenerational fun, games and cake. In May 2023, we formed a tenants' committee providing tenants the opportunity to drive the development of our activities programme and manage the associated budget.

We were delighted to welcome back some long-standing friends who volunteer with us. They were joined by several new young volunteers and we re-established our relationship with Channing School. Over the course of the year, 16 volunteers gave 634.5 hours of time. Hill Homes' Board Members wish to thank them for their continued support; without them we would not be able to deliver such a diverse activities programme.

2022-23 also saw several successful social opportunities for tenants. We held parties to celebrate both the Queen's Diamond Jubilee and the Coronation of Charles III. Our Activities Coordinator coordinated a well-attended Burns Night gathering, with haggis and music accompanying singing and poetry reading from some of our tenants. He subsequently supported tenants organise a wine and cheese evening.

In October 2022, our black staff and tenants took over editorial control of our weekly newsletter to celebrate Black History Month. This enabled them to share their history and stories with the wider staff and tenant group, helping us to improve understanding of different cultures.

With the support of staff, one of our tenants fed into the 'North Central London Falls Team' work to help develop a Falls Prevention and Safer Mobility workshop. This is being held in the first quarter of 2023-24 at our Extra-Care Scheme, with tenants, friends and family all being invited. The same tenant is continuing to work with the falls team to develop a further workshop covering what older people can do if they fall. Together with our existing seated exercise class, these workshops will form the foundations of a safer mobility programme we are developing to add to our core offering to tenants.

Our Care & Support Manager is working with the Interim Quality Improvement Manager to transform the way we work behind the scenes in our care delivery. We are focussing on moving away from paper-based system to an electronic system, Care Control. Using an electronic system helps us work

## **HILL HOMES REPORT OF THE BOARD YEAR ENDED 31 MARCH 2023**

more efficiently and smooths communications between team members. During the year, the senior staff embarked on a training programme that was rolled out to the wider staff group in the first quarter of 2023-24. With effect from April 2023, new clients' data was stored electronically, with the transfer of all data being complete by the end of June.

Following discussions with our Chief Executive and representatives from Hill Homes Care Board, London Borough of Haringey made a first step towards redressing the shortfall in fees they pay for care and support, increasing their weekly core payments for the first time.

Our void level at Trees was higher than the previous year as we continue to face difficulties in getting appropriate local authority referrals; average occupancy was 90%. Our Sheltered Housing Unit, Nuffield Lodge, had an average occupancy of 96% for the year.

As outlined in last year's trustee report, we completed a tenants' handbook for Nuffield Lodge tenants. This was launched in the first quarter of 2023-24.

Work on upgrading the communal kitchen at Trees has been further delayed, with staff turnover having an impact on the plans. This work is now planned for 2023-24. 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.

Finally, our fire safety assessment work continues, based on latest guidance and fire safety regulations. Expert surveys have made a number of recommendations. Work took place on one test flat so we could understand the impact on our tenants. Board members wish to take this opportunity to express their thanks to the tenant who made their flat available for this work. At the end of March 2023, final contract amendments were being negotiated, allowing us to embark on a programme of work during 2023-24, to ensure we remain fully compliant and everyone in our buildings remains safe.

### **FUTURE PLANS**

During 2023-24 we will upgrade the communal kitchen at Trees. Progress on this project has been impacted firstly by the coronavirus pandemic and subsequently by staff turnover. Completing the work will bring the facilities up to today's standards and provide more space for catering for tenants' events.

The board committed to a new five-year strategy in November 2022. They agreed five key themes, all of which sit within the overarching aim of Service Quality. The agreed themes are:

- Growth, in both Housing and Care & Support;
- Customers, including allocations;
- People
- Finance; and,
- Marketing.

Full details of the strategy will be published following the board meeting in July 2023.

# HILL HOMES

## REPORT OF THE BOARD

### YEAR ENDED 31 MARCH 2023

#### 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 2023, there were eight 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 2020 which specifies that:

- the Board sets and actively drives the organisation's social purpose, mission, values and ambitions, and through these embeds within the organisation resident focus, inclusion, integrity, openness and accountability.
- the Board sets ambitions, plans and strategies which enable the organisation to fulfil its social purpose and remain viable and sustainable, and exercises demonstrable and effective oversight of its delivery.
- the organisation is led by a skilled and diverse board which regularly reviews and capably manages its own performance and effectiveness, and ensures that it complies with this code; and,
- the Board actively manages the risks faced by the organisation, and obtains robust assurance that controls are effective, that plans and compliance obligations are being delivered, and that the organisation is financially viable.

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 and considers the organisation compliant other than as set out below.

Some of the areas identified for improvement at the end of March 2022, have been addressed during the 2022-23 financial year. We:

## HILL HOMES REPORT OF THE BOARD YEAR ENDED 31 MARCH 2023

- updated the roles and responsibilities of our officers;
- held tenant engagement sessions, providing all tenants with an opportunity to feed into the board's strategic discussions;
- ensured all board members, with the exception of the Chair, had an appraisal meeting;
- reviewed the terms of reference for our committees; and,
- handed editorial control of our newsletter in Black History Month to our black staff and tenants.

Following the compliance assessments at the end of March 2023, the Board has identified there are still some areas for improvement to ensure full compliance in the future:

- sessions are being planned to feedback the outcome of the board's strategy meeting to tenants;
- a staff and tenant activities committee is being introduced to add more structure to tenants' involvement in planning our activities schedule;
- we will hold equality, diversity and inclusion training;
- we will monitor compliance with our equality and diversity policy, track progress and make this information available to our stakeholders;
- whilst we have an appraisal process in place for board members, we will be introducing a process for appraising the chair;
- we do not have a documented process that helps ensure or board members effectively role-model our desired culture. We will explore how we might achieve this; and,
- whilst we continue to circulate training opportunities to our board members, members do not have an agreed programme of learning. We will be looking at how best to implement this.

The Board meets a minimum of three times every calendar year. During the financial year 2022-23, the Board met four times, and in addition held a strategy 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 2023:

	13 July 2022	21 September 2022	11 January 2023	22 March 2023	Percentage Attendance
Ian Cartmell	X	√	√	√	75%
Kaajal Chotai	√	X	X	√	50%
Jonathan Cooper	√	√	√	√	100%
David Crump	X	√	√	√	75%
Patrick Hammill	√	√	√	√	100%
John Powlton	√	√	√	√	100%
Eamon Ray	√	√	√	√	100%
Susan Tokley	√	√	√	√	100%

## **HILL HOMES REPORT OF THE BOARD YEAR ENDED 31 MARCH 2023**

There are two sub-committees of the Board: the Finance, Risk and Audit Committee and the Remuneration Committee. Membership of these committees are 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 nine 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 the Association's strategies. A full Value for Money Statement is available to download from our website.

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

- we will work with tenants to understand what their needs are. The wellbeing of the Hill Homes' 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;
- we 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 Hill Homes' 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 Value for Money initiatives:

- continued to use a broker to monitor the utilities market to ensure we obtained the best deals for our tenants, despite the volatility in the utilities' market;
- continued to invest in our properties to maintain them at a high standard for current and future tenants;
- actively pursued accounts of ex-tenants with outstanding balances, ensuring the organisation collects money due to it; 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.



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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.

<b>Value for Money Metrics</b>		<b>2023</b>	<b>2022</b>
Reinvestment	Investment in properties as a percentage of the value of total properties held	1.40%	1.84%
Gearing	Degree dependence on debt finance	1.11%	1.06%
Earnings before interest, tax, depreciation, amortisation, major repairs interest cover (EBITDA MRI)	Indicator of liquidity and investment capacity	2,043%	3,915%
Headline social housing cost per unit	As defined by the regulator	£13,491	£12,084
Operating margin:	Profitability of operating assets before exceptional expenses are taken into account		
- Social housing lettings only		-12.17%	-13.13%
- Overall		-15.9%	-10.0%
Return on capital employed (ROCE)	Compares operating surplus to total assets less current liabilities	-1.99%	-1.15%
New supply delivered		0%	0%

**FINANCIAL REVIEW**

During the year, the group made an operating deficit of £332,236 (2022: deficit £211,862). Following the receipt of interest earned from investments and cash deposits and social housing grant, the overall surplus for the year on ordinary activities was £9,251 (2022: £154,320). There was no loss on disposal of fixed assets (2022: £6,500). The results of Hill Homes Care Limited and Hill Homes Care Services Limited, the Association's subsidiary companies are consolidated in these accounts. This includes a deficit of £169,584 (2022: £51,281) for Hill Homes Care Limited for the year and a deficit of £3,780 for Hill Homes Care Services Limited (2022: £3,691).

There was an unrealised loss on investments of £978,864 (2022: £18,602) resulting in an overall decrease in reserves of £969,613 (2022: increase of £135,718).

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During 2022-23, the investment income receivable was reinvested into the long-term portfolio during the year. Investment income decreased by £9,397 to £325,512 (2022: £334,909).

Turnover for the year was £2,080,657 (2022: £1,999,629), an increase of £81,028.

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.

## **REMUNERATION & RECRUITMENT**

The Group Chief Executive, Head of Finance and the Care and 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 3.1% salary increase for 2022-23. In 2023/24 all staff will continue to 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.

## **GOING CONCERN**

The current economic, political and societal conditions continue to create uncertainty and increase in the costs of the Group particularly surround care.

Following a detailed review of future forecasts and projections, the Board has a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future.

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As noted in risk management, it is expected that Hill Homes will continue to support the subsidiaries for a term of at least 12 month from the date of approval of these financial statements.

## **RISK MANAGEMENT**

The Group's Risk Management Strategy operates as part of the assurance process and is focused on identifying risks that might impede on the achievement of the business plan and ensuring that controls are in place that mitigate and minimise the potential effectors of these risks on the business.

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**  
We have reviewed our passive fire precautions at Trees, our Extra-Care Scheme, and are planning a programme of modernisation work that will start during 2023-24.
- **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. We have also provided competency assessor training to the senior staff so they can monitor and audit medication handling. In March 2023, we engaged an external consultant to undertake full medication audits for three months, to help identify any gaps in our processes.
- **Hill Homes Care Limited finances**  
Hill Homes Care Limited and Hill Homes Care Services 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. The Chief Executive, together with representatives from Hill Homes Care board, continues to discuss the rates required to improve the financial stability of Hill Homes Care with London Borough of Haringey. The borough agreed an increase to core care and support charges for 2022-23, the first since the scheme opened, and acknowledged that they would continue to address the shortfall in funding by increases over the following financial years.

## **HILL HOMES REPORT OF THE BOARD YEAR ENDED 31 MARCH 2023**

- **Staff Recruitment**

In the current economic environment, staff recruitment at all levels continued to be a challenge. There was higher than usual turnover during the year as the organisation continued with its process of change. There were also several vacancies that continued for longer than the Chief Executive and Board Members consider ideal. This impacted on the workloads of key staff and the board reconsidered the organisation's priorities in light of the vacancies. Hill Homes Care also relied on utilising more agency staff than planned. This impacted on the costs of the organisation but the Care and Support Manager successfully negotiated consistency of staff with agencies, ensuring that, as far as practically possible, tenants were familiar with the operational staff on site. In the final quarter of the year, recruitment improved and the organisation had more substantive staff on its payroll, resulting in decreased agency usage. This is beneficial for both tenants and finances.

### **INVESTMENTS**

The Board continued working with Sarasin & Partners as investment managers. Investment income is utilised for operational purposes. The long-term portfolio is invested in Sarasin's Climate Active Endowment Fund, a fund that prioritises mitigating climate change and environmental issues when stock selections are made. The medium-term portfolio is invested in Sarasin's Income and Reserves Fund. 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 £13,538,151 (2022: £14,507,764) 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 and deliver its strategy 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 was reviewed during 2019-20 and again during 2022-23. 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 2023, the major repairs fund stood at £839,445 (2022: £877,642), with £89,668 (2022: £51,393) of expenditure related to Trees and Nuffield maintenance allocated in the current year.

### **POST BALANCE SHEET EVENTS**

There were no post balance sheet events.

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**INTERNAL CONTROLS**

The Board is responsible for the Association's system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss. The Board ensures that the process for identifying, evaluating and managing the significant risk faced by the Group is ongoing. These risks are regularly reviewed by the Board.

Based upon the work undertaken in 2022/23, the Finance, Risk and Audit Committee has complied with its terms of reference to review the effectiveness of the system of internal control. The Committee believes there is sufficient evidence to confirm the opinion of the Executive Leadership Team that adequate systems of internal control existed and operated throughout the year and that the systems were aligned to an on-going process for the management of the significant risks facing the association.

No material weaknesses were identified which would have resulted in material misstatement or loss and which would require disclosure in the financial statements. There has not been any breakdown in internal financial control during the year that has caused significant loss to Hill Homes.

**MEMBERS OF THE BOARD**

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

Mr I Cartmell	
Mrs K Chotai	
Mr J Cooper	
Mr D Crump	
Mr P Hammill	
Mr J Powlton	(Honorary Treasurer) (elected September 2022)
Mr E Ray	
Ms S Tokley	(Chair)

Members of the Finance and Audit Sub-Committee

Mr I Cartmell	
Mr R Emery	(joined 30 <sup>th</sup> November 2022)
Mr J Powlton	
Mr E Ray	
Mr R Spain	
Mr A Pythagoras	(independent Member) (resigned 29 <sup>th</sup> June 2022)

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Members of the Remuneration Sub-Committee

Mr P Hammill  
Mr J Powlton  
Mr R Spain

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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 6<sup>th</sup> September 2023 and signed on its behalf by

Susan Tokley



.....  
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 2022. 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

## Independent Auditor's Report to the Members of Hill Homes

### Opinion

We have audited the financial statements of Hill Homes (the "Association") and its subsidiaries (the "Group") for the year ended 31 March 2023 which comprise the consolidated and Association Statement of Comprehensive Income, the consolidated and Association Statement of Financial Position, the consolidated and Association Statement of Changes in Reserves, the consolidated Statement of Cash Flows and notes to the financial statements, including 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 Association's affairs as at 31 March 2023 and the Group and Association's surplus or deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of 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 from April 2022.

### 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

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

### **Other information**

The Board is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the group; or
- a satisfactory system of controls over transactions has not been maintained; or
- the 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 Board's responsibilities statement set out on page 18, 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 determines 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 is responsible for assessing the Group's and 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 intends to liquidate the Group or 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

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

guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We obtained an understanding of the legal and regulatory frameworks within which the Association operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Co-operative and Community Benefit Societies Act 2014 (and related Directions and regulations), the Housing and Regeneration Act 2008 and other laws and regulations application to a registered social housing provider in England together with the Housing SORP. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statements items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Association's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Association for fraud. The laws and regulations we considered in this context for the UK operations were requirements imposed by the Regulator of Social Housing, health and safety, taxation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of non-social housing income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit and the Finance, Risk and Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence, designing audit procedures over the timing of non-social housing income and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further

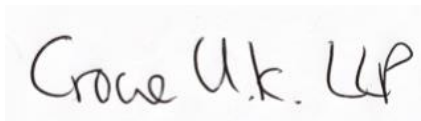
**INDEPENDENT AUDITOR'S REPORT TO  
HILL HOMES (cont'd)**

removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.

**Use of our report**

This report is made solely to the Association's members as a body in accordance with the Co-operative and Community Benefit Societies Act 2014 and the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink that reads "Crowe U.K. LLP". The signature is written in a cursive, slightly slanted style.

**Crowe U.K. LLP**  
55 Ludgate Hill  
London  
EC4M 7JW

20.09.2023

**HILL HOMES**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31 MARCH 2023**

	<u>Notes</u>	<u>Group</u> <u>2023</u>	<u>2022</u>	<u>Hill Homes</u> <u>2023</u>	<u>2022</u>
		£	£	£	£
<b>Turnover</b>	2	<b>2,080,657</b>	1,999,629	<b>1,093,372</b>	1,023,357
<b>Operating costs</b>					
Direct expenditure		<b>(1,472,908)</b>	(1,338,670)	<b>(825,041)</b>	(813,161)
Administration costs		<b>(940,075)</b>	(866,321)	<b>(500,760)</b>	(428,118)
Losses on sale of fixed assets		-	(6,500)	-	(6,500)
<b>Total operating costs</b>		<b>(2,412,983)</b>	(2,211,491)	<b>(1,325,801)</b>	(1,247,779)
<b>Operating (deficit)</b>		<b>( 332,326)</b>	(211,862)	<b>(232,429)</b>	(224,422)
Interest receivable and other income	4	<b>326,712</b>	336,041	<b>406,891</b>	410,570
Donations and legacies received		<b>25,031</b>	40,384	<b>25,031</b>	40,384
Interest payable and similar charges	5	<b>(10,166)</b>	(10,243)	<b>(10,166)</b>	(10,243)
Debt impairment		-	-	<b>(270,964)</b>	-
<b>Surplus (Loss) for year on ordinary activities</b>		<b>9,251</b>	154,320	<b>(81,637)</b>	216,289
Unrealised gains /(losses) on investments		<b>(978,864)</b>	(18,602)	<b>(978,864)</b>	(18,601)
<b>Surplus/(deficit) for year after investment gains and losses</b>		<b>(969,613)</b>	135,718	<b>(1,060,501)</b>	197,688
<b>Reserves brought forward</b>		<b>14,507,764</b>	14,372,046	<b>14,466,092</b>	14,268,404
<b>Reserves carried forward</b>		<b>13,538,151</b>	14,507,764	<b>13,405,591</b>	14,466,092

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 6<sup>th</sup> September 2023:

Susan Tokley  
Chair

John Powlton  
Honorary Treasurer

Catherine Wood  
Company Secretary





**HILL HOMES**  
**STATEMENT OF FINANCIAL POSITION**  
**YEAR ENDED 31 MARCH 2023**


		Group 2023 £	2022 £	Hill Homes 2023 £	2022 £
	<u>Notes</u>				
<b>FIXED ASSETS</b>					
Housing properties at depreciated cost	7	5,687,674	5,982,489	5,687,674	5,982,489
Other tangible assets	7	41,043	52,002	41,043	52,002
		<u>5,728,717</u>	<u>6,034,491</u>	<u>5,728,717</u>	<u>6,034,491</u>
Investments	8	10,570,662	11,213,989	10,570,663	11,213,990
		<u>16,299,379</u>	<u>17,248,480</u>	<u>16,299,380</u>	<u>17,248,481</u>
<b>CURRENT ASSETS</b>					
Debtors	9	291,667	238,973	146,112	141,697
Cash at bank and in hand		603,631	763,436	503,520	722,662
		<u>895,298</u>	<u>1,002,409</u>	<u>649,632</u>	<u>864,359</u>
<b>CREDITORS – amounts falling due within one year</b>	10	<b>(485,673)</b>	<b>(425,043)</b>	<b>(372,567)</b>	<b>(328,666)</b>
		<u>409,625</u>	<u>577,366</u>	<u>277,065</u>	<u>535,693</u>
<b>NET CURRENT ASSETS</b>					
		<u>16,709,004</u>	<u>17,825,846</u>	<u>16,576,445</u>	<u>17,784,174</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
<b>CREDITORS – amounts falling due after one year</b>	11	<b>(3,170,829)</b>	<b>(3,318,057)</b>	<b>(3,170,830)</b>	<b>(3,318,057)</b>
		<u>13,538,175</u>	<u>14,507,789</u>	<u>13,405,615</u>	<u>14,466,117</u>
<b>CAPITAL AND RESERVES</b>					
Share capital	12	24	25	24	25
Revenue reserves		13,537,883	14,507,496	13,405,323	14,465,824
Restricted reserves		268	268	268	268
		<u>13,538,175</u>	<u>14,507,789</u>	<u>13,405,615</u>	<u>14,466,117</u>

The financial statements were approved and authorised for issue by the Board of Trustees and were signed on its behalf on 6th September 2023:


Susan Tokley  
Chair



John Powlton  
Honorary Treasurer



Catherine Wood  
Company Secretary



**HILL HOMES**  
**STATEMENT OF CHANGES IN GROUP RESERVES**  
**YEAR ENDED 31 MARCH 2023**

	Balance 1 <sup>st</sup> April 2022	Income	Expenditure	Balance 31 <sup>st</sup> March 2023
	£	£	£	£
<b>Restricted reserves</b>				
Tenants' activities	268	-	-	268
Total restricted reserves	268	-	-	268
<b>Revenue reserves</b>				
Revenue reserves	14,507,496	2,432,400	(3,402,013)	13,537,883
Total revenue reserves	14,507,496	2,432,400	(3,402,013)	13,537,883
<b>Total reserves</b>	<b>14,507,764</b>	<b>2,432,400</b>	<b>(3,402,013)</b>	<b>13,538,151</b>

	Balance 1 <sup>st</sup> April 2021	Income	Expenditure	Balance 31 <sup>st</sup> March 2022
	£	£	£	£
<b>Restricted reserves</b>				
Tenants' activities	268	-	-	268
Total restricted reserves	268	-	-	268
<b>Revenue reserves</b>				
Revenue reserves	14,371,778	2,376,054	(2,240,336)	14,507,496
Total revenue reserves	14,371,778	2,376,054	(2,240,336)	14,507,496
<b>Total reserves</b>	<b>14,372,046</b>	<b>2,376,054</b>	<b>(2,240,336)</b>	<b>14,507,764</b>

**HILL HOMES**  
**STATEMENT OF CHANGES IN HILL HOMES RESERVES**  
**YEAR ENDED 31 MARCH 2023**

	Balance 1 <sup>st</sup> April 2022	Income	Expenditure	Balance 31 <sup>st</sup> March 2023
	£	£	£	£
<b>Restricted reserves</b>				
Tenants' activities	268	-	-	268
Total restricted reserves	<u>268</u>	<u>-</u>	<u>-</u>	<u>268</u>
<b>Revenue reserves</b>				
Revenue reserves	14,465,824	1,525,294	(2,585,795)	13,405,323
Total revenue reserves	<u>14,465,824</u>	<u>1,525,294</u>	<u>(2,585,795)</u>	<u>13,405,323</u>
<b>Total reserves</b>	<u><b>14,466,092</b></u>	<u><b>1,525,294</b></u>	<u><b>(2,585,795)</b></u>	<u><b>13,405,591</b></u>

	Balance 1 <sup>st</sup> April 2021	Income	Expenditure	Balance 31 <sup>st</sup> March 2022
	£	£	£	£
<b>Restricted reserves</b>				
Tenants' activities	268	-	-	268
Total restricted reserves	<u>268</u>	<u>-</u>	<u>-</u>	<u>268</u>
<b>Revenue reserves</b>				
Revenue reserves	14,268,136	1,474,311	(1,276,623)	14,465,824
Total revenue reserves	<u>14,268,136</u>	<u>1,474,311</u>	<u>(1,276,623)</u>	<u>14,465,824</u>
<b>Total reserves</b>	<u><b>14,268,404</b></u>	<u><b>1,474,311</b></u>	<u><b>(1,276,623)</b></u>	<u><b>14,466,092</b></u>

**Restricted Reserves – Tenants' Activities**

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. It had been intended to put the remaining funds of £228 towards an outing for tenants during 2020-21, but no activities were possible due to coronavirus restrictions. The balance of funds will be spent once activities can resume.

During 2018-19, tenants donated money towards activities at Trees. The unspent balance of £40 is intended to be spent during 2023-24.



**HILL HOMES**  
**GROUP STATEMENT OF CASH FLOWS**  
**YEAR ENDED 31 MARCH 2023**

	<u>Notes</u>	<u>2023</u> £	<u>2022</u> £
<b>Cash flows from operating activities</b>			
Profit/(loss) for the financial year		(969,613)	135,718
Adjustments for:			
Depreciation		334,667	329,321
Unrealised loss/(gain) on investments		978,864	18,602
Loss on disposal of property, plant & equipment		-	6,500
Interest paid		10,166	10,243
Interest received		(325,512)	(334,909)
Decrease/(increase) in debtors		(52,694)	(25,348)
(Decrease)/increase in creditors		(86,597)	(109,295)
		<hr/>	<hr/>
<b>Cash from operations</b>		<b>(110,719)</b>	<b>30,832</b>
Interest paid		(10,166)	(10,243)
		<hr/>	<hr/>
<b>Net cash generated from operating activities</b>		<b>(120,885)</b>	<b>20,589</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant & equipment		(28,897)	(48,735)
Purchases of investments		(334,999)	(175,315)
Interest received		325,512	334,909
		<hr/>	<hr/>
<b>Net cash from investing activities</b>		<b>(38,384)</b>	<b>110,859</b>
<b>Cash flows from financing activities</b>			
Issue of ordinary share capital		-	-
Repayment of borrowings		(538)	(462)
		<hr/>	<hr/>
<b>Net cash used in financing activities</b>		<b>(538)</b>	<b>(462)</b>
		<hr/>	<hr/>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(159,805)</b>	<b>130,986</b>
Cash and cash equivalents at beginning of year		763,436	632,448
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>		<b>603,631</b>	<b>763,434</b>
		<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 2023**

**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 2022. 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 subsidiaries Hill Homes Care Limited and Hill Homes Care Services Ltd. The results of the subsidiaries 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, 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 and 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 2023**

**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 2023 was 65% in the long-term portfolio and 35% in the medium-term portfolio.

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

The significant asset classes comprise fixed income and equities which are valued at close of business unit price. Other asset classes are not significant, and are valued by Sarasin & partners on an appropriate basis.

**(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, care and support charges, 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 2023**

**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 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.

**(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 are sufficient with the level of reserves for the Association to be able to continue as a going concern. The Board regularly reviews the impact on income and expenditure and currently they believe there is no 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 2023**

**1 ACCOUNTING POLICIES (Continued)**

**(q) Financial instruments**

With the exception of investments of £10,570,662 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)	2022
	£	£	£	£	£	£
Social Housing Lettings (Note B)	1,092,150	(801,899)	(423,172)	-	(132,921)	(143,044)
Other Social Housing Activities: Charges for support services	180,911	(178,566)	-	-	2,345	(619)
	<u>1,273,061</u>	<u>(980,465)</u>	<u>(423,172)</u>	<u>-</u>	<u>(130,576)</u>	<u>(143,663)</u>
Activities other than Social Housing Activities: Charges for care	807,388	(909,977)	(77,587)	-	(180,176)	(45,775)
Charges for activities	208	(21,781)	-	-	(21,573)	(22,424)
<b>Total</b>	<u><b>2,080,657</b></u>	<u><b>(1,912,223)</b></u>	<u><b>(500,759)</b></u>	<u><b>-</b></u>	<u><b>(332,325)</b></u>	<u><b>(211,862)</b></u>

**HILL HOMES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2023**

**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	2023	2022
	£	£	£	£	£
<b>Income</b>					
Rent receivable net of identifiable service charges	8,308	447,182	-	<b>455,490</b>	423,941
Service charge income	443	489,530	-	<b>489,973</b>	422,299
Amortised government grants	-	146,687	-	<b>146,687</b>	144,113
<b>Turnover from Social Housing Lettings</b>	<b>8,751</b>	<b>1,083,399</b>	-	<b>1,092,150</b>	990,353
<b>Operating expenditure</b>					
Management	78	547,807	-	<b>547,885</b>	375,975
Service charge costs	311	286,901	-	<b>287,212</b>	317,657
Routine maintenance	-	72,649	-	<b>72,649</b>	58,980
Planned maintenance	-	-	-	-	-
Major repairs expenditure	-	-	-	-	51,471
Bad debts	-	-	-	-	-
Depreciation of housing properties	11,378	305,947	-	<b>317,325</b>	322,814
<b>Operating expenditure on Social Housing Lettings</b>	<b>11,767</b>	<b>1,213,304</b>	-	<b>1,225,071</b>	1,126,897
Gains/(Losses) on disposal	-	-	-	-	(6,500)
<b>Operating deficit in Social Housing Lettings</b>	<b>(3,016)</b>	<b>(129,905)</b>	-	<b>(132,921)</b>	(143,044)
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	-	21,646	-	<b>21,646</b>	33,789

**HILL HOMES**  
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**3 STAFF COSTS**

	<b>Group 2023 £</b>	Group 2022 £	<b>Hill Homes 2023 £</b>	Hill Homes 2022 £
Wages and salaries	<b>732,559</b>	839,730	<b>231,855</b>	259,733
Social security costs	<b>64,531</b>	73,749	<b>19,930</b>	26,080
Other pension costs	<b>30,592</b>	35,159	<b>13,640</b>	14,250
	<b>827,682</b>	948,638	<b>265,425</b>	300,063
	<b>Group 2022 £</b>	Group 2022 £	<b>Hill Homes 2022 £</b>	Hill Homes 2022 £
Staff	<b>26.0</b>	29.6	<b>6.2</b>	7.2
	<b>26.0</b>	29.6	<b>6.2</b>	7.2

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 £86,427 (2022: £82,820) during the year. Associated pension contributions totalled £6,914 for the year (2022: £6,625). One employee's earnings were in the £80,000 - £90,000 band. (2021: one) No employee's earnings were in the £70,000 - £80,000 band. (2022: none). No employee's earnings were in the £60,000 - £70,000 band. (2022: none).

Senior management for the group comprises the Chief Executive Officer, the Head of Finance, and the Care & Support Manager. Total remuneration of these senior managers, including social security and pension contributions totals £209,685 (2022: £216,643). The Chief Executive Officer has access to the standard workplace pension without any special terms being applied.

All Board members act on a voluntary basis and received no remuneration. There were no travelling costs or out-of-pocket expenses reimbursed to Board members (2022: nil).

**4 INTEREST RECEIVABLE AND OTHER INCOME**

	<b>Group 2023 £</b>	Group 2022 £	<b>Hill Homes 2023 £</b>	Hill Homes 2022 £
Deposit interest	<b>137</b>	7	<b>137</b>	7
Investment income	<b>325,512</b>	334,909	<b>325,512</b>	334,909
Other income	<b>1,063</b>	1,125	<b>81,242</b>	75,654
	<b>326,712</b>	336,041	<b>406,891</b>	410,570

**HILL HOMES**  
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**5 INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>Group</b> <b>2023</b> £	Group <u>2022</u> £	<b>Hill Homes</b> <b>2023</b> £	Hill Homes <u>2022</u> £
On bank loans, overdrafts and other loans: Repayable in more than 5 years - by instalments	<b>10,166</b>	10,243	<b>10,166</b>	10,243
	<b>10,166</b>	10,243	<b>10,166</b>	10,243

**6 OPERATING DEFICIT FOR THE YEAR**

	<b>Group</b> <b>2023</b> £	Group <u>2022</u> £	<b>Hill Homes</b> <b>2023</b> £	Hill Homes <u>2022</u> £
The operating deficit for the year is stated after charging:				
Depreciation	<b>334,667</b>	329,321	<b>334,667</b>	329,321
Auditors				
- audit fees (net of VAT)	<b>22,950</b>	19,650	<b>15,000</b>	12,850
- VAT advice (net of VAT)	<b>4,000</b>	2,250	-	-
- company secretary fees (net of VAT)	-	-	-	-
- tax advice (net of VAT)	<b>1,800</b>	1,450	-	-
Lease expense	<b>3,400</b>	3,400	<b>3,400</b>	3,400

**7 FIXED ASSETS**

All fixed assets are owned by Hill Homes

	<b>Freehold properties</b> £	<b>Work in progress</b> £	<b>Furniture and Equipment</b> £	<b>Computers</b> £	<b>Total</b> £
<b>Cost</b>					
At 1 April 2022	10,467,501	-	510,562	123,820	11,101,883
Additions	22,509	-	3,260	3,124	28,893
Movement	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 March 2023	10,490,010	-	513,822	126,944	11,130,776
<b>Depreciation</b>					
At 1 April 2022	4,485,012	-	490,088	92,292	5,067,392
Charge for the year	317,324	-	5,139	12,204	334,667
Disposals	-	-	-	-	-
At 31 March 2023	4,802,336	-	495,227	104,496	5,402,059
<b>Net book amounts</b>					
At 31 March 2023	<b>5,687,674</b>	-	<b>18,595</b>	<b>22,448</b>	<b>5,728,717</b>
At 31 March 2022	5,982,489	-	20,474	31,528	6,034,491

**Number of units: 2023: 66 (2022: 66)**



**HILL HOMES**  
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**8 INVESTMENTS**

All investments are held by Hill Homes

	<u>2023</u> £	<u>2022</u> £
<b>Investments comprise:</b>		
Sarasins Alpha CIF Funds	10,570,662	11,213,989
Investment in Hill Homes Care	1	1
	10,570,662	11,213,989
	<u>2023</u> £	<u>2022</u> £
Market value as at 1 April	11,213,985	11,051,855
Additions to CIF Fund at cost	-	180,731
Disposals from CIF Fund at cost	-	-
Realised gain on disposal	-	-
Unrealised gain/(losses)	(978,864)	(18,601)
	10,235,121	11,213,985
Cash held by investment managers	335,541	4
	10,570,662	11,213,989

**9 DEBTORS**

	<u>Group</u> <u>2023</u> £	Group <u>2022</u> £	<u>Hill Homes</u> <u>2023</u> £	Hill Homes <u>2022</u> £
Rental & care debtors	164,524	119,999	43,611	30,313
Bad debt provision	(18,383)	(15,992)	(12,195)	(9,804)
Prepayments	84,682	55,515	53,852	49,649
Other debtors	60,844	79,451	60,844	71,539
	291,667	238,973	146,112	141,697

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

	<b>Group</b> <b><u>2023</u></b> £	Group <u>2022</u> £	<b>Hill Homes</b> <b><u>2023</u></b> £	Hill Homes <u>2022</u> £
Trade creditors	134,525	58,649	79,029	35,505
Other taxation and social security	46,863	22,600	30,328	2,328
Accruals and deferred income	121,740	160,161	83,593	116,128
Other creditors	38,432	39,520	35,504	30,592
Social housing grant	144,113	144,113	144,113	144,113
	<u>485,673</u>	<u>425,043</u>	<u>372,567</u>	<u>328,666</u>

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><u>2023</u></b>			<b><u>2022</u></b>		
	1-5 years	Over 5 years	Total	1-5 years	Over 5 years	Total
	£	£	£	£	£	£
<b>Housing loan</b>	2,143	61,489	63,632	2,312	61,859	64,171
<b>Social housing grant</b>	548,865	2,558,332	3,107,197	562,658	2,691,228	3,253,886
<b>Total</b>	<u>551,008</u>	<u>2,619,821</u>	<u>3,170,829</u>	<u>564,970</u>	<u>2,753,087</u>	<u>3,318,057</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.

The original social housing grant received was £5,252,000

**HILL HOMES**  
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<b>Reconciliation of Net Debt</b>	At 1 April 2022	Cash flows	Other non- cash changes	At 31 March 2023
	£	£	£	£
Cash at bank and in hand	763,436	(159,805)	-	<b>603,631</b>
Bank overdrafts	-			-
Debt due after 1 year	(63,534)	76	508	<b>(62,950)</b>
Debt due within 1 year	(637)	463	(508)	<b>(682)</b>
	<u>699,265</u>	<u>(159,266)</u>	<u>-</u>	<u><b>539,999</b></u>

**12 SHARE CAPITAL**

	<u>2023</u> <u>Number</u>	<u>2022</u> <u>Number</u>
<b>Shares of £1 each, issued and fully paid</b>		
At 1 April	25	23
Movement in year	(1)	-
Share issue	-	2
	<u>24</u>	<u>25</u>
At 1 April	<u>24</u>	<u>25</u>

**13 CAPITAL COMMITMENTS**

There were no capital commitments at 31st March 2023.

**14 OPERATING LEASE COMMITMENTS**

All leases are the liability of Hill Homes.

At 31 March 2023, the Association had commitments under operating leases which fall due as follows:

	<b>2023</b> £	2022 £
Under one year	<b>3,400</b>	3,400
Two to five years	-	-
Total	<u><b>3,400</b></u>	<u>3,400</u>

**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.

**HILL HOMES**  
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**16 POST BALANCE SHEET EVENTS**

There were no post balance sheet events.

**17 RELATED PARTY TRANSACTIONS**

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, three of Hill Homes' board members were also directors of Hill Homes Care Limited. They were Russell Emeny, Robert Spain, Madi Turpin and Kaajal Chotai

Hill Homes Care Services Limited is a private company limited by shares, established on 2<sup>nd</sup> April 2020, with one subscriber Hill Homes Care Limited. Hill Homes' board member, John Powlton, is also the directors of Hill Homes Care Services Limited. One of Hill Homes Care Limited's board members, Robert Spain, is also a director of Hill Homes Care Services Limited.

At the end of March 2023, Hill Homes Care Limited had an outstanding balance of £536,667 (2022 :£271,888) and Hill Homes Care Services had no outstanding balance due to Hill Homes (2022 :£1,113) . Given the uncertainty surrounding the repayment of the debt, a bad debt provision of £536,667 (2022 : £273,001) 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. In July 2020, Hill Homes Care Services Limited was added to the VAT Group. Since then, the Hill Homes' Group has claimed partial recovery on the VAT on relevant expenditure. The financial statements include VAT on expenditure, now offset by a partial recovery credit.