

HILL HOMES

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2022

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

HILL HOMES
ANNUAL REPORT
YEAR ENDED 31 MARCH 2022

CONTENTS

	<u>Page</u>
REPORT OF THE BOARD	3
STATEMENT OF RESPONSIBILITIES OF THE BOARD MEMBERS	13
INDEPENDENT AUDITOR'S REPORT	14
CONSOLIDATED INCOME STATEMENT	17
GROUP STATEMENT OF FINANCIAL POSITION	18
GROUP CASH FLOW STATEMENT	21

HILL HOMES

REPORT OF THE BOARD

YEAR ENDED 31 MARCH 2022

The Board presents its report for the year ended 31 March 2022.

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, 2021-22, 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 and Hill Homes Care Services, continued to provide high quality care and support to our tenants.

Like organisations all over the world, we continued to be affected by the Covid-19 pandemic throughout the year. Our frontline key workers continued to provide care and support for our tenants, ensuring our buildings were maintained at a high level of cleanliness. Our focus has been to ensure our tenants and staff continued to stay as safe as possible and we undertook regular risk assessments to support this objective.

We are very pleased to report that we are emerging from the pandemic relatively unscathed. Hill Homes' Board Members are very appreciative of all the work undertaken by staff to keep the Association 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. The commitment and hard work of these staff has been, and continues to be, critical to our infection control strategy over the last year.

Once government restrictions allowed, we restarted our activities' programme in a limited form, with reduced numbers of attendees to ensure social distancing was possible. Unfortunately, the programme was suspended again at the start of 2022, when there were positive covid tests linked to our site at Trees. Once we were given the all-clear by public health officials, we restarted the programme and have gradually built back to a full activities programme at the end of April 2022. Tenants are now enjoying a varied programme including poetry sessions, art, bingo, seated exercise, music, coffee mornings and quizzes. We are delighted that tenants are also using the communal areas at Trees for tenant-led sessions, including social knitting, watching opera, and reading Shakespeare. The Board is grateful to all tenants who share their interests with, and introduce them to, their neighbours.

After an enforced period of absence, our valued volunteers have returned to support our activities' programme. Hill Homes' Board Members wish to thank them for their continued support during the turbulent times and welcome them back to face-to-face sessions. We are delighted to welcome our first three young volunteers who have started running games and chat sessions with tenants.

HILL HOMES
REPORT OF THE BOARD
YEAR ENDED 31 MARCH 2022

They recently ran an IT session, offering to help tenants with IT use, which proved to be very popular. We are aiming to extend our inter-generational activities over the coming year.

We are delighted to report a much-improved void position at Trees, although we continue to face difficulties in getting appropriate local authority referrals. Our Sheltered Housing Unit, Nuffield Lodge, had an average occupancy of 99% for the year. Average occupancy at Trees was 97%.

Work on upgrading the communal kitchen at Trees has been further delayed; this work is now planned for 2022-23. 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.

We are also in the process of finalising a fire safety assessment based on the latest guidance and fire safety regulations. Expert surveys have made a number of recommendations and we will be embarking on a programme of work during 2022-23, to ensure we remain fully compliant and everyone in our buildings remains safe.

Hill Homes' subsidiary companies, Hill Homes Care Limited and Hill Homes Care Services Limited, have 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.

Finally, in 2021-22 we said goodbye to our Treasurer, Charles Hollwey.

Charles had been on the board since 2012 and reached the end of his tenure at the Annual General Meeting in September 2021. Charles left the organisation in a much healthier financial state than when he arrived. He worked closely with our investment managers, helping to achieve capital growth in investments, improving Hill Homes' ability to take on developments in the future. He was also instrumental in transferring the organisation's investments to a Climate Active Fund, which aims to bring about action by businesses to strengthen their resilience to climate change. We did not suffer any loss in return as a result of this move.

As reported last year, Eldon Pethybridge reached the end of his tenure on the board at the AGM in September 2021. Susan Faridi also stepped down from the board at the AGM.

Board Members want to take this opportunity to thank Charles, Eldon and Susan for all their valuable contributions during their years as directors.

At the AGM, we welcomed two new members to the board: Kaajal Chotai, who is Chair of our subsidiary company, Hill Homes Care Limited, and Eamon Ray.

Kaajal has been on the Hill Homes Care board since 2018, taking up the role of chair in 2021. Kaajal joining the Hill Homes Board bringing extensive experience in quality improvement, compliance, risk and governance.

Eamon Ray returns to Hill Homes after a three-year absence. Eamon has a wealth of private investment experience in a variety of asset classes, including private credit, social housing and structure finance. Eamon joined the Finance, Risk and Audit Committee as well as the board.

We were delighted to welcome John Powlton to our Board in November 2021, when he took up the role of Honorary Treasurer. John is a Chartered Accountant, heading up the tax department of the real estate investment arm of a large asset management company. The board is already benefitting from John's experience in financial management, risk processes, governance procedures and financial controls. John is currently a co-opted board member and will be standing for election at the AGM in September 2022.

HILL HOMES

REPORT OF THE BOARD

YEAR ENDED 31 MARCH 2022

FUTURE PLANS

During 2022-23 we will upgrade the communal kitchen at Trees. Progress on this project has been impacted by the coronavirus pandemic. Completing the work will bring the facilities up to today's standards and provide more space for catering for tenants' events.

Having successfully introduced a tenants' handbook at Trees, during 2022-23 we will develop a similar resource for our tenants at Nuffield Lodge.

The board of our subsidiary company, Hill Homes Care, continues to discuss the future of our care services. Hill Homes Group Board will support the care board with their strategy over the coming years. The Chief Executive, together with representatives from Hill Homes Care board, is discussing the rates required to improve the financial stability of Hill Homes Care with London Borough of Haringey.

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 2022, 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.

Some of the areas identified for improvement at the end of March 2021, have been addressed during the 2021-22 financial year. We have:

HILL HOMES
REPORT OF THE BOARD
YEAR ENDED 31 MARCH 2022

- increased our reporting to tenants, explaining how we have honoured our commitments. Our updated Value for Money statement was circulated to tenants and made available on our website.
- we agreed, and implemented, an equality and diversity policy.
- we updated our business continuity plan.
- we undertook a remuneration benchmarking exercise, reviewing all roles within the organisation.
- we agreed and documented a formal code of conduct to which our board members adhere; and,
- we increased the membership of our remuneration committee.

Following the compliance assessments at the end of March 2022, the Board has identified there are still some areas for improvement to ensure full compliance in the future:

- a tenant engagement project is being initiated to build on our current engagement, which is good at an operation level. We will work with tenants to identify how they may be involved in other areas of the Association.
- we will monitor compliance with our equality and diversity policy, track progress and make this information available to our stakeholders.
- we are in the process of updating the roles and responsibilities of our officers.
- 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 our board members effectively role-model our desired culture. We will explore how we might achieve this; and, whilst we 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 2021-22, the Board met five times. 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 2022:

(Note: meetings at which individuals were not Board Members are indicated by shaded blocks)

	12 May 2021	14 July 2021	22 September 2021	17 November 2021	12 March 2022	Percentage Attendance
Ian Cartmell	X	X	√	√	X	40%
Kaajal Chotai			X	√	√	67%
Jonathan Cooper	√	√	√	√	X	80%
David Crump	√	X	√	√	√	80%
Susan Faridi	√	√	X			67%
Patrick Hammill	√	√	√	√	√	100%
Charles Hollwey	√	√	√			100%
Eldon Pethybridge	√	√	X			100%
John Powlton				√	√	100%
Eamon Ray			√	√	√	100%
Susan Tokley	√	√	√	√	√	100%

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 eight employees.

HILL HOMES
REPORT OF THE BOARD
YEAR ENDED 31 MARCH 2022

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:

- via its subsidiary care company, continued to access local authority grant funding to support the organisation with the additional costs incurred on infection control during the Covid-19 pandemic;
- sourced a multi-year electricity contract for Nuffield Lodge, ensuring the best possible price was obtained in a turbulent market;
- continued to invest in our properties to maintain them at a high standard for current and future tenants. Significant projects that took place during 2021/22 were:
 - inspecting fire doors at Trees and bringing them up to current standards;
 - replacing all the emergency lighting at Trees; and,
 - replacing all the smoke and heat detectors at Trees as they reached the end of their life;
- 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.

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.

HILL HOMES
REPORT OF THE BOARD
YEAR ENDED 31 MARCH 2022

Value for Money Metrics

		2022	2021
Reinvestment	Investment in properties as a percentage of the value of total properties held	1.84%	1.53%
Gearing	Degree dependence on debt finance	1.06%	1.03%
Earnings before interest, tax, depreciation, amortisation, major repairs interest cover (EBITDA MRI)	Indicator of liquidity and investment capacity	3,915%	6,990%
Headline social housing cost per unit	As defined by the regulator	£12,084	£10,692
Operating margin:	Profitability of operating assets before exceptional expenses are taken into account		
- Social housing lettings only		-13.13%	-13%
- Overall		-10%	-5%
Return on capital employed (ROCE)	Compares operating surplus to total assets less current liabilities	-1.15%	-0.56%
New supply delivered		0%	0%

FINANCIAL REVIEW

During the year, the group made an operating deficit of £211,862 (2021: deficit £99,194). 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 £154,320 (2021: £235,979). There was a loss on disposal of fixed assets of £6,500 (2021: £0). 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 £51,281 (2021: surplus £16,800) for Hill Homes Care Limited for the year and a deficit of £3,691 for Hill Homes Care Services Limited (2021: £1,874).

There was an unrealised loss on investments of £18,602 (2021: surplus £1,405,277) resulting in an overall increase in reserves of £135,718 (2021: surplus £1,641,256).

During 2021-22, the investment income receivable was initially used for ongoing capital projects, rather than being reinvested. We returned to our policy of reinvesting investment income into the long-term portfolio during the year. Investment income decreased by £9,351 to £334,909 (2021: £344,260).

Turnover for the year was £1,999,629 (2021: £1,886,821), an increase of £112,808.

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

HILL HOMES

REPORT OF THE BOARD

YEAR ENDED 31 MARCH 2022

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

REMUNERATION & RECRUITMENT

The Group Chief Executive, Finance Manager and the 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 1% salary increase for 2021-22. In 2022/23 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.

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**
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 2022-23.
- **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
- **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, is discussing the rates required to improve the financial stability of Hill Homes Care with London Borough of Haringey. Hill Homes Care Board is developing a business plan to expand delivery of care services into the local community, which will help improve its financial sustainability.
- **Impact of the coronavirus pandemic**
At the start of the pandemic in March 2020, the board implemented a full coronavirus contingency plan restricting access to our schemes and with office-based staff working from home. Board members continued to take a prudent approach to lifting restrictions as government guidance changes, ensuring the safety of tenants and staff was always paramount when they took any decision to implement change. Staff continue to follow current advice from the Department of Health and Social Care in respect of PPE protocols, ensuring tenants continue to be kept as safe as possible.

HILL HOMES

REPORT OF THE BOARD

YEAR ENDED 31 MARCH 2022

- **Staff Recruitment**

In the current economic environment, staff recruitment at all levels is proving to be a challenge. There have been several vacancies that have continued for longer than the Chief Executive and Board Members consider ideal. This is impacting on the workloads of key staff and the board has reconsidered the organisation's priorities in light of the vacancies. Hill Homes Care is also relying on utilising more agency staff than planned. This impacts on the costs of the organisation but the Head of Care and Support and Deputy Manager have successfully negotiated consistency of staff with agencies, ensuring that, as far as practically possible, tenants are familiar with the operational staff on site.

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 £14,507,764 (2021: £14,372,046) 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 was reviewed during 2019-20. 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 2022, the major repairs fund stood at £877,642 (2021; £839,445), with £51,393 of expenditure related to Trees maintenance allocated in the current year.

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 I Cartmell	(elected 22 nd September 2021)
Mrs K Chotai	(elected 22 nd September 2021)
Mr J Cooper	(elected 22 nd September 2021)
Mr D Crump	
Ms S Faridi	(retired 22 nd September 2021)
Mr P Hammill	
Mr C Hollwey	(Honorary Treasurer) (retired 22 nd September 2021)
Mr E Pethybridge	(Chair until 12 th May 2021) (retired 22 nd September 2021)
Mr J Powlton	(Honorary Treasurer) (co-opted 17 th November 2021)
Mr E Ray	(elected 22 nd September 2021)
Ms S Tokley	(Chair from 12 th May 2021)

HILL HOMES
REPORT OF THE BOARD
YEAR ENDED 31 MARCH 2022

Members of the Finance and Audit Sub-Committee

Mr I Cartmell	
Mrs K Chotai	(resigned 1 st September 2021)
Mr C Hollwey	(retired 1 st September 2021)
Mr J Powlton	(joined 3 rd November 2021)
Mr E Ray	(joined 3 rd November 2021)
Mr R Spain	
Mr A Pythagoras	(Independent Member) (resigned 29 th June 2022)

Members of the Remuneration Sub-Committee

Mr P Hammill	
Mr J Powlton	(joined 3 rd November 2021)
Mr R Spain	

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HILL HOMES
REPORT OF THE BOARD
YEAR ENDED 31 MARCH 2022

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 17th September 2022 and signed on its behalf by

Susan Tokley

A handwritten signature in grey ink that reads "Susan Tokley". The signature is written in a cursive style and is positioned above a dotted line.

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

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 2022 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 2022 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 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 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.

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

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

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 13, 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 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.

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

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 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. 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.

Crowe UK LLP

Crowe U.K. LLP

4th Floor
St James House
St James Square
Cheltenham, GL50 3PR

20 September 2022

HILL HOMES
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2022

	<u>Notes</u>	Group		Hill Homes	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
		£	£	£	£
Turnover	2	1,999,629	1,886,821	1,023,357	956,164
Operating costs					
Direct expenditure		(1,338,670)	(1,461,798)	(813,161)	(768,272)
Administration costs		(866,321)	(524,217)	(428,117)	(375,090)
Losses on sale of fixed assets		(6,500)	-	(6,500)	-
Total operating costs		(2,211,491)	(1,986,015)	(1,247,778)	(1,143,362)
Operating (deficit)		(211,862)	(99,194)	(224,421)	(187,198)
Interest receivable and other income	4	336,041	344,736	410,570	417,815
Donations and legacies received		40,384	745	40,384	745
Interest payable and similar charges	5	(10,243)	(10,308)	(10,243)	(10,308)
Debt impairment		-	-	-	(4,705)
Surplus (Loss) for year on ordinary activities		154,320	235,979	216,290	216,349
Unrealised gains /(losses) on investments		(18,602)	1,405,277	(18,602)	1,405,277
Surplus/(deficit) for year after investment gains and losses		135,718	1,641,256	197,688	1,621,626
Reserves brought forward		14,372,046	12,730,790	14,268,404	12,646,778
Reserves carried forward		14,507,764	14,372,046	14,466,092	14,268,404

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 17th September 2022:



Susan Tokley
Chair



John Powlton
Honorary Treasurer



Catherine Wood
Company Secretary

HILL HOMES
STATEMENT OF FINANCIAL POSITION
YEAR ENDED 31 MARCH 2022

		Group <u>2022</u> £	<u>2021</u> £	Hill Homes <u>2022</u> £	<u>2021</u> £
	Notes				
FIXED ASSETS					
Housing properties at depreciated cost	7	5,982,489	6,293,168	5,982,489	6,293,168
Other tangible assets	7	52,002	28,409	52,002	28,409
		<u>6,034,491</u>	<u>6,321,577</u>	<u>6,034,491</u>	<u>6,321,577</u>
Investments	8	11,213,989	11,057,278	11,213,990	11,057,277
		<u>17,248,480</u>	<u>17,378,855</u>	<u>17,248,481</u>	<u>17,378,854</u>
CURRENT ASSETS					
Debtors	9	238,973	213,625	141,697	138,109
Cash at bank and in hand		763,436	632,448	722,662	532,293
		<u>1,002,409</u>	846,073	<u>864,359</u>	670,402
CREDITORS – amounts falling due within one year	10	(425,043)	(390,624)	(328,666)	(318,594)
		<u>577,366</u>	455,449	<u>535,693</u>	351,808
TOTAL ASSETS LESS CURRENT LIABILITIES		17,825,846	17,834,304	17,784,174	17,730,662
CREDITORS – amounts falling due after one year	11	(3,318,057)	(3,462,235)	(3,318,057)	(3,462,235)
		<u>14,507,789</u>	14,372,069	<u>14,466,117</u>	14,268,427
CAPITAL AND RESERVES					
Share capital	12	25	23	25	23
Revenue reserves		14,507,496	14,371,778	14,465,824	14,268,136
Restricted reserves		268	268	268	268
		<u>14,507,789</u>	<u>14,372,069</u>	<u>14,466,117</u>	<u>14,268,427</u>

The financial statements were approved and authorised for issue by the Board of Trustees and were signed on its behalf on 17th September 2022:



Susan Tokley
Chair



John Powlton
Honorary Treasurer



Catherine Wood
Company Secretary

HILL HOMES
STATEMENT OF CHANGES IN GROUP RESERVES
YEAR ENDED 31 MARCH 2022

	Balance 1st April 2021	Income	Expenditure	Balance 31st March 2022
	£	£	£	£
Restricted reserves				
Tenants' activities	268	-	-	268
Total restricted reserves	268	-	-	268
Revenue reserves				
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
Total reserves	14,372,046	2,376,054	(2,240,336)	14,507,764

	Balance 1st April 2020	Income	Expenditure	Balance 31st March 2021
	£	£	£	£
Restricted reserves				
Tenants' activities	268	404	(404)	268
Total restricted reserves	268	404	(404)	268
Revenue reserves				
Revenue reserves	12,730,522	3,637,579	(1,996,323)	14,371,778
Total revenue reserves	12,730,522	3,637,579	(1,996,323)	14,371,778
Total reserves	12,730,790	3,637,983	(1,996,727)	14,372,046

HILL HOMES
STATEMENT OF CHANGES IN HILL HOMES RESERVES
YEAR ENDED 31 MARCH 2022

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

	Balance 1st April 2020	Income	Expenditure	Balance 31st March 2021
	£	£	£	£
Restricted reserves				
Tenants' activities	268	-	-	268
Total restricted reserves	<u>268</u>	<u>-</u>	<u>-</u>	<u>268</u>
Revenue reserves				
Revenue reserves	12,646,510	2,780,001	(1,158,375)	14,268,136
Total revenue reserves	<u>12,646,510</u>	<u>2,780,001</u>	<u>(1,158,375)</u>	<u>14,268,136</u>
Total reserves	<u>12,646,778</u>	<u>2,780,001</u>	<u>(1,158,375)</u>	<u>14,268,404</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 2022-23 when coronavirus restrictions are relaxed.

HILL HOMES
GROUP STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2022

	<u>Notes</u>	<u>2022</u> £	<u>2021</u> £
Cash flows from operating activities			
Profit/(loss) for the financial year		135,718	1,641,256
Adjustments for:			
Depreciation		329,321	337,860
Unrealised loss/(gain) on investments		18,602	(1,405,277)
Loss on disposal of property, plant & equipment		6,500	-
Interest paid		10,243	10,308
Interest received		(334,909)	(344,260)
Decrease/(increase) in debtors		(25,348)	24,660
(Decrease)/increase in creditors		(109,295)	(171,591)
		<hr/>	<hr/>
Cash from operations		30,832	92,956
Interest paid		(10,243)	(10,308)
		<hr/>	<hr/>
Net cash generated from operating activities		20,589	82,648
Cash flows from investing activities			
Purchases of property, plant & equipment		(48,735)	(48,362)
Purchases of investments		(175,315)	(20,787)
Interest received		334,909	344,260
		<hr/>	<hr/>
Net cash from investing activities		110,859	275,111
Cash flows from financing activities			
Issue of ordinary share capital		2	2
Repayment of borrowings		(462)	(396)
		<hr/>	<hr/>
Net cash used in financing activities		(460)	(394)
		<hr/>	<hr/>
Net (decrease) in cash and cash equivalents		130,988	357,365
Cash and cash equivalents at beginning of year		632,448	275,083
		<hr/>	<hr/>
Cash and cash equivalents at end of year		763,436	632,448
		<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 2022

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 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 2022

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 2022 was 61.6% in the long-term portfolio and 38.4% 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, 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 2022

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. 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 2022

1 ACCOUNTING POLICIES (Continued)

(q) Financial instruments

With the exception of investments of £11,213,990 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)	2021
	£	£	£	£	£	£
Social Housing Lettings (Note B)	990,353	(784,697)	(342,200)	(6,500)	(143,044)	(122,560)
Other Social Housing Activities: Charges for support services	173,965	(174,584)	-	-	(619)	15,490
	<u>1,164,318</u>	<u>(959,281)</u>	<u>(342,200)</u>	<u>(6,500)</u>	<u>(143,663)</u>	<u>(107,070)</u>
Activities other than Social Housing Activities: Charges for care	835,302	(806,953)	(74,124)	-	(45,775)	28,669
Charges for activities	9	(22,433)	-	-	(22,424)	(20,793)
Total	<u>1,999,629</u>	<u>(1,788,667)</u>	<u>(416,324)</u>	<u>(6,500)</u>	<u>(211,862)</u>	<u>(99,194)</u>

HILL HOMES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022

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	2022	2021
	£	£	£	£	£
Income					
Rent receivable net of identifiable service charges	7,982	415,959	-	423,941	374,779
Service charge income	420	421,879	-	422,299	404,820
Amortised government grants	-	144,113	-	144,113	141,390
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Turnover from Social Housing Lettings	8,402	981,951	-	990,353	920,989
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Operating expenditure					
Management	78	375,897	-	375,975	353,628
Service charge costs	204	317,453	-	317,657	288,758
Routine maintenance	454	58,526	-	58,980	49,207
Planned maintenance	-	-	-	-	-
Major repairs expenditure	-	51,471	-	51,471	32,269
Bad debts	-	-	-	-	-
Depreciation of housing properties	11,378	311,436	-	322,814	319,688
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Operating expenditure on Social Housing Lettings	12,114	1,114,783	-	1,126,897	1,043,550
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Gains/(Losses) on disposal	-	-	(6,500)	(6,500)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Operating deficit in Social Housing Lettings	(3,712)	(132,832)	(6,500)	(143,044)	(122,561)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	-	33,789	-	33,789	79,156

HILL HOMES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022

3 STAFF COSTS

	Group 2022 £	Group 2021 £	Hill Homes 2022 £	Hill Homes 2021 £
Wages and salaries	839,730	849,625	259,733	278,745
Social security costs	73,749	73,582	26,080	24,462
Other pension costs	35,159	36,682	14,250	14,890
	948,638	959,889	300,063	318,097
	Group 2022 £	Group 2021 £	Hill Homes 2022 £	Hill Homes 2021 £
Staff	29.6	29.9	7.2	7.7
	29.6	29.9	7.2	7.7

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 £82,820 (2021: £80,170) during the year. Associated pension contributions totalled £6,625 for the year (2021: £6,414). 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. (2021: none). No employee's earnings were in the £60,000 - £70,000 band. (2021: none).

Senior management for the group comprises the Chief Executive Officer, the Finance Manager and the Head of Care & Support. Total remuneration of these senior managers, including social security and pension contributions totals £216,643 (2021: £201,689). 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 receive no remuneration. There were no travelling costs or out-of-pocket expenses reimbursed to Board members (2021: £67 to one member).

4 INTEREST RECEIVABLE AND OTHER INCOME

	Group 2022 £	Group 2021 £	Hill Homes 2022 £	Hill Homes 2021 £
Deposit interest	7	33	7	33
Investment income	334,909	344,260	334,909	344,260
Other income	1,125	443	75,654	73,522
	336,041	344,736	410,570	417,815

HILL HOMES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022

5 INTEREST PAYABLE AND SIMILAR CHARGES

	Group 2022 £	Group 2021 £	Hill Homes 2022 £	Hill Homes 2021 £
On bank loans, overdrafts and other loans: Repayable in more than 5 years - by instalments	10,243	10,308	10,243	10,308
	10,243	10,308	10,243	10,308

6 OPERATING DEFICIT FOR THE YEAR

	Group 2022 £	Group 2021 £	Hill Homes 2022 £	Hill Homes 2021 £
The operating deficit for the year is stated after charging:				
Depreciation	329,321	337,860	329,321	337,860
Auditors				
- audit fees (net of VAT)	19,650	18,500	12,850	12,250
- VAT advice (net of VAT)	2,250	7,000	-	-
- company secretary fees (net of VAT)	-	600	-	-
- tax advice (net of VAT)	1,450	1,450	-	-
Lease expense	3,400	3,400	3,400	3,400

7 FIXED ASSETS

All fixed assets are owned by Hill Homes

	Freehold properties £	Work in progress £	Furniture and equipment £	Computers £	Total £
Cost					
At 1 April 2021	10,464,630	-	510,562	87,619	11,062,811
Additions	11,371	-	-	36,201	47,572
Movement	-	-	-	-	-
Disposals	(8,500)	-	-	-	(8,500)
At 31 March 2022	10,467,501	-	510,562	123,820	11,101,883
Depreciation					
At 1 April 2021	4,171,462	-	482,363	87,409	4,741,234
Charge for the year	316,713	-	7,725	4,883	329,321
Disposals	(3,163)	-	-	-	(3,163)
At 31 March 2022	4,485,012	-	490,088	92,292	5,067,392
Net book amounts					
At 31 March 2022	5,982,489	-	20,474	31,528	6,034,491
At 31 March 2021	6,293,168	-	28,199	210	6,321,577

Number of units: 2022: 66 (2021: 66)

HILL HOMES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022

8 INVESTMENTS

All investments are held by Hill Homes

	<u>2022</u> £	<u>2021</u> £
Investments comprise:		
Sarasins Alpha CIF Funds	11,213,989	11,057,277
Investment in Hill Homes Care	1	1
	11,213,989	11,057,277
	<u>2022</u> £	<u>2021</u> £
Market value as at 1 April	11,051,855	9,609,438
Additions to CIF Fund at cost	180,731	37,140
Disposals from CIF Fund at cost	-	-
Realised gain on disposal	-	-
Unrealised gain/(losses)	(18,601)	1,405,277
	11,213,985	11,051,855
Cash held by investment managers	4	5,422
	11,213,989	11,057,277

9 DEBTORS

	<u>Group</u> <u>2022</u> £	<u>Group</u> <u>2021</u> £	<u>Hill Homes</u> <u>2022</u> £	<u>Hill Homes</u> <u>2021</u> £
Rental & care debtors	119,999	90,999	30,313	25,159
Bad debt provision	(15,992)	(8,882)	(9,804)	(4,906)
Prepayments	55,515	62,331	49,649	54,084
Other debtors	79,451	69,177	71,539	63,772
	238,973	213,625	141,697	138,109

HILL HOMES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022

10 CREDITORS: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Hill Homes 2022 £	Hill Homes 2021 £
Trade creditors	58,649	50,743	35,505	42,795
Other taxation and social security	22,600	17,873	2,328	13
Accruals and deferred income	160,161	141,245	116,128	102,900
Other creditors	39,520	36,650	30,592	28,773
Social housing grant	144,113	144,113	144,113	144,113
	425,043	390,624	328,666	318,594

The Group pays its trade creditors on an average of 28 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

	2022			2021		
	1-5 years £	Over 5 years £	Total £	1-5 years £	Over 5 years £	Total £
Housing loan	2,312	61,859	64,171	1,588	62,648	64,236
Social housing grant	562,658	2,691,228	3,253,886	576,451	2,821,548	3,397,999
Total	564,970	2,753,087	3,318,057	578,039	2,884,196	3,462,235

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.

	At 1 April 2021 £	Cash flows £	Other non- cash changes £	At 31 March 2022 £
Reconciliation of Net Debt				
Cash at bank and in hand	632,448	130,988	-	763,436
Bank overdrafts	-			-
Debt due after 1 year	(64,236)	65	637	(63,534)
Debt due within 1 year	(397)	397	(637)	(637)
	567,815	131,450	-	699,265

HILL HOMES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022

12 SHARE CAPITAL

	<u>2022</u> <u>Number</u>	<u>2021</u> <u>Number</u>
Shares of £1 each, issued and fully paid		
At 1 April	23	21
Movement in year	-	-
Share issue	2	2
	<hr/>	<hr/>
At 1 April	25	23
	<hr/> <hr/>	<hr/> <hr/>

13 CAPITAL COMMITMENTS

There were no capital commitments at 31st March 2022.

14 OPERATING LEASE COMMITMENTS

All leases are the liability of Hill Homes.

At 31 March 2022, the Association had commitments under operating leases which fall due as follows:

	2022 £	2021 £
Under one year	3,400	3,400
Two to five years	-	3,400
	<hr/>	<hr/>
Total	3,400	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 Care Limited is a private company limited by shares, established on 18th September 2014, with one subscriber, Hill Homes. During the year, three of Hill Homes' board members were also directors of Hill Homes Care Limited. They were Susan Faridi, Susan Tokley and Kaajal Chotai.

Hill Homes Care Services Limited is a private company limited by shares, established on 2nd April 2020, with one subscriber Hill Homes Care Limited. Hill Homes' board members, During the year, two of Hill Homes' board members were also directors of Hill Homes Care Services Limited. They were Charles Hollwey and John Powlton. One of Hill Homes Care Limited's board members, Robert Spain, is also a director of Hill Homes Care Services Limited.

HILL HOMES
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2022

At the end of March 2022, Hill Homes Care Limited had an outstanding balance of £271,888, (2021 £281,539) and Hill Homes Care Services also had an outstanding balance of £1,113 due to Hill Homes. Given the uncertainty surrounding the repayment of the debt, a bad debt provision of £273,001 (2021 £281,539) 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.