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Hillcrest Futures Limited

For the year ended 31 March 2026

Audit Summary Report to those charged with Governance



CT Audit Limited is registered in Scotland (SC765600). Our registered office is at 61 Dublin Street, Edinburgh EH3 6NL. Offices in Glasgow, Inverness and London. For full contact details visit www.ct.me.

CT Audit is registered to carry on audit work and is regulated by the Institute of Chartered Accountants of Scotland. Details about our audit registration can be viewed at www.auditregister.org.uk.

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Limitations of this report

This report refers only to material matters we have identified from our audit of the financial statements of Hillcrest Futures Limited, for the year ended 31 March 2026, that we think merit being brought to your attention. The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all issues affecting the financial statements of Hillcrest Futures Limited.

Any recommendations for improvements should be assessed by you for their full commercial impact before they are implemented. We draw your attention to the fact that management are responsible for identifying, evaluating and managing risk, including new risks and those which change.

This report has been prepared solely for your use as Directors and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose

Executive summary

Introduction

The purpose of this report is to highlight the key issues affecting the preparation of the financial statements for the year ended 31 March 2026. It is also used to report to management matters arising from our audit work and to meet the mandatory requirements of International Standard on Auditing (UK) 260 – Communication with those charged with governance.

Changes to our audit plan

In the conduct of our audit, we have not had to alter or change our audit plan, which we communicated to you in our Audit Planning Document dated February 2026. We note how we have addressed the risks identified at planning.

Status of the audit

Our audit is substantially complete although we are finalising our procedures in the following areas:

- Obtaining and reviewing the letter of representation.
- Updating our post balance sheet events review to the date of signing the financial statements.

Audit adjustments

The audit adjustments are discussed in the 'Audit Adjustments' section of this document.

Control matters

The management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of financial control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to the Directors.

Matters arising from the financial statements audit and any recommendations have been discussed with senior management and noted in the 'Issues Arising During the Audit' section.

Financial statements opinion

We propose to give an unqualified opinion on the financial statements.

Appreciation

We would like to take the opportunity to record our appreciation for the assistance provided by your team during our audit.

Accounting and audit risks and responses

Issues identified at planning stage

As noted in our Audit Planning Document submitted to the Directors, the following audit risk areas in respect of the financial statements being materially misstated were identified as significant matters and therefore were considered in detail during our audit fieldwork.

Business risks

Risk and audit response	Resolution
Risk: Profitability of key care contracts and sustainability of revenue streams **Response:** For a year-on-year basis, we will consider the level of revenue from care contracts and review correspondence with major revenue funders, including amounts pledged for the year ahead. We will discuss with management the expected impact of continued living wage increases and how the risks will be mitigated where possible. For going concern purposes, we will review budgets and cash flow projections for sustainability of revenue and reasonableness of costs.	We have reviewed the budgets and forecasts for the forthcoming year and are satisfied that these are based on reasonable assumptions. We note that an overall surplus of £148k is forecast for 2026/27. Although an overall surplus is predicted for next year we understand that some regions, where care services are provided, continue to be in a deficit position. We note that this due to increasing costs that have not been matched by an equal increase in the funding provided by the relevant local authority. However, we are satisfied that the charitable company has sufficient reserves to meet liabilities as they fall due and therefore adopt the going concern assumption within the financial statements at the year end.
Risk: Governance and attitude to risk including compliance with laws and regulations **Response:** We will review the governance framework, risk register, minutes and any reports from regulatory authorities for any indications of non-compliance with key laws and regulations. This includes Companies House, OCSR, HMRC and the Care Inspectorate.	We have reviewed the minutes for the year and have not identified any instances of non-compliance with relevant laws and regulations. We are satisfied that the charitable company has an effective governance structure in place.

Audit risks

Risk and audit response	Resolution
Risk: **Revenue recognition – completeness of income** **Response:** For all material streams of income, we will perform walkthroughs of the system to ensure income is being recognised in line with the accounting policies. We will also perform substantive testing on these material income streams to ensure completeness of income and cut-off testing on income around the year end to ensure income is being recognised in the correct financial period.	We completed testing on the system for recoding and capturing income and performed cut-off testing at the year end. Furthermore, we tested a sample of items to ensure that these had been recorded accurately within the financial statements. From our testing we are satisfied that income has been recorded in the correct period and is not materially misstated.
Risk: **Fraud/management override.** Fraud/management override. We have a duty under ISAs to consider and assess the risk of fraud/management override impacting each of our clients. **Response:** Fraud/management override. We have a duty under ISAs to consider and assess the risk of fraud/management override impacting each of our clients.	From our audit testing we did not identify any instances of fraud or management override. We used our data analytic software to review journals posted throughout the year and we have not identified any issues.
Risk: Completeness of related party disclosures. ISAs require us to consider the susceptibility to material misstatement of financial statements due to fraud or error resulting from related party relationships and transactions. **Response:** Discuss with management and review minutes to confirm all related party transactions are correctly recorded and disclosed.	No issues noted all related party transactions have been correctly recorded and disclosed.

Financial reporting risks

Risk and audit response	Resolution
Risk On-going compliance with: Statement of Recommended Practice (SORP) FRS 102 and Companies Act 2006. **Response:** We will review the financial statements to ensure both the recognition and measurement, and the presentation and disclosure requirements of the respective accounting frameworks continue to be met and that developing best practice is followed. We will also carry out a "technical review" ensuring that accounting policies are appropriate, and all necessary disclosures have been made.	We have reviewed the financial statements of the company and completed internal disclosure checklists. We are satisifed that the financial statements comply with all relevant legislation.

Issues arising during the audit

During the course of our audit work we noted the following issues that we wish to bring to your attention:

Issue	Resolution
Revisions to FRS 102 Financial Reporting Standard 102 ("FRS 102") has been updated with the revisions coming into force for the company for the 31 March 2027 financial year end. There are some key changes arising from this revised standard which may affect the company and key ones are set out in the next column. CT would be pleased to engage with your finance team later in the year to assess plans for compliance and provide additional assistance if required.	The new standard will require all entities that lease fixed assets from other parties to capitalise them on the balance sheet unless the lease term is less than 12 months or the asset is very low value (eg a photocopier). The capital value will be derived from the value of future payments committed to under the lease, and a matching liability for those committed payments will also be accrued. While the overall impact on the balance sheet may be minimal, this can impact on bank covenant calculations (if applicable) and gross asset audit/accounting thresholds. We note that the charitable company has lease arrangements in place with Hillcrest Homes and third parties. We would recommend that calculations are prepared in advance of the implementation of the new FRS 102 to ensure the impact is understood and it does not delay the overall financial statements audit process. There are also potential changes to the way in which income from the supply of services should be recognised and this involves a more complex "5-step" process that must be followed and documented. Due to the nature of the income normally received by the charitable company, which is mainly income from the care services provided, the impact is not expected to result in material changes in accounting recognition. Should income be derived from the provision of services that spans more than one accounting period, such as with service level agreements or similar, this may require to be assessed. We would therefore recommend that all material income sources are reviewed well in advance of the financial year end to ensure that additional information required for assessment and recalculations are performed early on.

Issues arising during the prior year audit

During our audit work in the prior year we noted some issues which are of ongoing relevance. The table below describes these issues and the actions taken to address them.

Issue	Resolution
Nominal Ledger Codes We noted that the nominal ledger utilises a vast number of codes. There is a greater risk that items can be mis posted to the wrong nominal account when there are so many in use.	We would continue to recommend that a review of the nominal ledger is undertaken and the amount of codes streamlined in order to reduce the likelihood that wrong codes are used when items are posted.
Cut off The trade creditors ledger gets closed early which results in a high number of trade creditors being posted to sundry creditors.	We would continue to recommend that the ledger should remain open to ensure that all trade creditors are captured as at the year end to ensure an accurate aged creditors listing can be provided.
Operating Leases From our work on leases, we noted that some of these were outdated and did not have the increased rental amounts disclosed within them. Furthermore, it was noted that the prior year disclosure in the financial statements only included Hillcrest Home leases and not leases with third parties or vehicle leases.	We continue to recommend that lease agreements are updated to reflect the current level of rents. Disclosure of operating leases has been updated in the financial statements and we are satisfied that the disclosure is now complete.

Forthcoming developments

We enclose a copy of our Technical Developments briefing document which we hope will be of interest to you. If you have any questions regarding any of the content please do not hesitate to contact us.

Internal Control

Weakness and governance issues arising during the audit

We have set out below areas of accounting and internal control weakness that we consider should be brought to the attention of the Trustees which arose as a result of our audit work.
This does not constitute a comprehensive statement of weaknesses that may exist in internal controls or of all improvements which may be made

Definition of priorities

High	Issues subjecting the organisation to material risk which should be addressed as a matter of priority.
Medium	Issues subjecting the organisation to actual or potential significant risk.
Low	Matter which, if addressed, will enhance efficiency and effectiveness.

Issues arising

We are pleased to note that our audit has not identified any control weaknesses or governance issues in the current year.

Weaknesses arising in the prior year

The table below highlights the issues raised in the prior year audit summary report and follows up on the actions taken to address them. Recommendations have been ranked in terms of priority reflecting the risk attaching to the recommendation.

Issues arising	
Issue 1	From our testing we identified that one new starter had no contract in place on the HR file.
Previous recommendation	We recommended that all employees have a signed contract of employment.
Priority	High
Action to date	Our testing did not identify any new starts that did not have a signed contract in place.
Current position	Matter resolved

Audit adjustments

Impact of audit adjustments made

The were no audit adjustments identified in the year.

In addition, there were a number of presentational and disclosure changes which arose during the course of our audit and, as agreed with you, these have been reflected in the financial statements.

ISA 260 reporting requirements

International Standard on Auditing ('ISA') 260 "Communication of audit matters with those charged with governance" requires us to communicate relevant matters relating to the audit of the financial statements to those charged with governance.

We have set out opposite how each of the key areas has been addressed and where they have been reported:

ISA 260 Requirement	CT Response
Confirmation of the independence of both the Firm and the audit team	Confirmed.
Confirmation of audit approach and scope	Confirmed via planning document.
Consideration of significant accounting policies	Considered throughout the audit process and discussed with management as appropriate.
Consideration of any material risks and exposures	Considered throughout the audit process and further within this report.
Schedule of material audit adjustments (adjusted and unadjusted)	None noted.
Significant disagreements with management	None noted.
Expected modifications to the auditor's report	None noted.
Material weakness in the accounting and internal control system	None noted.

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