

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JANUARY 2020

Company Number: 00702983
Charity Number: 222742
Homes England Agency Number: H0560

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

ASSOCIATION DETAILS

Registered office

40A The Grove
Gosforth
Newcastle upon Tyne
NE3 1NH

Vice-President

The Rt. Revd. Christine Hardman, Bishop of Newcastle

Executive Committee

Mrs V R Wilkinson (Chairperson)
Mrs C L Eke
Mr A W Kay
Mr B Duell
Mrs M Anderson
Mr R Mackintosh

Chief Executive Officer

Mr J Connelly

Key Management Personnel

The board consider the following to be KMP of the society and have delegated the day-to-day management responsibilities:

Mr J Connelly – CEO
Mrs K Brown – Manager, The Grove Care Home
Mrs C A Major – Manager, Castle Farm Care Home
Mrs C Logue – Deputy Manager, The Grove Care Home
Mrs A Forster – Deputy Manager, Castle Farm Care Home
Mr W K Parrish – Administrator
Mrs P Jones – Finance Officer
Mrs L Lawson – Payroll Officer
Mrs H Angel – Activities Co-ordinator
Mrs N Pitman – Activities Session Leader

Company Secretary

Mr W K Parrish

Auditor

MHA Tait Walker
Chartered Accountants
& Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Investment Broker

Rathbone Investment Management Limited
Earl Grey House
75-85 Grey Street
Newcastle upon Tyne
NE1 6EF

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

ASSOCIATION DETAILS

Bankers

Barclays Bank plc
59 High Street
Gosforth
Newcastle upon Tyne
NE3 4AA

Registration

Company Number	00702983
Charity Number	222742
Homes England Agency Number	H0560

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

REPORT OF THE EXECUTIVE COMMITTEE

FOR THE YEAR ENDED 31 JANUARY 2020

The Executive Committee present their report and the audited financial statements for the year ended 31 January 2020.

Principal Activity

The principal activity of the Society is to provide accommodation, care and companionship for lonely or frail elderly people in accordance with the aims and principles of The Abbeyfield Society Limited.

Members of the Executive Committee

The Members of the Executive Committee during the year ended 31 January 2020 were:-

Mrs V R Wilkinson (Chairperson)
Mrs C L Eke
Mr A W Kay
Mr B Duell
Mrs M Anderson
Mr R MacKintosh

Applications for membership of the Executive Committee are sought by direct correspondence to individuals with relevant experience and skills. Members serve for a three year period and may be re-elected thereafter. The Executive Committee meets six times per year.

Registration of the Association

The Abbeyfield Newcastle upon Tyne Society Limited is a company limited by guarantee, a registered provider of social housing and a registered charity governed by its memorandum and articles of association. The Society is registered under the Companies Act 2006 and the Housing and Regeneration Act 2008.

Financial Statements and state of the Association's affairs

The results for the year are shown in the Income and Expenditure Account on page 13.

Achievements & Performance

The financial year which ended on 31st January 2020 has once again shown an operational surplus before taking into account any YTD movement on the investment portfolio. This was a more modest result than in recent years in relation to budget expectations but it did show a significant increase on the previous year.

As ever, our annual accounts often reflect some otherwise unexpected expenditure when we finalise our budget process which is usually 3 months before the budget is implemented. In general, it is void management which is key to driving income, and occasionally we experience longer terms of voids that are anticipated but overall there is good control. As part of our ongoing plan to ensure value for money we endeavour to continue our "value for money" culture throughout the Society

The Audit shows that our performance has been very consistent in comparison with the previous year. In the opinion of the Auditors these financial statements give a true and fair view of the state of The Society's financial affairs as at the 31st January 2020. The final audit has shown a clean set of figures

Our Investment Portfolio was initially taken out in 2018 and although it has fluctuated in line with financial markets and other market forces it is keeping its' value well. In relation to Market Value, the portfolio had increased in the last quarter of the last financial year from its position at the end of the third quarter by 2.2% which was an increase of £69,966. It had also increased by 5.5% from its initial start point which equated to an increase of £135,537.

At the time of the Audit, we were asked to forecast what impact we felt the Covid19 pandemic would have on our day to day business and on our long - term investments. In relation to investments our portfolio decreased initially from the balance held at January 2020 but has subsequently recovered

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

REPORT OF THE EXECUTIVE COMMITTEE

FOR THE YEAR ENDED 31 JANUARY 2020

almost 100% by the date of signing of the accounts. The going concern nature of the business in relation to Covid19 and any effect are noted later in the main body of the accounting policies.

The strong managerial performances by our two House Managers in maintaining good occupancy levels and good cost controls has been key to our financial performance alongside strong central management of other cost centres.

We continue to be a member of the Care North East consortium of care providers in Newcastle, and as such we successfully helped to negotiate an agreed Residential Care fee increase of 6.7% with Newcastle City Council against a 5.6% increase the previous year. This will be index linked for the next three years at least, but is always subject to further review if the economic situation should change in any way. It is important that we maintain good working relationships with the Local Authority in regards to fee setting, as individual personal finance situations for some residents will change. This has already proved the case this year with our number of Local Authority funded residents rising from 5 at the end of 2019 to 8 at the end of 2020. Although only a small increase, it is a growing number and we are aware of the changing nature of this scenario and monitor it very closely

In summary, the financial statements show a strong set of financial figures and the final audit has shown a clean audit with no qualifications.

The Executive Committee has a long term strategy to strengthen our property portfolio to offer a greater variety of accommodation and support for the elderly in our community. We have continued to consider development opportunities this year. Sites are proving difficult to find, although we are developing a reputation as a potential working partner. One serious option has emerged working in a partnership with the Berwick upon Tweed Society. We have had several meetings throughout the year, and maintained positive dialogue with Northumberland County Council. This project is progressing and will go to outline planning when we can further consider the wider financial issues in a development of this scale. We have continued the development of closer working principles with other North East societies in line with the wider strategic aims of The Abbeyfield Society as outlined at a National Conference in October 2019

The central Abbeyfield Society is going through a significant period of strategic change. We have been invited to have input into all levels of consultations within this change process, which it is estimated may take 3 years. We are considered to be an influential partner and will continue to ensure we are involved in strategic decisions as they occur.

Post National Conference we have continued to develop good working relationships with other Abbeyfield Membership Societies in our region and once again have taken a lead role in several initiatives. Again, post National Conference, there have been a number of focus groups developed which have focussed on specific areas of the National strategy. This Society is perceived as having an influential role in the region and, as such, has become more involved with Central teams in developing strategic approaches to issues linked to the National Strategy. The CEO of our Society is currently the Interim Chair of the whole Northern Region and sits on a number of committees with a view to developing the Membership profile both on a Regional and National basis.

The Staff Liaison Committee, was not as successful last year as other years. It needs to be revisited and redeveloped as previous efforts have shown it to be a worthwhile initiative.

We stopped the staff benefit scheme which started well but take-up fell away and it became financially unviable. However, it proved worthwhile in that it gave us further positive staff engagement and feedback will enable us to develop an alternative scheme further this year. Once again, our staff turnover was minimal which would strongly indicate that our staff are happy with their work environment, training and the way they are managed. Personal feedback would endorse this

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

REPORT OF THE EXECUTIVE COMMITTEE

FOR THE YEAR ENDED 31 JANUARY 2020

Volunteering continues to play a very important part of our service. We have raised the number of volunteers and they continue to support us in a wide variety of activities.

In relation to activities, we employed an Activity Session Manager in April last year and that has proved to be very successful. This role has brought many changes in the development of new and different activity sessions which the residents have warmed to. There is greater involvement of the residents and we will build upon that enthusiasm this year

In summarizing, the operating year 2019/20 was a good year in many respects. Our financial performance remains positive and our investment policy is beginning to show good returns. It is well managed despite major fluctuations in the financial markets. We have good staff retention in relation to the industry standard. This has led to continuity of service to our residents, which is a strong part of maintaining their wellbeing. We maintain our ambitions to progress and grow, but we are cautious in relation to the developing wider strategic aims of the central Abbeyfield Society. We will not make further decisions until we know more detail of the proposed strategy and are able to assess how we fit within that Strategy.

Having a settled committed team, and a sound financial situation gives us a solid base to continue our progress into the next financial year when even more critical strategic decisions will have to be made.

Governance

The Executive Committee adhere to the principal recommendations of the National Housing Federation's code of governance insofar as these are considered applicable to an organisation of this size.

The Finance & Audit Committee operates under specific terms of reference which delegate certain functions from the Executive Committee.

The Finance & Audit Committee meets six times a year. All decisions of the Finance & Audit Committee are required to be ratified by the Executive Committee. The House Committees are delegated authority from the Executive Committee for the responsibility of the day to day running of the respective Houses.

Risk Management

The major risks, to which the Society is exposed, as identified by the Executive Committee, have been reviewed and systems have been established to mitigate those risks by using the relevant Abbeyfield Standards procedures.

Value for money

As part of our ongoing strategy to ensure value for money, we continue to deliver our plan, meeting the required Standard, embedding a 'value for money' culture throughout the Society. Continuing to get best value from our resources is essential to ensure we can continue to deliver quality care and invest in the accommodation offered to our residents where necessary to maintain this.

Our key actions include the following:

- Continued development of centralised contracts to reduce overheads and to make efficient use of property budget spend.
- Regular management meetings with a view to addressing performance issues.
- Management of staffing resources to ensure that we are consistent and more efficient in the way we operate.
- Setting of a realistic budget with emphasis on fee setting, staff costs and control of vacancies.
- Continued development of partnership working with external agencies and internally with Abbeyfield and other member Societies.

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REPORT OF THE EXECUTIVE COMMITTEE

FOR THE YEAR ENDED 31 JANUARY 2020

- Ongoing Strategic Business Planning making best use of resources.
- Further engagement of our staff with appraisals, training and internal development.

The Executive Committee are committed to ensure that value for money is considered in decision-making at all levels in order to meet and exceed the Standard. This is reinforced through the Society's culture which strives, ultimately to add value to the Society through the provision of quality care to all of our residents.

Metrics:

	2020	2019
Reinvestment %	2.3%	0.7%
New Supply Delivered – Social Housing Units %	-	-
New Supply Delivered – Non-social Housing Units %	-	-
Gearing %	(34.8)%	(30.1)%
EBITDA MRI Interest Cover %	39138%	29209%
Headline Social Housing Cost per Unit	£33,779	£32,432
Operating Margin (Social Housing Lettings and Overall) %	1.8%	0.4%
Return on Capital Employed %	0.7%	0.2%

Statement of public benefit

The Executive Committee have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Society's aims and objectives and in planning its future activities. In particular, the Executive Committee consider how planned activities will contribute to the aims and objectives they have set.

The Executive Committee are committed to furthering the Society's objects primarily by providing high quality care and support to elderly users of the Society's facilities. It is the objective of the Executive Committee each year to maximise the public benefit of the Society in providing high quality care and support, having regard to the extent of the Society's income and reserves, the cost of facilities and the ability of residents to make payments from their own resources.

Reserves policy

As recommended in a previous Audit we now have in place a formal Reserves Policy which will be reviewed at the required timescale. This policy requires us to have a minimum of three months working capital immediately available with the remainder invested in two suitable and ethically appropriate investment portfolios, and professionally managed.

Investment funds are immediately available if they are so required. At year end the free reserves of the entity are £2,990,705 (2019: 2,537,824)

As already reported, Rathbones Investment Management are providing the necessary financial management of our two portfolios with monthly reports and monitoring of our account. The emphasis for Rathbones is to deliver income and capital growth for both portfolios. Detailed analysis reports are made available to the Finance and Audit Committee meeting on a bi-monthly basis for onward discussion at the full Executive Committee meeting.

Financial review

The full details and analysis of our financial performance is set out in the main body of this report. We feel that we are well placed to continue our progress during 2020/21 and beyond.

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED
REPORT OF THE EXECUTIVE COMMITTEE
FOR THE YEAR ENDED 31 JANUARY 2020

Key Performance Indicators

The Executive Committee review our financial performance at each meeting taking into account any recommendations from the Finance & Audit Committee, after reviewing the full management accounts and the main KPI's as follows:

	Actual	Budget
Surplus/(Deficit) as % of Total turnover	1.8	2.7
Occupancy at The Grove (%)	96.9	97.3
Occupancy at Castle Farm (%)	98.3	97.4
Total Staff costs as % of Total turnover	70.3	74.2
Food costs as % of Total turnover	5.0	5.0
Light/Heat cost as % of Total turnover	3.5	3.9

Occupancy rates at both homes remain positive compared to budget expectations due to very good void management at both homes. This is a credit to both teams in identifying when voids may occur and taking swift action to resolve any vacancy.

Staff costs have improved due to having a fuller complement of staff and reduced requirements for agency working.

Overall day to day operational costs have been controlled well resulting in a surplus which was better than budget with both homes producing a positive surplus figure.

Internal Control Assurance

The Executive Committee has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The Executive Committee recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Society's assets and interests.

In meeting its responsibilities, the Executive Committee has adopted a risk based approach to internal control which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Society is exposed.

The process adopted by the Executive Committee in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

- Identification and evaluation of key risks
This process is set out in the Society's risk management strategy. The Executive Committee has identified the significant strategic risks facing the Society and these are reviewed annually by the Executive Committee.
- Monitoring and Corrective Action
The Society's risk management strategy includes a procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the Financial Statements.
- Control environment and control procedures

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

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FOR THE YEAR ENDED 31 JANUARY 2020

The Executive Committee retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues in accordance with the relevant Abbeyfield standard.

- Information and financial reporting systems

Financial reporting procedures cover the preparation of detailed budgets for the year ahead including forecast outturns which are reviewed on a monthly basis, as well as forecasts for subsequent years. These are reviewed and approved by the Executive Committee

The Executive Committee confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Society.

Status

The society is:

- A registered charity for tax purposes (No. 222742)
- A company limited by guarantee (No. 00702983), having no share capital and with solely charitable objectives
- Registered with the Homes England as a registered provider of social housing (No. H0560)

Given that the society's main activities are the provision of accommodation and that they are registered with Homes England, the Society follows the Housing SORP.

Statement of Executive Committee's Responsibilities

The Companies Act 2006 and registered social housing legislation require the Executive Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Society and the surplus of the Society for that period. In preparing those financial statements, the Executive Committee are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis where it is appropriate to do so.

The Executive Committee are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Society and to enable them to ensure that the financial statements comply with the Companies Act 2006, Schedule 1 to the Housing and Regeneration Act 2008, the Housing SORP 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

The Executive Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:-

- the reliability of financial information used within the Society or for publication;
- the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposition and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

It is the responsibility of the Executive Committee to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements include:-

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

REPORT OF THE EXECUTIVE COMMITTEE

FOR THE YEAR ENDED 31 JANUARY 2020

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Society's assets;
- experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the Executive Committee to monitor the key business and financial objectives and risks and the progress towards financial objectives set for the year and the medium term; regular management accounts are prepared promptly providing relevant, reliable and up-to-date financial and other information; significant variances from budget are investigated as appropriate;
- all investment projects are subject to formal authorisation procedures by the Executive Committee;
- the Executive Committee reviews reports from the managing agents and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Society.
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Executive Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 January 2020. No weaknesses in internal financial control resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or the auditors' report on the financial statements.

Statement of Disclosure of Information to Auditors

We, the Executive Committee of the Society who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the Society's auditors are unaware; and
- we have taken all the steps that we ought to have taken as members of the Executive Committee in order to make ourselves aware of any relevant audit information and to establish that the Society's auditors are aware of that information.

In approving the Report of the Executive Committee, we also approve the Strategic Report included therein, in our capacity as company directors.

Auditor

A resolution to re-appoint MHA Tait Walker as auditor for the ensuing year will be proposed at the annual general meeting.

The financial statements were approved by the Executive Committee on 15 July 2020 and signed on its behalf by:-



..... Mrs V R Wilkinson – Chairperson

15 July 2020.

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

Opinion

We have audited the financial statements of The Abbeyfield Newcastle upon Tyne Society Limited for the year ended 31 January 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flow and the related notes. 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 Society's affairs as at 31 January 2020 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008, the Housing SORP 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the society in accordance with the ethical requirements that are relevant to our audit of the financial statement in the UK, including the FRC's Ethical standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the committee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the committee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the society's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Report of the Executive Committee, other than the financial statements and our auditor's report thereon. The committee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusions thereon.

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

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the executive committees report.

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the society; or
- a satisfactory system of control has not been maintained over transactions; or
- the society's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the board

As explained more fully in the Statement of Executive Committee's Responsibilities, the committee is responsible for the preparation of 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 Committee is responsible for assessing the society'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 Committee either intends to liquidate the society or to cease operations, or has 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 the 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2020

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board.
- Conclude on the appropriateness of the Executive Committees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of the Report

This report is made solely to the Society's members, as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Society'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 Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Brown BA ACA DChA (Senior Statutory Auditor)
For and on behalf of
MHA Tait Walker
Chartered Accountants & Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date: 20.1.2020

MHA Tait Walker is a trading name of Tait Walker LLP

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

STATEMENT OF COMPREHENSIVE INCOME (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 JANUARY 2020

		2020	2019
	Note	£	£
TURNOVER	2	1,881,697	1,805,422
Operating costs	2	(1,853,939)	(1,804,631)
Other operating income	4	5,743	6,408
OPERATING SURPLUS	2/5	33,501	7,199
Income from fixed asset investments		48,411	15,231
Gains on disposal of tangible fixed assets		20,699	1,322
Loss on disposal of tangible fixed assets			(2,076)
Interest receivable		2,976	4,456
SURPLUS FOR THE YEAR		105,587	26,132
Other recognised (losses) / gains in the year		168,639	(76,993)
TOTAL COMPREHENSIVE (EXPENDITURE) / INCOME FOR THE YEAR		274,226	(50,861)

The results for the year relate wholly to the continuing operations of the Association.

The financial statements were approved by the Executive Committee on 15/7/20 and signed on its behalf by:



Mrs V R Wilkinson
Chairperson

The notes on pages 17 to 27 form part of these financial statements.

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED
COMPANY NUMBER: 00702983

BALANCE SHEET

AS AT 31 JANUARY 2020

		2020		2019	
	Note	£	£	£	£
FIXED ASSETS					
Housing properties	8		1,667,296		1,698,038
Other tangible fixed assets	9		82,401		87,121
Investments	10		2,612,851		2,396,772
			<u>4,362,548</u>		<u>4,481,931</u>
CURRENT ASSETS					
Debtors	11	71,212		52,507	
Cash and cash equivalents		<u>580,047</u>		<u>511,796</u>	
		651,259		564,303	
CREDITORS: Amounts falling due within one year	12	<u>(120,715)</u>		<u>(112,253)</u>	
NET CURRENT ASSETS			<u>530,544</u>		<u>452,050</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,893,092</u>		<u>4,633,981</u>
CREDITORS: Amounts falling due after more than one year	13		<u>(311,832)</u>		<u>(326,947)</u>
TOTAL NET ASSETS			<u>4,581,260</u>		<u>4,307,034</u>
CAPITAL AND RESERVES					
Revaluation reserve		82,232		(86,407)	
Restricted reserves		70,458		70,458	
Unrestricted reserves		<u>4,428,570</u>		<u>4,322,983</u>	
TOTAL CAPITAL AND RESERVES			<u>4,581,260</u>		<u>4,307,034</u>

The financial statements were approved by the Executive Committee on 15/7/20 and signed on its behalf by:-



 Mrs V R Wilkinson
 Chairperson

The notes on pages 17 to 27 form part of these financial statements.

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

STATEMENT OF CHANGE IN RESERVES

AS AT 31 JANUARY 2020

	Unrestricted Reserve	Restricted Reserve	Revaluation Reserve	Total Reserves
Balance at 1 February 2018	4,174,110	72,276	111,509	4,357,895
Surplus / (deficit) from statement of comprehensive income year ended 31 January 2019 – Total	27,950	(1,818)	(76,993)	(50,861)
Comprehensive Income				
Investments sale & transfer: realised gain on old portfolio and reinvested at cost	120,923	-	(120,923)	
Balance at 1 February 2019	4,322,983	70,458	(86,407)	4,307,034
Surplus / (deficit) from statement of comprehensive income year ended 31 January 2020 – Total	105,587		168,639	274,226
Comprehensive Income				
Balance at 31 January 2020	4,428,570	70,458	82,232	4,581,260

The notes on pages 17 to 27 form part of these financial statements.

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 JANUARY 2020

		2020	2019
	Note	£	£
NET CASH GENERATED FROM OPERATING ACTIVITIES	19	91,112	118,382
CASHFLOW FROM INVESTING ACTIVITIES:			
Purchase of investments			(1,810,000)
Dividends/Interest capitalised in portfolio		(45,031)	4,999
Mgt fees paid in investment portfolio		18,289	(10,427)
Movement on portfolio cash account		-	-
Investment income		48,411	15,231
Interest receivable		2,976	4,456
Net cashflow from investing activities		(24,645)	(1,795,741)
CASHFLOW FROM FINANCING ACTIVITIES:			
Purchase of other fixed assets		(47,506)	(45,164)
Proceeds on sale of property		-	-
Proceeds on sale of stairlift		-	-
Net cashflow from financing activities		(47,506)	(45,164)
NET CHANGE IN CASH AND CASH EQUIVALENTS		68,251	(1,722,523)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		511,796	2,234,319
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		580,047	511,796
Cash and cash equivalents consist of:			
Cash at bank and in hand (including overdrafts)		580,047	511,796
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		580,047	511,796

The notes on pages 17 to 27 form part of these financial statements.

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

1. PRINCIPAL ACCOUNTING POLICIES

The society is:

- A registered charity for tax purposes (No. 222742)
- A company limited by guarantee (No. 00702983), having no share capital and with solely charitable objectives
- Registered with the Homes England as a registered provider of social housing (No. H0560)

Given that the Society's main activities are the provision of accommodation and that they are registered with Homes England, the Society follows the Housing SORP.

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, Financial Reporting Standard 102 (FRS102), the Accounting Direction for Private Registered Providers of Social Housing 2019 and the Statement of Recommended Practice Accounting by Registered Social Landlords, Update 2019 (SORP2019).

In accordance with FRS102 PBE3.3A the management committee confirm that this Registered Social Housing Provider is a Public Benefit Entity (PBE).

Going Concern

The financial statements have been prepared on a going concern basis.

The entity meets its day to day working capital requirements through cash generated from operations.

The entities forecasts and projections for the next twelve months show that the company, given its strong cash balance and investment portfolio, should be able to continue in operational existence for that period, taking into account reasonable possible changes in occupancy, investment performance and the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This also considers the effectiveness of available measures to assist in mitigating the impact.

Based on the factors set out above the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

A summary of the more important accounting policies are set out in paragraphs (a) to (l) below:-

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include investments at fair value.

(b) Turnover

Turnover represents rental income and service charges receivable net of rent and service charge losses from voids. Turnover is recognised as the period of rent is due.

(c) Housing Properties, Fixed Assets and Depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation. Donated assets are capitalised at the value at which they are included in income, which is a reasonable estimate of their value to the society.

Housing Land and buildings are stated at cost. The cost of properties is their purchase price together with incidental costs of acquisition including interest payable. Interest payable is capitalised by applying the Society's cost of borrowing to expenditure during the construction of the property up to the date of practical completion.

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2020

1. ACCOUNTING POLICIES *(continued)*

Surpluses or deficits on the sale of housing land and buildings are accounted for in the income and expenditure account as the difference between the net sale proceeds and the net carrying value.

Major components of housing properties, such as the internal fittings and heating components, have been accounted for and depreciated separately from the housing structure, over their expected useful economic lives.

Depreciation is charged on a straight line basis at rates anticipated to write off the cost of the asset, over the expected useful economic lives of the assets as follows:

Land	Not depreciated
Housing Properties	
Structure	50 years
Roof	50 years
Kitchens	30 years
Bathrooms	30 years
Doors	30 years
Windows	30 years
Lift	15 years
Heating:	
Boilers	10 years
Radiators	25 years

None of the RSHP's housing properties are considered to be investment properties.

(d) Other Fixed Assets

Fixtures & Fittings	15% reducing balance
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The useful economic lives of all tangible fixed assets are reviewed annually.

(e) Social Housing Grant

Social Housing Grant (SHG) received as a capital contribution, in line with SORP2018 and the 'accruals method', is held separately as a creditor due more than one year, unless part of the SHG relates to a disposal of property and becomes recycled or repayable, in which case it is apportioned to creditors due less than one year accordingly. The 'accruals method' is applied as the RSHP holds all social housing properties at their historic cost.

The SHG is then amortised in line with the depreciation of the 'structure' component of the housing properties and released over 50 years (2%). The amortisation released in respect of the SHG is recognised in the Statement of Comprehensive Income as 'income'.

SHG received towards revenue expenditure is matched against that expenditure by being included in turnover in the income and expenditure account. The related expenditure is included under operating costs. SHG is recognised in the same period as the related expenditure provided the conditions for its receipt have been satisfied and there is reasonable assurance that the grant will be received.

SHG received and not matched by development expenditure or relevant expenditure in the income and expenditure account is included in current liabilities. The amount of SHG in advance is calculated by reference to the aggregate of all schemes in the SHG funded development programme.

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

1. ACCOUNTING POLICIES *(continued)*

(f) Taxation

The Society has charitable status and is exempt from corporation tax on the income it has received.

The Society is not registered for VAT. Accordingly no VAT is charged to residents, and expenditure in the income and expenditure account includes the relevant VAT.

(g) Financial Instruments

A financial instrument is a contract that gives rise to a financial asset or liability within the financial statements. The committee of management have reviewed the financial instruments held within the financial statements and consider them to be 'basic' and as such are recognised at their transactional value.

(h) Rent Arrears and Advances

In accordance with the Accounting Direction 2019, rent arrears and advances are not net-off and are presented as part of debtors and creditors respectively. Where a payment plan has been entered into for rent arrears, which is considered to be material, then the rent arrears debtor is adjusted to its net present value.

(i) Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value through the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment. The difference between the historic cost and the Market Value is shown as a revaluation reserve which can be both positive and negative at a year end.

(j) Employee benefits

Where employees have rendered service to the Society, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The Society operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

(k) Judgements and Key Sources of Estimation Uncertainty

There have been no accounting judgements (apart from those involving estimates) made in the process of applying the above accounting policies.

There are no key assumptions concerning the future of the RSHP or other key sources of estimation uncertainty at the reporting date.

(l) Operating lease

Lease payments are recognised as an expense over the lease term on a straight line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight line basis.

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

2. (A) TURNOVER, OPERATING COSTS AND OPERATING SURPLUS FOR THE YEAR

	Turnover £	Operating costs £	2020 Operating surplus £	Turnover £	Operating costs £	2019 Operating surplus £
Social Housing Lettings (note B)	1,881,697	(1,853,939)	27,758	1,805,422	(1,804,631)	791
Other operating income (note 4)	5,743	-	5,743	6,408	-	6,408
TOTAL	1,887,440	(1,853,939)	33,501	1,811,830	(1,804,631)	7199

(B) PARTICULARS OF TURNOVER AND OPERATING EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	2020 £	2019 £
Income		
Rent receivable net of voids	1,866,582	1,790,188
Amortised social housing grant	14,444	14,444
Other grants received	671	790
Turnover from Social Housing Lettings	1,881,697	1,805,422
Operating expenditure		
Other costs	(1,707,808)	(1,679,034)
General repairs	(63,163)	(45,506)
Depreciation on housing properties	(68,426)	(64,657)
Depreciation on other fixed assets	(14,542)	(15,434)
Operating expenditure on Social Housing Lettings	(1,853,939)	(1,804,631)
Operating surplus / (deficit) on Social Housing Lettings	27,758	791
Void Losses (being rental income lost as a result of property not being let, although it is available for letting)	47,970	35,285

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2020

3. STAFF, KEY MANAGEMENT PERSONNEL, DIRECTORS' EMOLUMENTS AND RELATED PARTIES

Total staff costs were as follows:

	2020	2019
	£	£
Wages and salaries	1,223,440	1,189,584
Social security costs	82,942	79,853
Pension costs	26,219	20,155
	<u>1,332,601</u>	<u>1,289,592</u>

Particulars of employees:

The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:

	2020	2019
	No	No
Number of administrative staff	4	4
Number of other staff members	<u>56</u>	<u>53</u>

No employee earned more than £60,000. None of the Executive Committee received any emoluments during 2020 (2019: £nil).

The total expenses reimbursed to the Executive Committee not chargeable for UK income tax during 2020 was £Nil (2019: £Nil).

There were no further related party transactions with the board.

The key management personnel of the Society comprise the Chief Executive Officer, the two Care Home Managers and Deputy Managers, the Administrator, the Finance Officer, the Payroll Officer, the Volunteer Co-ordinator and the Activities Co-ordinator. During the year salaries totalling £249,618 (2019: £240,424) were paid to key management personnel. Pension contributions totalling £9,544 (2019: £8,249) were made on behalf of key management personnel.

During the year the Chief Executive's pension arrangements continued to be a defined contribution scheme and the RHSP contributed £1,937 Employer contribution (2019: £1442) into the scheme.

4. OPERATING INCOME

	2020	2019
	£	£
Legacies and donations received	4,913	5,416
Other sundry income	830	992
	<u>5,743</u>	<u>6,408</u>

5. OPERATING SURPLUS

	2020	2019
	£	£
The operating surplus for the year is stated after charging:		
Depreciation on housing properties	68,426	64,657
Depreciation on other fixed assets	14,542	15,434
Amortisation of social housing grant	(14,444)	(14,444)
Gain on disposal of fixed assets	-	2,076
Auditor's remuneration	<u>5,450</u>	<u>5,450</u>

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

6. TAXATION

No liability to taxation arises from any surpluses generated as the Society is entitled to relief under s642 of the Corporation Taxes Act 2010.

7. AUDITOR'S REMUNERATION

	2020 £	2019 £
Fees payable for the audit of the financial statements	<u>5,450</u>	<u>5,450</u>

8. TANGIBLE FIXED ASSETS

Housing properties – freehold	2020 £	2019 £
Gross cost		
At 1 February	3,287,925	3,276,344
Additions	37,684	11,581
Disposals	(10,416)	-
At 31 January	<u>3,315,193</u>	<u>3,287,925</u>
Depreciation		
At 1 February	1,589,887	1,525,230
Charge	68,426	64,657
On disposals	(10,416)	-
At 31 January	<u>1,647,897</u>	<u>1,589,887</u>
 Net book value 31 January	 <u>1,667,296</u>	 <u>1,698,038</u>

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

9. FIXTURES, FITTINGS AND EQUIPMENT

	2020 £	2019 £
Cost		
At 1 February 2019	472,863	454,289
Additions	9,822	33,583
Disposals		(15,009)
At 31 January 2020	<u>482,685</u>	<u>472,863</u>
Depreciation		
At 1 February 2019	385,742	383,241
Charge	14,542	15,434
On disposals		(12,933)
At 31 January 2020	<u>400,284</u>	<u>385,742</u>
Net book value 31 January	<u>82,401</u>	<u>87,121</u>

10. INVESTMENTS

	2020 £	2019 £
(a) Fair value		
At 1 February	2,396,772	657,014
Additions	1,268,461	1,826,155
Disposals at opening market value	(712,329)	(812,699)
Realised gain / (loss) in period	20,699	1,322
Unrealised gain / (loss) in period	168,639	(76,993)
Movement on cash account	(528,391)	801,973
At 31 January	<u>2,612,851</u>	<u>2,396,772</u>
UK Equities	2,328,970	1,604,200
Bank Account	<u>283,881</u>	<u>792,572</u>
	<u>2,612,851</u>	<u>2,396,772</u>
(b) Historic cost		
At 1 February	2,483,179	545,505
Additions	1,268,461	1,826,167
Disposals	(741,551)	(690,466)
Cash movement	(529,391)	801,973
At 31 January	<u>2,480,698</u>	<u>2,483,179</u>

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

10. INVESTMENTS *(continued)*

	2020 £	2019 £
(c) Realised gain / (losses)		
Opening market value of investments disposed	712,329	801,976
Less: Proceeds	(733,028)	(803,298)
(Gains) / losses realised	<u>(20,699)</u>	<u>(1,322)</u>
 (d) Unrealised gain / (loss) on fair value		
Opening market value of investments	2,396,772	657,014
Closing market value of investments	(2,612,851)	(2,396,772)
	(216,079)	(1,739,758)
Additions	1,268,461	1,826,155
Disposals	(712,329)	(812,699)
Gain / (loss) realised (above)	20,699	1,322
Other movements	(529,391)	801,973
Unrealised (gain) / loss per Statement of Comprehensive Income	<u>(168,639)</u>	<u>76,993</u>

At the year end, the organisation had individual investments exceeding 5% of the total value in the following holdings:

Merian Global North American Equity	- £42,472
SPDR Series Trust S&p 500	- £58,960
Guinness Asset Management	- £85,705
ETFS Hedged Metal Dly HGD	- £108,993
Link Fund Solutions Trojan S income	- £119,856
M&G Securities Ltd Global Macro Bond	- £89,616

11. DEBTORS

	2020 £	2019 £
Charges due and unpaid	35,048	22,944
Prepayments and accrued income	31,026	29,563
Other Debtors	5,138	-
	<u>71,212</u>	<u>52,507</u>

12. CREDITORS: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	32,075	33,247
Accruals and deferred income	66,685	71,113
Other creditors	2,073	1,698
Tax and social security	19,306	-
Pension contributions unpaid	576	-
Redundancy costs provision	-	6,195
	<u>120,715</u>	<u>112,253</u>

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

13. CREDITORS: Amounts falling due after more than one year, including convertible debts

	2020 £	2019 £
Other Capital Grants	3,804	4,475
Social Housing Grant (amortised cost)	308,028	322,472
	<u>311,832</u>	<u>326,947</u>

The Other Capital Grants relate to grant funding received from Newcastle City Council in 2008 in respect of two of the houses. These grants are to be written off at 15% reducing balance in line with the depreciation policy for fixtures, fittings and equipment.

The Social Housing Grant is amortised in line with the life of the 'structure' component, at a rate of 2%, and released as 'income' to the Statement of Comprehensive Income on that basis.

SOCIAL HOUSING GRANT

	2020 £	2019 £
Amounts received		
At 1 February	722,215	722,215
Amortisation		
At 1 February	(399,743)	(385,299)
Released during year	(14,444)	(14,444)
At 31 January	(414,187)	(399,743)
Carrying value		
At 31 January	308,028	322,472

14. FINANCIAL INSTRUMENTS

The RSHP considers that its financial instruments comprise of the Social Housing Grant (SHG) and Other Capital Grant, as both are included as liabilities within the financial statements. As the RSHP has no intention to dispose of its housing properties or contents, to which the grants relate, the grants will not become repayable. As a result the total balance of the grant creditors is presented as falling due in five years or more. The financial instruments are repayable as follows:

	2020 £	2019 £
In five years or more	311,832	326,947

15. OPERATING LEASES

The total minimum lease payments under non-cancellable operating leases are as follows:

	2020 £	2019 £
Not later than 1 year	7,087	7,087
Between 2 and 5 years	9,659	16,206
More than 5 years	-	540

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2020

16. COMPANY LIMITED BY GUARANTEE

Each member of the Society undertakes to contribute to the assets of the Society in the event of it being wound up while he / she is a member, or within one year after he / she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he / she ceases to be a member.

17. CONTINGENT LIABILITIES

By a Deed of Declaration of Trust dated 14 April 1981 made by the Abbeyfield Newcastle upon Tyne Society Limited (the Society) (and registered with the Charity Commission under reference SEW – 227870 – A1 – L1) the Society declared inter alia that if it for any reason ceased to maintain the Doctor H.M. Gurney Wing at The Grove or if the wing ceased to be known as the Doctor H.M. Gurney Wing the Society would either sell the building of which the said wing forms part or have the building valued by a competent valuer and shall hold the proportion of the proceeds of sale or of the amount of the valuation attributable to the said wing for the general purposes of some other Charity having for its object the provision of after care benefit for elderly gentlewomen.

18. ULTIMATE CONTROLLING PARTY

The ultimate controlling party of the Society is considered to be the Executive Committee.

19. CASH FLOW FROM OPERATING ACTIVITIES

	2020	2019
Cash flow from operating activities		
Surplus / (deficit) for the year	33,501	7,199
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	82,968	80,091
(Increase) / decrease in trade and other debtors	(18,705)	21,474
(Decrease) / increase in trade and other creditors	8,463	24,852
Government grants utilised in year	(671)	(790)
Social Housing Grants utilised in year	(14,444)	(14,444)
Net cash generated from operating activities	91,112	118,382

20. PENSIONS

The Society operates a defined contribution pension plan for its employees. The amount recognised as an expense in the period was £26,219 (2019: £20,155). At the year end £576 (2019: £Nil) was owed to the pension provider and included within creditors at the year end.

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2020

21. RESERVES

Revaluation reserve – This reserve represents the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Restricted reserve – This reserve represents the unexpended balances of legacies and donations received specifically relating to the appropriate house.

Unrestricted reserve – This reserve represents retained earnings for which there is no restriction as to how they can be utilised.

	Revaluation Reserve £	Restricted Reserve £	Unrestricted Reserve £	Total £
Balance brought forward	(86,407)	70,458	4,322,983	4,307,034
Unrealised deficit on investments	168,639	-	-	168,639
Unrestricted profit	-	-	105,587	105,587
Tfr Realised Gain on investments – restated at cost	-	-	-	-
Balance carried forward	<u>82,232</u>	<u>70,458</u>	<u>4,428,570</u>	<u>4,581,260</u>

The restricted reserves at the year end relate to the following properties:

The Grove	£53,115	(2019 - £53,115)
Castle Farm	£17,343	(2019 - £17,343)
Both	<u>£Nil</u>	(2019 - <u>£nil</u>)
TOTAL	<u>£70,458</u>	(2019 - <u>£70,458</u>)

22. POST BALANCE SHEET EVENT

Following the year end, the investments held at the balance sheet date totalling £2,612,851 have suffered a significant fall in their value because of the worldwide coronavirus (Covid-19) pandemic. Subsequently, the markets have recovered whereby the valuation of the investments at the date of signing is only marginally lower than the balance sheet date amount of £2,612,851.