
THE ABBEYFIELD ST. ALBANS SOCIETY LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

THE ABBEYFIELD ST. ALBANS SOCIETY LIMITED
(A company limited by guarantee)

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THE ABBEYFIELD ST. ALBANS SOCIETY LIMITED
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

Trustees

Ms J Elek (resigned 21 September 2020)
Mr D J Farr
Mr K Faulkner (resigned 25 January 2021)
Mr S Gore (resigned 26 October 2020)
Mr C Muparano (resigned 17 August 2020)
Mr J S Thomson (deceased 12 April 2020)
Mr M Wooster (resigned 7 September 2020)
Mr G Ashworth (appointed 21 September 2020)
Mr M Bliss (appointed 25 January 2021)
Mr J Colton (appointed 23 February 2021)
Ms J Freer (appointed 23 February 2021)
Ms C Lindsay (appointed 25 January 2021)
Ms L Martin (appointed 25 January 2021)
Mr P Sax (appointed 21 September 2020)
Mr H Whyte (appointed 21 September 2020)

**Company registered
number** 00675042

**Charity registered
number** 211934

Registered office Grace Muriel House
Tavistock Avenue
St Albans
Hertfordshire
AL1 2NW

THE ABBEYFIELD ST. ALBANS SOCIETY LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2020

The Trustees present their annual report together with the audited financial statements of the The Abbeyfield St. Albans Society Limited for the year 1 October 2019 to 30 September 2020. The Annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the Company qualifies as small under section 382 of the Companies Act 2006, the Strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Objectives and activities

a. Policies and objectives

In setting objectives and planning for activities, the Board of Trustees has given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance "Public Benefit: running a charity (PB2)".

The principal activity of the charitable society is the provision of accommodation and care facilities in St. Albans in order to enhance the quality of life for older people in accordance with the aims and principles of the Abbeyfield Society Limited, the body to which the Company is affiliated.

b. Strategies for achieving objectives

The Society shall seek to retain its "outstanding" status as awarded by the Quality Care Commission (QCC). This is the gold standard of care and the Society is one of less than 90 homes in the country to have achieved this standard.

c. Activities undertaken to achieve objectives

The Society seeks to invest in staff, the building, equipment, resident activities and the gardens in order to provide a wide range of services and activities to help enhance the lives of the residents.

Achievements and performance

a. Main achievements of the Company

The Covid 19 pandemic has had an unprecedented impact on the UK residential care sector. Residents, staff and trustees have all suffered to varying degrees. Each in their way have been required to overcome significant physical, emotional and mental challenges throughout these unprecedented times. It is a great testament to the passion, energy and care ethic of our staff that the business was able to survive and suffer only a moderate deficit in the year.

THE ABBEYFIELD ST. ALBANS SOCIETY LIMITED
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Achievements and performance (continued)

b. Key performance indicators

Key Performance Indicators	Outcome
Residential Fees	1,419,938
Suplus/(Deficit)	-108,851
Percentage of Voids	22.0%
Agency Staff as % total	6.2%
Cash Retained	760,835

c. Factors relevant to achieve objectives

The high level of voids is unprecedented and resulted in lost fee income of £386k. However, through careful management of operating expenditure and use of government grant opportunities, the overall potential deficit was reduced.

d. Fundraising activities and income generation

Specific fund-raising activities have been organised regularly during the year by the trustees in conjunction with staff, members and Friends of the Society. Covid 19 has however exposed the Company's sole reliance upon resident income. Therefore, following the appointment of a new Trustee with responsibility for Fundraising, the Company is hoping to reduce its reliance on resident income.

Financial review

a. Reserves policy

The Society owns a freehold property known as 24 George Street, St. Albans. This property is not held for direct use by the Society and is let to a tenant under a fully repairing lease for commercial purposes. The rental income received is currently put aside into the Society's free reserves.

Historically, the Society has planned to make a small surplus from fee income in order to build up reserves for planned and unplanned maintenance and enhancements to Grace Muriel House. Although, reserves are set aside for specific items initially, over time needs change and therefore funds can be reallocated and so all reserves are considered to be unrestricted for their ultimate use.

The reserves are reviewed regularly by the Board of Trustees and they provide authority for major items of expenditure.

Should the Society cease trading, it is the opinion of the Board that redundancy payments and any outstanding debts could be covered from reserves, in particular through the sale of George Street property.

THE ABBEYFIELD ST. ALBANS SOCIETY LIMITED
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Structure, governance and management

a. Constitution

Incorporated under the Companies Act 1948 on 15 November 1960, the Company (number 00675042) is limited by guarantee, does not have a share capital and is governed by its Memorandum and Articles of Association.

The Company is also a charity (Number 211934).

b. Methods of appointment or election of Trustees

Potential members of the Committee are identified by their profession and experience and consideration given to how those attributes may complement those existing trustees to provide a broad skills base to meet the challenges and responsibilities of the Society. Prospective members are invited to attend a minimum of three meetings so that they may gain an insight into the operation of the Society, an understanding of the responsibilities to be undertaken and the commitment required.

c. Organisational structure and decision-making policies

The Board of Trustees is responsible for the supervision of the Society's activities, it has a minimum of eight meetings annually and full minutes of the meetings are circulated to all trustees, all of whom are volunteers. The minutes are made available to the auditors.

The day-to-day management of the House is the responsibility of the Manager, Annette Gibbons, to whom operational day to day decisions are delegated. She is supported by a Deputy Manager (who is also responsible for training of staff) and Head of Care.

The Manager reports directly to the Chairman as her line manager.

The Manager attends and submits a monthly report to each Board Meeting and it is at those meetings that strategic and budgetary matters are discussed and agreed by the trustees.

The Society sets a financial budget each year which is monitored and reviewed at Board meetings and amended if appropriate.

Capital expenditure requests to enhance and maintain the Grace Muriel House, the fixtures and fittings and equipment is reviewed regularly and when considered necessary, free cash is put in Reserves to cover the likely cost of such expenditure.

d. Policies adopted for the induction and training of Trustees

Beyond basic induction procedures no formal training is usually provided as this is unnecessary due to the background and experience of the prospective member(s). However, completion of The Abbeyfield Society induction workbook is expected and attendance at a Corporate Induction Day run The Abbeyfield Society is recommended.

e. Pay policy for key management personnel

The pay of senior staff is reviewed annually by the Directors.

THE ABBEYFIELD ST. ALBANS SOCIETY LIMITED
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Structure, governance and management (continued)

f. Trustees' indemnities

The Board is responsible for preparing the Board of Trustees report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Board of Trustees to prepare financial statements each financial year. Under company law the Board of Trustees 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 charitable company and the incoming resources and application of resources, including the income and expenditure of the company for that period. In preparing these financial statements, the Board of Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity company will continue in operation.

Plans for future periods

The financial year ended 30th September 2020 will be remembered as the year the global Covid 19 pandemic struck. Although, the whole economy suffered, the care sector was probably disproportionately impacted given not only the fragile, old and vulnerable population it serves, but also the high proportion of frontline care workers that themselves fall into higher at-risk categories. The Abbeyfield St. Albans Society Limited could not escape the impact of the virus. The impacts of Covid on the operation of the Society continue to pose challenges and will result in a significant deficit in financial year ending 30th September 2021.

Plans to expand the number of rooms and plans to convert all rooms to en-suite have had to be deferred as a result of reserves being diverted to fund on going working capital.

Since the end of the financial year, for various reasons all but one member of the Board has resigned. A new Chairman and new board have now been appointed with all members having distinct roles.

The new Board has been focussing primarily on supporting the staff and through them the residents, throughout the immense operational challenges that Covid has generated.

However, given these uncertain times plans have had to be made to secure the future sustainability of the charity. Consequently, a strategic review of potential options available to the Society was undertaken.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Post Balance Sheet Events

The results of the strategic review were presented to the Board of Trustees at the 29th March 2021 meeting. The board voted unanimously to commence a period of consultation which may subsequently result in the termination of the care services provided at Grace Muriel House from 1 July 2021 and the closure of the home for a period of time.

This decision was taken after careful consideration of the following issues:

Given the deficit in financial year 2020 and forecast deficit in financial year 2021, the Board is no longer confident that the business can operate as a going concern for a further twelve months from the sign off of the statutory accounts.

The Board wish to conserve cash reserves in order to facilitate an orderly closure which best serves the interests of the residents and staff.

Grace Muriel House is no longer fit for purpose being a dated 1960's build. The Covid pandemic has highlighted that the home is required all rooms to be en-suite. Currently, fifteen rooms do not meet this standard; the reserves that had been set aside to deliver this upgrade and other improvements have been consumed with funding the deficits to date.

Further to this some significant maintenance works have been identified including a new boiler, lift works and carpets which would require significant funds. However, of most concern was the result of a recent fire safety review which identified that compartmentation in the loft space does not meet current fire regulations. Estimates for the remedial works recommended are beyond the resources available.

The Board also undertook some market research concerning the wider UK residential care market and concluded that the existing model operated by the Society is not likely to return to viability in the near- or longer-term future.

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the Company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

THE ABBEYFIELD ST. ALBANS SOCIETY LIMITED
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2020

Statement of Trustees' responsibilities (CONTINUED)

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees 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 Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

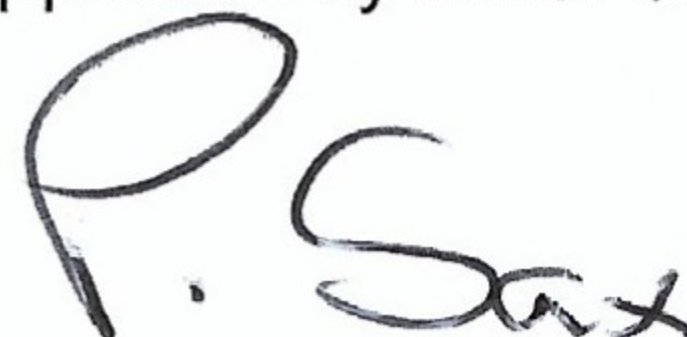
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charity's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Auditor

The auditor, Hillier Hopkins LLP, has indicated his willingness to continue in office. The designated Trustees will propose a motion reappointing the auditor at a meeting of the Trustees.

Approved by order of the members of the board of Trustees and signed on their behalf by:



.....
Mr P Sax

Date: 22 / 4 / 2021

THE ABBEYFIELD ST. ALBANS SOCIETY LIMITED
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ABBEYFIELD ST. ALBANS SOCIETY LIMITED

Opinion

We have audited the financial statements of The Abbeyfield St. Albans Society Limited (the 'charitable company') for the year ended 30 September 2020 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2020 and of its incoming resources and application of resources, including its income and expenditure 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 Charities Act 2011.

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company'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.

Emphasis of matter

We draw attention to note 2.2 in the financial statements, which indicates that the current care services may be terminated for a period of time. As stated in note 2.2, this is as a result of the Board of Trustees taking action to change the current model operated by the society to ensure relevant alterations can occur to enable the company to continue as a going concern. Our opinion is not modified in respect of this matter.

THE ABBEYFIELD ST. ALBANS SOCIETY LIMITED
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ABBEYFIELD ST. ALBANS SOCIETY LIMITED (CONTINUED)

Other information

The Trustees are responsible for the other information. 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.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; 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 trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are 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 Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company'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 Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

THE ABBEYFIELD ST. ALBANS SOCIETY LIMITED
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ABBEYFIELD ST. ALBANS SOCIETY LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Hillier Hopkins LLP
Chartered Accountants
Statutory Auditor
Radius House
51 Clarendon Road
Watford
Herts
WD17 1HP

Date: *28th April 2021*

Hillier Hopkins LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

THE ABBEYFIELD ST. ALBANS SOCIETY LIMITED
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**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Note	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:					
Donations and legacies	3	-	1,832	1,832	14,152
Charitable activities	4	-	1,419,938	1,419,938	1,669,883
Investments	5	-	33,583	33,583	36,021
Other income	6	-	109,355	109,355	6,396
Total income		-	1,564,708	1,564,708	1,726,452
Expenditure on:					
Charitable activities	7	-	1,673,559	1,673,559	1,663,994
Total expenditure		-	1,673,559	1,673,559	1,663,994
Net movement in funds		-	(108,851)	(108,851)	62,458
Reconciliation of funds:					
Total funds brought forward		135,416	2,983,490	3,118,906	3,056,448
Net movement in funds		-	(108,851)	(108,851)	62,458
Total funds carried forward		135,416	2,874,639	3,010,055	3,118,906

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 15 to 30 form part of these financial statements.

THE ABBEYFIELD ST. ALBANS SOCIETY LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 00675042

BALANCE SHEET
AS AT 30 SEPTEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	12	1,799,395	1,648,334
Investment property	13	535,000	535,000
		<u>2,334,395</u>	<u>2,183,334</u>
Current assets			
Stocks	14	3,000	3,000
Debtors	15	37,035	18,521
Cash at bank and in hand		760,835	1,080,696
		<u>800,870</u>	<u>1,102,217</u>
Creditors: amounts falling due within one year	16	(65,860)	(93,595)
Net current assets		<u>735,010</u>	<u>1,008,622</u>
Total assets less current liabilities		<u>3,069,405</u>	<u>3,191,956</u>
Creditors: amounts falling due after more than one year	17	(59,350)	(73,050)
Net assets excluding pension asset		<u>3,010,055</u>	<u>3,118,906</u>
Total net assets		<u><u>3,010,055</u></u>	<u><u>3,118,906</u></u>
Charity funds			
Restricted funds	18	135,416	135,416
Unrestricted funds	18	2,874,639	2,983,490
Total funds		<u><u>3,010,055</u></u>	<u><u>3,118,906</u></u>

The entity was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the entity to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

However, an audit is required in accordance with section 144 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

THE ABBEYFIELD ST. ALBANS SOCIETY LIMITED
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REGISTERED NUMBER: 00675042

BALANCE SHEET (CONTINUED)
AS AT 30 SEPTEMBER 2020

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Committee of Management's and signed on their behalf by:



.....
Mr P Sax

Date:

22/4/2021

The notes on pages 15 to 30 form part of these financial statements.

THE ABBEYFIELD ST. ALBANS SOCIETY LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

	2020 £	2019 £
Cash flows from operating activities		
Net cash used in operating activities	(90,649)	121,870
Cash flows from investing activities		
Dividends, interests and rents from investments	4,083	6,521
Purchase of tangible fixed assets	(219,595)	(50,028)
Net cash used in investing activities	(215,512)	(43,507)
Cash flows from financing activities		
Repayments of borrowing	(13,700)	(13,700)
Net cash used in financing activities	(13,700)	(13,700)
Change in cash and cash equivalents in the year	(319,861)	64,663
Cash and cash equivalents at the beginning of the year	1,080,696	1,016,033
Cash and cash equivalents at the end of the year	760,835	1,080,696

The notes on pages 15 to 30 form part of these financial statements

THE ABBEYFIELD ST. ALBANS SOCIETY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

1. General information

The Abbeyfield St Alban's Society Limited is a charitable company limited by guarantee and incorporated in England and Wales. It's registered office is Grace Muriel House, Tavistock Avenue, St Albans, Herts, AL1 2NW.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Abbeyfield St. Albans Society Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

2.2 Going concern

As at the year end, the company had net current assets of £735,010 and generated a loss of £108,851. During the year, the company, like most of the world's businesses, has faced significant challenge in operating normally with the onset of the Covid-19 crisis.

The Board of Trustees have been utilising the reserves to cover the loss made in the current year and the forecast loss made post year end. The committee of management have decided that the current model operated by the Society is not likely to return to being viable and have therefore taken steps to rectify this situation. As a result, the company is currently in a period of consultation which may subsequently result in the termination of the care services provided at Grace Muriel House from 1 July 2021 and the closure of the home for a period of time to allow for relevant changes to occur which will enable the company to continue viably. As a result the financial statements have been prepared on a going concern basis.

2.3 Income

All income is recognised once the Company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the Company has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the Company, can be reliably measured.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Company's objectives, as well as any associated support costs.

2.5 Tangible fixed assets and depreciation

Tangible fixed assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Freehold property	- over 50 years
Long-term leasehold property	- over period of lease
Fixtures and fittings	- 3 - 10 years straight line

2.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2.7 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.8 Cash at bank and in hand

Cash at bank and 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 or similar account.

THE ABBEYFIELD ST. ALBANS SOCIETY LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.9 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

2.10 Financial instruments

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.11 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

2.12 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

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FOR THE YEAR ENDED 30 SEPTEMBER 2020**

3. Income from donations and legacies

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Donations	1,832	1,832	14,152
	<u>1,832</u>	<u>1,832</u>	
<i>Total 2019</i>	<u>14,152</u>	<u>14,152</u>	

4. Income from charitable activities

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Residential fees	1,419,938	1,419,938	1,669,883
	<u>1,419,938</u>	<u>1,419,938</u>	
<i>Total 2019</i>	<u>1,669,883</u>	<u>1,669,883</u>	

5. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Rental income	29,500	29,500	29,500
Interest	4,083	4,083	6,521
	<u>33,583</u>	<u>33,583</u>	<u>36,021</u>
<i>Total 2019</i>	<u>36,021</u>	<u>36,021</u>	

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6. Other incoming resources

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Other income	109,355	109,355	6,396
<i>Total 2019</i>	6,396	6,396	

7. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Direct costs	1,673,559	1,673,559	1,663,994
<i>Total 2019</i>	1,663,994	1,663,994	

8. Analysis of expenditure by activities

	Support costs 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Direct costs	1,673,559	1,673,559	1,663,994
<i>Total 2019</i>	1,663,994	1,663,994	

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8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Activities 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Staff costs	1,095,729	1,095,729	1,018,532
Depreciation	68,534	68,534	48,000
Repairs and general maintenance	94,646	94,646	104,933
Sundry	10,494	10,494	11,034
Equipment	23,222	23,222	31,037
Insurance	16,069	16,069	17,171
Loan interest	1,241	1,241	1,763
Legal fees	10,800	10,800	9,113
Agency staff	70,137	70,137	135,517
Contract cleaning	76,911	76,911	70,704
Telephone	4,696	4,696	4,419
Staff training	4,442	4,442	5,386
Advertising and recruitment	6,708	6,708	7,745
Printing, postage and stationary	3,951	3,951	6,154
Food and other household costs	146,225	146,225	148,591
Water rates and council tax	12,216	12,216	17,085
Rent	2,370	2,370	1,405
Travel	917	917	1,183
Governance costs	24,251	24,251	24,222
	<u>1,673,559</u>	<u>1,673,559</u>	<u>1,663,994</u>
<i>Total 2019</i>	<u>1,663,994</u>	<u>1,663,994</u>	

9. Auditor's remuneration

	2020 £	<i>2019 £</i>
Fees payable to the Company's auditor for the audit of the Company's annual accounts	<u>7,680</u>	<u>7,440</u>

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10. Staff costs

	2020	<i>2019</i>
	£	£
Wages and salaries	972,124	<i>910,976</i>
Social security costs	77,918	<i>69,815</i>
Contribution to defined contribution pension schemes	45,687	<i>37,741</i>
	<u>1,095,729</u>	<i><u>1,018,532</u></i>

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

	2020	<i>2019</i>
	No.	No.
Employees	<u>54</u>	<i><u>51</u></i>

No employee received remuneration amounting to more than £60,000 in either year.

The key management are considered to be the Manager, Deputy Manager and Head of Care. The total remuneration received by key management personnel for their services was £136,631 (2019: £129,894)

11. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2019 - £NIL).

During the year ended 30 September 2020, no Trustee expenses have been incurred (2019 - £NIL).

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**NOTES TO THE FINANCIAL STATEMENTS
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12. Tangible fixed assets

	Freehold property £	Long-term leasehold property £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 October 2019	492,646	1,532,537	712,867	2,738,050
Additions	-	135,517	84,078	219,595
At 30 September 2020	492,646	1,668,054	796,945	2,957,645
Depreciation				
At 1 October 2019	76,930	361,729	651,057	1,089,716
Charge for the year	8,700	24,000	35,834	68,534
At 30 September 2020	85,630	385,729	686,891	1,158,250
Net book value				
At 30 September 2020	407,016	1,282,325	110,054	1,799,395
At 30 September 2019	415,716	1,170,808	61,810	1,648,334

13. Investment property

	Freehold investment property £
Valuation	
At 1 October 2019	535,000
At 30 September 2020	535,000

The valuation was made by Aitchison Reffety on 5 April 2018, on an open market value for existing use basis. The Committee of Management consider the valuation at 30 September 2020 to be unchanged.

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14. Stocks

	2020	<i>2019</i>
	£	<i>£</i>
Finished goods and goods for resale	3,000	<i>3,000</i>
	<u>3,000</u>	<u><i>3,000</i></u>

15. Debtors

	2020	<i>2019</i>
	£	<i>£</i>
Due within one year		
Trade debtors	1,325	<i>-</i>
Other debtors	35,710	<i>18,521</i>
	<u>37,035</u>	<u><i>18,521</i></u>

16. Creditors: Amounts falling due within one year

	2020	<i>2019</i>
	£	<i>£</i>
Bank loans	13,700	<i>13,700</i>
Trade creditors	8,841	<i>31,333</i>
Other taxation and social security	16,660	<i>17,224</i>
Other creditors	4,535	<i>4,770</i>
Accruals and deferred income	22,124	<i>26,568</i>
	<u>65,860</u>	<u><i>93,595</i></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Creditors: Amounts falling due after more than one year

	2020	<i>2019</i>
	£	£
Bank loans	59,350	<i>73,050</i>

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	2020	<i>2019</i>
	£	£
Payable or repayable by instalments	4,550	<i>18,250</i>

The loan is secured on Grace Muriel House and the land at the rear of the property. The loan is subject to an interest rate of 1.1% over the base rate.

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Statement of funds

Statement of funds - current year

	Balance at 1 October 2019 £	Income £	Expenditure £	Balance at 30 September 2020 £
Unrestricted funds				
Designated funds				
Equipment reserve	30,000	-	(15,000)	15,000
General reserve	30,000	-	-	30,000
Lift fund	84,495	12,000	(46,805)	49,690
Gift aid	12,266	-	-	12,266
Legacies	241,672	-	-	241,672
Friends of Grace Muriel House	938	-	-	938
Investment income	249,349	24,583	-	273,932
Milligan Society	90,740	-	(90,740)	-
	<u>739,460</u>	<u>36,583</u>	<u>(152,545)</u>	<u>623,498</u>
General funds				
General Fund	1,734,030	1,528,125	(1,521,014)	1,741,141
Revaluation reserve	510,000	-	-	510,000
	<u>2,244,030</u>	<u>1,528,125</u>	<u>(1,521,014)</u>	<u>2,251,141</u>
Total Unrestricted funds	<u>2,983,490</u>	<u>1,564,708</u>	<u>(1,673,559)</u>	<u>2,874,639</u>
Restricted funds				
Social Housing Grant	<u>135,416</u>	<u>-</u>	<u>-</u>	<u>135,416</u>
Total of funds	<u><u>3,118,906</u></u>	<u><u>1,564,708</u></u>	<u><u>(1,673,559)</u></u>	<u><u>3,010,055</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 October 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Balance at 30 September 2019 £</i>
Unrestricted funds				
Designated funds				
Equipment reserve	30,000	-	-	30,000
General reserve	30,000	-	-	30,000
Lift fund	93,000	12,000	(20,505)	84,495
Gift aid	12,266	-	-	12,266
Legacies	231,665	10,007	-	241,672
Friends of Grace Muriel House	938	-	-	938
Investment income	219,849	29,500	-	249,349
Milligan Society	90,740	-	-	90,740
	<u>708,458</u>	<u>51,507</u>	<u>(20,505)</u>	<u>739,460</u>
General funds				
General Fund	1,702,574	1,674,942	(1,643,486)	1,734,030
Revaluation reserve	510,000	-	-	510,000
	<u>2,212,574</u>	<u>1,674,942</u>	<u>(1,643,486)</u>	<u>2,244,030</u>
Total Unrestricted funds	<u>2,921,032</u>	<u>1,726,449</u>	<u>(1,663,991)</u>	<u>2,983,490</u>
Restricted funds				
Social Housing Grant	<u>135,416</u>	<u>-</u>	<u>-</u>	<u>135,416</u>
Total of funds	<u><u>3,056,448</u></u>	<u><u>1,726,449</u></u>	<u><u>(1,663,991)</u></u>	<u><u>3,118,906</u></u>

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18. Statement of funds (continued)

Restricted Funds

Social Housing Grant - Although the Society has deregistered as a housing association but should the land and buildings be sold in the future, the Housing Corporation (now the Office for Tenants and Social Landlords) may demand repayment of these grants.

Designated Funds

Lift Fund - Funds are provided for every year in order to replace the lifts when this is necessary. The other designated funds include two specific provisions, for equipment and general reserves, and a number of specific identifiable income streams which the board have designated for expenditure that is outside the normal expenditure of the company.

19. Summary of funds

Summary of funds - current year

	Balance at 1 October 2019 £	Income £	Expenditure £	Balance at 30 September 2020 £
Designated funds	739,460	36,583	(152,545)	623,498
General funds	2,244,030	1,528,125	(1,521,014)	2,251,141
Restricted funds	135,416	-	-	135,416
	<u>3,118,906</u>	<u>1,564,708</u>	<u>(1,673,559)</u>	<u>3,010,055</u>

Summary of funds - prior year

	Balance at 1 October 2018 £	Income £	Expenditure £	Balance at 30 September 2019 £
Designated funds	708,458	51,507	(20,505)	739,460
General funds	2,212,574	1,674,942	(1,643,486)	2,244,030
Restricted funds	135,416	-	-	135,416
	<u>3,056,448</u>	<u>1,726,449</u>	<u>(1,663,991)</u>	<u>3,118,906</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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20. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	135,416	1,663,979	1,799,395
Investment property	-	535,000	535,000
Current assets	-	800,870	800,870
Creditors due within one year	-	(65,860)	(65,860)
Creditors due in more than one year	-	(59,350)	(59,350)
Total	135,416	2,874,639	3,010,055

Analysis of net assets between funds - prior period

	<i>Restricted funds 2019 £</i>	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Tangible fixed assets	135,416	1,512,918	1,648,334
Investment property	-	535,000	535,000
Current assets	-	1,102,217	1,102,217
Creditors due within one year	-	(93,595)	(93,595)
Creditors due in more than one year	-	(73,050)	(73,050)
Total	135,416	2,983,490	3,118,906

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21. Reconciliation of net movement in funds to net cash flow from operating activities

	2020 £	2019 £
Net income/expenditure for the period (as per Statement of Financial Activities)	(108,851)	62,458
Adjustments for:		
Depreciation charges	68,534	48,000
Dividends, interests and rents from investments	(4,083)	(6,521)
Decrease in stocks	-	27
Decrease/(increase) in debtors	(18,514)	309
Increase/(decrease) in creditors	(27,735)	17,597
Net cash provided by/(used in) operating activities	(90,649)	121,870

22. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	760,835	1,080,696
Total cash and cash equivalents	760,835	1,080,696

23. Analysis of changes in net debt

	At 1 October 2019 £	Cash flows £	At 30 September 2020 £
Cash at bank and in hand	1,080,696	(319,861)	760,835
Debt due within 1 year	(13,700)	-	(13,700)
Debt due after 1 year	(73,050)	13,700	(59,350)

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24. Capital commitments

	2020	2019
	£	£
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	37,534	-

25. Pension commitments

The society operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the society in an independently administered fund. The pension cost charge represents contributions payable by the society to the fund and amounted to £45,687 (2019 - £37,741).

26. Operating lease commitments

At 30 September 2020 the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£	£
Not later than 1 year	176	214
Later than 1 year and not later than 5 years	35	247
	211	461

27. Post balance sheet events

The results of the strategic review were presented to the Board of Trustees at the 29th March 2021 meeting. The board voted unanimously to commence a period of consultation which may subsequently result in the termination of the care services provided at Grace Muriel House from 1 July 2021 and the closure of the home for a period of time.