

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 JANUARY 2018

Company Number: 00702983
Charity Number: 222742
Homes & Communities 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 P Graham – Deputy Manager, Castle Farm Care Home
Mr W K Parrish – Administrator
Mrs P Johnston – Finance Officer
Mrs L Lawson – Payroll Officer
Mrs C Murphy Morgan – Volunteer Co-ordinator
Mrs H Angel – Activities Co-ordinator

Company Secretary

Mr W K Parrish

Auditor

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

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 & Communities Agency Number	H0560

House Committees

REGISTERED CARE HOMES:

THE GROVE:

Representative	Mrs P Porter
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Mrs A Smith
Mrs A Wake

Manager	Mrs K Brown
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Administrative Secretary	Mrs P Johnston
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Finance Officer	Mrs P Johnston
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CASTLE FARM:

Chairman	Mrs J Beall
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Mrs D Flanagan
Miss K Macfarlane
Mrs S Finkill
Mrs R Rowe

Manager	Mrs C A Major
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Administrative Secretary	Mr W K Parrish
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Finance Officer	Mrs P Johnston
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THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

REPORT OF THE EXECUTIVE COMMITTEE

FOR THE YEAR ENDED 31 JANUARY 2018

The Executive Committee present their report and the audited financial statements for the year ended 31 January 2018.

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 2018 were:-

Mrs V R Wilkinson (Chairperson)

Mrs C L Eke

Mr A W Kay

Mr B Duell

Mrs C Tweedie (resigned 23 March 2017)

Miss M Anderson

Mr R MacKintosh (appointed 19 July 2017)

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 14.

Achievements & Performance

The financial year recently ended has once again shown a positive result, exceeding our budget expectations, in creating a financial surplus which further supports our financial position. This performance has been created by excellent void management and cost control by the Management teams. This is particularly good in relation to several unforeseen unexpected high expenditure items at both homes last year.

The Executive Committee have agreed to continue with our Strategic Plan, and there is a strong commitment to identify a potential scheme to provide accommodation with support and/or independent living with care after further research into this growing market. We have been looking at several options with external partners to identify suitable sites which could offer us a suitable rate of return on investment, along with providing much needed accommodation in specific areas.

We have applied to Homes England (formerly the Homes and Community Agency) to be a formal Investment Partner. This will enable us to independently apply for grant funding for any suitable investment opportunity as we continue our negotiations with Newcastle City Council and Northumberland County Council and other independents to identify the right site opportunity.

This approach supports our Business and Strategic Plans to safeguard the future of the Society by diversifying into other sectors of the care market, thus being able to offer a greater variety and choice of accommodation and care services to the elderly in our region.

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

REPORT OF THE EXECUTIVE COMMITTEE

FOR THE YEAR ENDED 31 JANUARY 2018

We took the decision last year, albeit regrettably, to close our remaining Supported House at Linden Road. As stated last year, the decline in demand for this type of accommodation forced our decision but clearly highlighted the need for a different approach, one which supports our decision to diversify into other market areas.

I feel it important to say a heart -felt thank you to the manager and team at Linden Road for their commitment and quality of service they have delivered over many years, and clearly say that the decision taken was in no way a reflection on their performance.

We would like to wish them all well in the future.

The sale of Linden Road was completed in December 2017, and some of the proceeds of sale are intended to be used to upgrade facilities at both The Grove and Castle Farm, with the remainder being invested, along with other funds, into two separate fund portfolios.

We have recently appointed Rathbones Investment Management to manage these two fund portfolios and we have transferred our previous Barclays Charity Fund portfolio into their management.

The development of good relationships and partnership working with the other three Abbeyfield Societies within our immediate region was identified as an important step forward and we have taken the lead in looking at sharing resources to create better economies of scale for all of us. This is an ongoing initiative and will create greater synergy across the region as we grow our business both individually and collectively.

Once again staff retention this year has been very good with comparatively low turnover of staff – again a testament to the positive and caring working environment created by the care management teams in both of our houses.

This year we have successfully harmonised job descriptions and staff contracts across both homes which creates clarity and consistency in managing our staff more effectively.

Both Castle Farm and The Grove had CQC visits last year and I am pleased to say that both homes retained their individual overall Good status. This was particularly pleasing in that both reports highlighted the exceptional qualities of both managers and the quality of care of their teams, indicating that in real terms the homes should have received the higher grade of Outstanding.

The focus on volunteers has continued successfully with the development of a Volunteer Strategy and a robust Volunteer Policy which underpins our commitment to our volunteers by providing a clear development path and support strategy.

Last year we identified the need for a separate Activities Co-ordinator role, and this appointment was made in July 2017 as promised. This role was to take responsibility for the development and delivery of a varied and stimulating range of social activities designed to meet the needs and improve the wellbeing of our residents with full involvement of residents, staff and volunteers. The first six months have been very encouraging and we have seen a lot of creative activities taking place with evidence of more to come.

Our website and social media continues to develop and we have updated and improved our internal systems with a clear focus on continuing improvements in these areas as we move forward.

In summary the operating year 2017/18 has continued our progress to further our strategic ambitions. Our partnership approach, the continued financial performance of our two homes along with changing our investment portfolio management puts us in a good position to invest in a suitable project to respond to a changing market, to move us forward, maintain growth and to safeguard our future sustainability.

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

REPORT OF THE EXECUTIVE COMMITTEE

FOR THE YEAR ENDED 31 JANUARY 2018

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
- 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 society through the provision of quality care to all of our residents.

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.

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

REPORT OF THE EXECUTIVE COMMITTEE

FOR THE YEAR ENDED 31 JANUARY 2018

Reserves policy

Although we had taken the view to grow our reserves to support future capital projects or major expenditure, as highlighted in last year's audit, we did not have a specific Reserves Policy in place.

We have therefore proposed a formal Reserves Policy which clearly states our intent in this area. That is, to retain three months working capital in our current account, and to commission Rathbones Investment Management to invest the remainder of our funds into two separate fund portfolios at different risk levels, with immediate access, but with a view of achieving capital and income growth.

These funds will be accessible to support any future development projects.

This policy was agreed at both Finance & Audit Committee and at full Executive Committee levels.

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 2018/19 and beyond.

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 as % of Total turnover	4.4	3.9
Occupancy at The Grove (%)	98.3	97.1
Occupancy at Castle Farm (%)	98.7	97.4
Total Staff costs as % of Total turnover	72.7	74.2
Food costs as % of Total turnover	5.1	5.1
Light/Heat cost as % of Total turnover	3.8	3.9

Occupancy rates at both homes have seen improvement on 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.

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

REPORT OF THE EXECUTIVE COMMITTEE

FOR THE YEAR ENDED 31 JANUARY 2018

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 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 and Communities Agency 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 the HCA, the Society follows the Housing SORP 2014.

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;

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

REPORT OF THE EXECUTIVE COMMITTEE

FOR THE YEAR ENDED 31 JANUARY 2018

- 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 and the Accounting Directions for Private Registered Providers of Social Housing April 2015.

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:-

- 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;

Statement of Executive Committee's Responsibilities *(continued)*

- 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 2018. 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.

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

REPORT OF THE EXECUTIVE COMMITTEE

FOR THE YEAR ENDED 31 JANUARY 2018

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 Tait Walker LLP as auditor for the ensuing year will be proposed at the annual general meeting.

The financial statements were approved by the Executive Committee on 18 July 2018 and signed on its behalf by:-



..... Mrs V R Wilkinson – Chairperson

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 2018

Opinion

We have audited the financial statements of The Abbeyfield Newcastle upon Tyne Society Limited for the year ended 31 January 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement 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 2018 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 and the Accounting Directive for Private Registered Providers of Social Housing 2015.

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.

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 2018

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.

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.

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 2018

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.
- 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.

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 2018

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 our 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 ACA (Senior Statutory Auditor)
For and on behalf of
Tait Walker LLP
Chartered Accountants & Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date: 19718

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

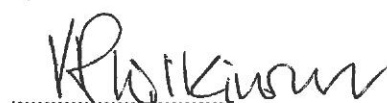
STATEMENT OF COMPREHENSIVE INCOME (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 JANUARY 2018

		2018	2017
	Note	£	£
TURNOVER	2	1,735,790	1,708,738
Operating costs	2	(1,731,623)	(1,710,181)
Other operating income	4	4,738	4,590
OPERATING SURPLUS	2/5	8,905	3,147
Income from fixed asset investments		21,933	25,507
Gains on disposal of tangible fixed assets		775,151	7,531
Loss on disposal of tangible fixed assets		(2,846)	-
Interest receivable		2,172	3,422
SURPLUS FOR THE YEAR		805,315	39,607
Other recognised gains in the year		43,857	67,652
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		849,172	107,259

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

The financial statements were approved by the Executive Committee on 18 July 2018 and signed on its behalf by:



Mrs V R Wilkinson
Chairperson

The notes on pages 15 to 25 form part of these financial statements.

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

COMPANY NUMBER: 00702983

BALANCE SHEET

AS AT 31 JANUARY 2018

		2018	2017
	Note	£	£
FIXED ASSETS			
Housing properties	8	1,751,114	1,815,385
Other tangible fixed assets	9	71,048	78,407
Investments	10	657,014	615,691
		<u>2,479,176</u>	<u>2,509,483</u>
CURRENT ASSETS			
Debtors	11	73,981	32,616
Housing property		-	17,600
Fixtures, fittings and equipment		-	4,069
Cash and cash equivalents		2,234,319	1,420,096
		<u>2,308,300</u>	<u>1,474,381</u>
CREDITORS: Amounts falling due within one year	12	(87,400)	(117,587)
NET CURRENT ASSETS		<u>2,220,900</u>	<u>1,356,794</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,700,076</u>	<u>3,866,277</u>
CREDITORS: Amounts falling due after more than one year	13	(342,181)	(357,554)
TOTAL NET ASSETS		<u>4,357,895</u>	<u>3,508,723</u>
CAPITAL AND RESERVES			
Revaluation reserve		111,509	67,652
Restricted reserves		72,276	69,938
Unrestricted reserves		<u>4,174,110</u>	<u>3,371,133</u>
TOTAL CAPITAL AND RESERVES		<u>4,357,895</u>	<u>3,508,723</u>

The financial statements were approved by the Executive Committee on 18 July 2018 and signed on its behalf by:-



Mrs V R Wilkinson
Chairperson

The notes on pages 15 to 25 form part of these financial statements.

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

STATEMENT OF CHANGE IN RESERVES

AS AT 31 JANUARY 2018

	Unrestricted Reserve	Restricted Reserve	Revaluation Reserve	Total Reserves
Balance at 1 February 2016 as previously stated	3,529,318	72,308	69,838	3,401,464
Surplus / (deficit) from statement of comprehensive income year ended 31 January 2017 – Total Comprehensive income	111,815	(2,370)	(2,186)	107,259
Balance at 1 February 2017	3,371,133	69,938	67,652	3,508,723
Surplus / (deficit) from statement of comprehensive income year ended 31 January 2018 – Total Comprehensive Income	802,977	2,338	43,857	849,172
Balance at 31 January 2018	<u>4,174,110</u>	<u>72,276</u>	<u>111,509</u>	<u>4,357,895</u>

The notes on pages 15 to 25 form part of these financial statements.

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 JANUARY 2018

		2018	2017
	Note	£	£
NET CASH GENERATED FROM OPERATING ACTIVITIES	20	(1,153)	101,187
CASHFLOW FROM INVESTING ACTIVITIES:			
Purchase of investments		-	(544,707)
Proceeds on sale of investments		-	517,025
Movement on portfolio cash account		2,534	28,842
Investment income		21,933	25,507
Interest receivable		2,172	3,422
Net cashflow from investing activities		26,639	30,089
CASHFLOW FROM FINANCING ACTIVITIES:			
Purchase of other fixed assets		(6,413)	(52,324)
Proceeds on sale of property		795,000	-
Proceeds on sale of stairlift		150	-
Net cashflow from financing activities		788,737	(52,324)
NET CHANGE IN CASH AND CASH EQUIVALENTS		814,223	78,952
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,420,096	1,341,144
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		2,234,319	1,420,096
Cash and cash equivalents consist of:			
Cash at bank and in hand (including overdrafts)		2,234,319	1,420,096
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		2,234,319	1,420,096

The notes on pages 15 to 25 form part of these financial statements.

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2018

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 and Communities Agency 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 the HCA, the Society follows the Housing SORP 2014.

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, Financial Reporting Standard 102 (FRS102), the Accounting Directions for Private Registered Providers of Social Housing April 2015 and the Statement of Recommended Practice Accounting by Registered Social Landlords, Update 2014 (SORP2014).

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

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.

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.

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2018

1. ACCOUNTING POLICIES *(continued)*

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 SORP2014 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.

(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.

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2018

1. ACCOUNTING POLICIES *(continued)*

(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 April 2015, 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.

(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 2018

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

	Turnover £	Operating costs £	2018 Operating surplus £	Turnover £	Operating costs £	2017 Operating deficit £
Social Housing Lettings (note B)	1,735,790	(1,731,623)	4,167	1,708,738	(1,710,181)	(1,443)
TOTAL	1,735,790	(1,731,623)	4,167	1,708,738	(1,710,181)	(1,443)

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

	2018 £	2017 £
Income		
Rent receivable net of voids	1,720,417	1,693,201
Service charge income	-	-
Amortised social housing grant	14,444	14,444
Other grants received	929	1,093
Turnover from Social Housing Lettings	1,735,790	1,708,738
Operating expenditure		
Other costs	(1,602,505)	(1,579,356)
General repairs	(52,251)	(46,623)
Depreciation on housing properties	(64,271)	(69,648)
Depreciation on other fixed assets	(12,596)	(14,554)
Operating expenditure on Social Housing Lettings	(1,731,623)	(1,710,181)
Operating surplus / (deficit) on Social Housing Lettings	4,167	(1,443)
Void Losses	59,074	73,637
(being rental income lost as a result of property not being let, although it is available for letting)		

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2018

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

Total staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	1,170,035	1,132,137
Social security costs	77,084	73,445
Pension costs	14,688	14,098
	<u>1,261,807</u>	<u>1,219,680</u>

Particulars of employees:

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

	2018	2017
	No	No
Number of administrative staff	4	3
Number of other staff members	<u>53</u>	<u>54</u>

No employee earned more than £60,000. None of the Executive Committee received any emoluments during 2018 (2017: £Nil).

The total expenses reimbursed to the Executive Committee not chargeable for UK income tax during 2018 was £Nil (2017: £Nil).

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 £229,533 (2017: £225,859) were paid to key management personnel. Pension contributions totalling £7,520 (2017: £7,108) were made on behalf of key management personnel.

4. OPERATING INCOME

	2018	2017
	£	£
Legacies and donations received	4,698	4,500
Other sundry income	40	90
	<u>4,738</u>	<u>4,590</u>

5. OPERATING SURPLUS

	2018	2017
	£	£
The operating surplus for the year is stated after charging:		
Depreciation on housing properties	64,271	69,648
Depreciation on other fixed assets	12,596	14,554
Amortisation of social housing grant	(14,444)	(14,444)
Net gain on disposal of fixed assets	(772,305)	(7,579)
Auditor's remuneration	<u>5,950</u>	<u>5,950</u>

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2018

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

	2018 £	2017 £
Fees payable for the audit of the financial statements	<u>5,950</u>	<u>5,950</u>

8. TANGIBLE FIXED ASSETS

Housing properties – freehold	2018 £	2017 £
Gross cost		
At 1 February	3,276,344	3,471,965
Additions	-	20,795
Disposals	-	(216,416)
At 31 January	<u>3,276,344</u>	<u>3,276,344</u>
Depreciation		
At 1 February	1,460,959	1,590,079
Charge	64,271	69,648
On disposals	-	(198,768)
At 31 January	<u>1,525,230</u>	<u>1,460,959</u>
 Net book value 31 January	 <u>1,751,114</u>	 <u>1,815,385</u>

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2018

9. FIXTURES, FITTINGS AND EQUIPMENT

	2018 £	2017 £
Cost		
At 1 February 2017	457,008	436,865
Additions	6,413	31,528
Disposals	(9,132)	(11,385)
At 31 January 2018	454,289	457,008
Depreciation		
At 1 February 2017	378,601	371,363
Charge	12,596	14,554
On disposals	(7,956)	(7,316)
At 31 January 2018	383,241	378,601
Net book value 31 January	71,048	78,407

10. INVESTMENTS

	2018 £	2017 £
(a) Fair value		
At 1 February	615,691	541,619
Additions	-	544,707
Disposals at opening market value	-	(509,445)
Unrealised gain / (loss) in period	43,857	67,652
Movement on cash account	(2,534)	(28,842)
At 31 January	657,014	615,691
UK Equities	656,216	612,359
Bank Account	798	3,332
	657,014	615,691
(b) Historic cost		
At 1 February	548,039	496,251
Additions	-	544,707
Disposals	-	(464,077)
Cash movement	(2,534)	(28,842)
At 31 January	545,505	548,039

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2018

10. INVESTMENTS *(continued)*

	2018 £	2017 £
(c) Realised gain / (losses)		
Opening market value of investments disposed	-	509,445
Less: Proceeds	-	(517,025)
(Gains) / losses realised	-	(7,580)
(d) Unrealised gain / (loss) on fair value		
Opening market value of investments	615,691	541,619
Closing market of investments	(657,014)	(615,691)
	(41,323)	(74,072)
Gain / (loss) realised (above)	-	7,580
Other movements	(2,534)	(1,160)
Unrealised (gain) / loss per Statement of Comprehensive Income	(43,857)	(67,652)

11. DEBTORS

	2018 £	2017 £
Charges due and unpaid	40,583	5,641
Prepayments and accrued income	32,594	26,975
Social Security	804	-
	73,981	32,616

12. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	21,804	20,216
Accruals and deferred income	63,898	59,017
Other creditors	1,698	21,510
Redundancy costs provision	-	16,844
	87,400	117,587

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2018

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

	2018	2017
	£	£
Other Capital Grants	5,265	6,194
Social Housing Grant (amortised cost)	336,916	351,360
	<u>342,181</u>	<u>357,554</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

	2018	2017
	£	£
Amounts received		
At 1 February	<u>722,215</u>	<u>722,215</u>
Amortisation		
At 1 February	(370,855)	(356,411)
Released during year	<u>(14,444)</u>	<u>(14,444)</u>
At 31 January	<u>(385,299)</u>	<u>(370,855)</u>
Carrying value		
At 31 January	<u>336,916</u>	<u>351,360</u>

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:

	2018	2017
	£	£
In five years or more	<u>342,181</u>	<u>357,554</u>

15. OPERATING LEASES

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

	2018	2017
	£	£
Not later than 1 year	7,087	3,989
Between 2 and 5 years	21,250	12,964
More than 5 years	<u>2,700</u>	<u>-</u>

THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2018

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

	2018	2017
Cash flow from operating activities		
Surplus / (deficit) for the year	8,905	3,147
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	76,867	84,202
(Increase) / decrease in trade and other debtors	(41,365)	(5,357)
(Decrease) / increase in trade and other creditors	(30,187)	34,732
Government grants utilised in year	(929)	(1,093)
Social Housing Grants utilised in year	(14,444)	(14,444)
Net cash generated from operating activities	(1,153)	101,187

20. PENSIONS

The Society operates a defined contribution pension plan for its employees. The amount recognised as an expense in the period was £14,688 (2017: £14,098). At the year end £Nil (2017: £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 2018

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	67,652	69,938	3,371,133	3,508,723
Unrealised surplus on investments	43,857			43,857
The Grove garden development expenditure		(80)		(80)
Castle Farm – Donation received for garden enhancement		100		100
Income towards the purchase of a Tovertafel		2,318		2,318
Unrestricted profit			802,977	802,977
Balance carried forward	<u>111,509</u>	<u>72,276</u>	<u>4,174,110</u>	<u>4,357,895</u>

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

The Grove	£53,115	(2017 - £53,195)
Castle Farm	£16,843	(2017 - £16,743)
Both	<u>£2,318</u>	(2017 - <u>£Nil</u>)
TOTAL	<u>£72,276</u>	(2017 - <u>£69,938</u>)