



# Annual Report and Accounts 2018



# The Abbeyfield Society

## Annual Report and Accounts

### 31 March 2018

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# The Board, Executive Officers, Advisers and Patrons

## Board at 17 August 2018

Ian Plaistowe

*Chairman*

Jenny Lawrence

*Deputy Chairman*

André Decraene

Amanda Houlihan

Jeff Medlock

Chris Smith

The Rt. Rev Dr Stephen Venner

Sara Beamand

Norman Greville

Andrew Larpent OBE

Brian Williams  
(from 27.07.2017)

Ken Staveley MBE  
(from 14.11.2017)

Cedric Meiring  
(from 14.11.2017)

Note: All Board members are also trustees of the charity.

The following were also Board members during part of the year covered by this Annual Report:

Cameron Swift (until 27.07.2017)

Rachael Byrne (until 27.07.2017)

Cheryl Dean (until 06.10.2017)

## Executive Committee at 17 August 2018

### Chief Executive Officer

David McCullough (from 02.08.2017)

### Director of Finance

Nigel Hopkins (from 02.05.2017)

### Director of Retirement Living

Douglas Webb (from 08.01.2018)

### Director of Development

Richard Virr

### Director of Marketing

Anna Boyes

### Director of Fundraising

Alastair Mulvie

### Director of Quality and Compliance and Company Secretary

Jonathan Sweet (from 28.07.2017)

### Director of North Division

Julie Robinson (from 02.01.2018)

### Director of West Division

Heather Mohammed (from 01.06.2018)

The following were also Executive Committee members during part of the year, covered by this Annual Report:

### Interim Chief Executive Officer

Douglas Webb  
(from 02.01.2017 to 31.07.2017)

### Interim Director of Finance

Kathy Randolph  
(from 12.09.2016 to 01.05.2017)

### Director of North Division

Teresa Parker (until 31.12.2017)

### Director of East Division

Anna Humphries (until 30.06.2018)

### Director of West Division

Stewart Mynott (until 31.10.2017)  
Paul Boulton (from 01.11.2017 to 31.05.2018)

### Director of Membership

Michael Valenzia (until 23.07.2018)

## External Auditors

BDO LLP

2 City Place  
Beehive Ring Road  
Gatwick  
West Sussex  
RH6 0PA

## Internal Auditors

Mazars

Tower Bridge House St.  
St Katherine's Way  
London  
E1W 1DD

## Bankers

Barclays Bank Plc  
1 Churchill Place  
London  
E14 5HP

## Solicitors

Bates Wells & Braithwaite  
London LLP  
2-6 Cannon Street  
London  
EC4M 6YH

# The Board, Executive Officers, Advisers & Patrons (cont.)

## **Board Committees at 17 August 2018**

### **Nominations Committee**

Ian Plaistowe (Chairman)  
Chris Smith  
Stephen Venner

### **Audit and Risk Committee**

Chris Smith (Chairman)  
Jenny Lawrence  
André Decraene

### **Remuneration Committee**

Amanda Houlihan (Chairman)  
Ian Plaistowe  
Stephen Venner

### **Finance and Operations Committee**

Jeff Medlock (Chairman)  
Stephen Venner  
Norman Greville  
Ian Plaistowe

### **Members Committee**

Jenny Lawrence (Chairman)  
Eifion Bowen  
Brian Williams  
Robert Stout  
Pam Fensome  
Cheryl Dean  
André Decraene  
Amanda Houlihan  
Suzanne Geoghegan  
Alan Innes  
Adrian Swenson

### **Quality Committee**

Amanda Houlihan (Chairman)  
Andrew Larpent  
Sara Beamand

### **Property Committee**

Norman Greville  
Jeff Medlock  
Chris Smith

## **Registered Office**

St Peter's House  
2 Bricket Road  
St Albans  
Hertfordshire  
AL1 3JW

Telephone:  
01727 857536  
Fax: 01727 846168  
Email: [post@abbeyfield.com](mailto:post@abbeyfield.com)

## **Legal Status**

Registered company limited by  
guarantee with the Registrar of  
Companies, No 574816.

Registered with the Regulator for  
Social Housing, No H1046.

Registered with the Charity  
Commission, No 200719.

## **Royal Patron**

His Royal Highness The Prince  
of Wales, KG KT GCB OM

## **Patrons**

The Rt. Hon Baroness Bottomley of  
Nettlestone

Michael Brooks

Dame Judi Dench, DBE

The Lord Elis-Thomas

Aled Jones

Ron Kenyon, OBE

The Rt. Hon Lord Howard of Lympne,  
QC

Dame Vera Lynn, DBE LLD M.Mus

The Duchess of Northumberland

Lord John Prescott

John Robinson, CBE

Patricia Routledge, OBE

Martin Shreeve, OBE MBA DSW BSc  
(Econ)

Professor Alan Walker, DLitt FRSA

The Rt. Rev & Rt. Hon Baron Williams  
of Oystermouth

Dame Gillian Wagner, DBE PhD

The Carr-Gomm family (David Carr-  
Gomm, Adam Carr-Gomm, Harriet  
Carr-Gomm, Elizabeth Parker and  
Anna Newton)

Michael Staff, MBE

## **President**

Vacant

## **Vice-President**

John Robinson, CBE

# Chairman's statement

**I** am pleased to report that last August, David McCullough, took up his appointment as our new Chief Executive. David comes with extensive experience of leading organisations through periods of change, most recently as chief executive of the Royal Voluntary Service. I am delighted that he has responded to the challenges of his new role with vigour and enthusiasm.

He promptly started a review of our strategy to ensure that it is responsive to the current economic climate and enables Abbeyfield to remain distinctive and fit for the future. I want our Member Societies to be at the heart of the review because it is they who carry out so much of the ethos of our family. Accordingly, representatives of our Members are key participants and we want our Members to be not just responsive to proposals put forward by The Abbeyfield Society but to be the initiators of ways to continue to make Abbeyfield the place its founder planned. Because of the potential for significant change from the Strategic review, it is likely that it will continue until 2019.

Our financial results reflect some of the challenges which the Society faces. We continue to experience a high level of vacancies which, in part at least, reflects the fact that too many of our homes have not been modernised or are otherwise unfit for the present day. As a result, we have carried out a thorough review of their financial viability which has caused us to set up a provision for impairment of £7.7m. As a consequence of these factors, we made an operating deficit of £6.4m for the year and a total deficit after taxation of £6.4m. This figure is very large but it

means that we are facing the future from a realistic base. In the meantime, we have established a Retirement Living department to manage all housing and care services under the leadership of our former interim chief executive officer, Douglas Webb. This should increase our focus on residents while improving consistency and financial discipline across our operations.

The Abbeyfield family overseas has also been busy and we have provided help to Members in Australia and Canada. It is encouraging that we receive enquiries about establishing Abbeyfield in new countries. During the year, we said goodbye to three trustees, Rachael Byrne, Cheryl Dean and Cameron Swift, all of whom served Abbeyfield with great distinction. To replace them we welcomed as new trustees Cedric Meiring, Ken Staveley and Brian Williams; they bring new expertise and skill and we look forward to their contributions. 2017-18 has also been a sad year. Our former chief executive, Natasha Singarayer died last summer after several bouts of cancer and in March 2018 our President, Brenda Dean died suddenly. Our deepest condolences go out to their families and I know that all of my colleagues in the Abbeyfield family will want to join me in saying how much we appreciated the time and commitment they both gave to our cause.

Despite the challenges of the last year, I am very excited by the future. With our new leadership, our increased focus on our Member Societies and our Strategic review of the way forward, I am confident that we will build on the great success of Abbeyfield's past.

# Report of the Board (incorporating the Strategic Report)



The Board presents its report, which incorporates the Strategic Report requirements, as set out in company law and the audited financial statements for the year ended 31 March 2018. The Society's principal activities are:

- The provision and development of accommodation and support services and care for older people.
- The promotion and support of the activities of Member Societies, including the provision of technical, operational and administrative advice.

## The year in review

Our mission as a charity is to enhance the lives of older people, maintain and recognise our principles of care, service, compassion and relief of loneliness.

Throughout the UK and across the world our drive to offer companionship, peace of mind and independence for older people in a homely environment runs through every Abbeyfield home.

You can read more about our year from across the whole Abbeyfield movement in our report 'Celebrating Abbeyfield: A Year in Review 2017-2018' on our website.

As noted in the Chairman's statement, this past year has presented challenges for the sector as a whole, and inevitably for Abbeyfield too.

The annual accounts include the results for the Society, Abbeyfield Property Limited ("APL") and our research company, Abbeyfield Research Foundation ("ARF") (together, the "group").

The result for the year is an £6.4m deficit (2017: £8.6m surplus). The main reason for the deficit has been an additional impairment provision charge of £7.7m. This follows a complete review of the financial viability of all of our homes against the relevant accounting standards. The operating deficit of £6.4m is 10.2% of income. The Board monitors operating margin for underlying performance before impairment, legacies, donations, closed houses and transfers-in from Member Societies and other organisations.

Four Member Societies successfully transferred operations and net assets to the Society during the year (Note 32), which created a surplus of £3.8m.

We have £150.0m of housing assets and are committed, through our strategy, to developing 750 new units by 2020. This past year has seen us grow our housing and business. We have invested £10m in 49 retirement apartments in Malmesbury, which opened to residents in July 2017. We also invested £10.5m in 75 apartments at Sunderland, which also opened in 2017. Work has commenced on £18m worth of schemes in Plymouth, Tiverton and Southampton, which will open in 2019/21, adding 205 new units. Against this, 7 homes have been closed in the year.

# Report of the Board (incorporating the Strategic Report) continued

In the first quarter of 2018, in order to support our continued strive for excellence across operations, the Society created the Retirement Living department to manage all of its housing and care services. Our regional structure will help increase focus on residents while improving consistency across our operations.

In common with other operators in the sector, clients in our homes and housing schemes arrive later in life, with greater care needs and stay for a shorter time. As a consequence, we experienced slightly lower occupancy in the year, but we have plans in place to improve performance in a changing and competitive environment. We continue to invest in our properties and spent £3m in the year on repairs and capital improvements.

In addition, we continue to improve our investment analysis using sector standard business modelling software to facilitate forecasting, investment appraisal and strategic modelling. We implemented and continue to adopt a project management approach to transfers-in from Member Societies and other organisations.

We have agreed bank facilities of £22.5m, which enable us to meet our development strategy.

The Society continues to work with our Member Societies, and through our Partnership Managers, we offer them advice and support, such as approving a loan for £5m for the new development by Abbeyfield Southern Oaks and maintaining the provision of the ongoing loan for Abbeyfield Worcester of £2.24m.

We support our International Member Societies, and are in regular dialogue with them. This included holding an international meeting in March 2018, looking at how we can best support and develop our International Members. As an example of this support, Abbeyfield Australia has been awarded a grant of £110k, for the organisation's strategic advance. This was similar to the grant awarded to Abbeyfield Canada in 2017.

The Board confirms that the Society complies with the Regulator for Social Housing's Governance and Viability Standards as detailed in this report.

We continue to fund research into issues affecting older people, through The Abbeyfield Research Foundation ("ARF").

## **Overview of performance and financial position**

The underlying operating performance for the year was disappointing, due to Supported Housing and Care voids in the year, of £6.4m, and an additional £3m being spent on routine maintenance and major repairs. Hence we fell short of our operating surplus budget. However, in other respects, we had a successful year, with strong fundraising, and we are actively attracting new residents and look forward to a solid financial performance in 2019.

Both turnover and operating surplus have benefited from the transfer-in of four Member Societies with a total asset fair value of £3.8m.



# Report of the Board (incorporating the Strategic Report) continued

As noted above a detailed impairment review of all properties was carried out this year, in accordance with FRS 102 and the Housing SORP. Formal valuations of all properties were obtained and these valuations, on an Existing Use Value for Social Housing, were compared against the Net Book Value of these properties. This review identified 16 properties requiring an impairment charge with total value of £7.7m, bringing the total impairment provision (fixed assets and properties) to £7.9m.

The Society has managed its working capital and cash flow to ensure financial commitments and development requirements have been met during the year. Our balance sheet continues to be strong with significant property assets and good cash reserves. New developments include schemes that are well-advanced and which will be ready for occupation in the forthcoming year. Our existing cash balances together with the £22.5m of available

facilities, will be used to complete these developments and to commence new projects at a pace in line with the Board's approach to risk.

## Developments

The Society and the wider Abbeyfield family are in a period of significant growth and together we have nine new-build developments which have either opened or are under, or near, construction. These are Winnersh, Culverden, Plymouth, Sunderland, Tiverton, Bingley, Worcester, Malmesbury and Abbeyfield Southern Oaks (Epsom). Bingley, Malmesbury and Sunderland opened during 2017. Tiverton, Plymouth and a lease scheme at Southampton are due to open in 2019/21 adding a further 205 units to the Society.

The current breakdown of our houses and bed spaces by category is as follows:

	31 March 2018		31 March 2017	
	Number of houses	Number of bed spaces	Number of houses	Number of bed spaces
Care homes	27	763	26	735
Retirement Apartments	7	282	6	169
Supported housing	94	1,107	95	1,111
	<b>128</b>	<b>2,152</b>	<b>127</b>	<b>2,015</b>

# Report of the Board (incorporating the Strategic Report) continued

## Risk Management

The Board continues to strengthen the risk management process, to ensure that it can adequately monitor and control all significant risks. The Board uses a risk appetite approach, which sets out the level of risk the organisation is willing to take and has broadened the risk mapping process, to embed it deeper within the organisation. There are three lines of defence / control and risk owners are identified for all risks. The Board continually seeks to improve the risk management process, with quarterly risk meetings, as well as quarterly review by the Audit and Risk Committee, and the risk registers are also reviewed by the Internal and External Auditors.

The risk map ranks risks and identifies the actions to reduce these risks. These actions are agreed by the Executive Committee and the Board. The more significant risks, in order of significance, are noted below, with mitigations which cover most of the identified risks.

RISK	MITIGATION
<b>Reputation:</b> Our reputation is impacted by poor safeguarding or malpractice either within the Society or its extended network, or our customer service deteriorates.	There is a Board Quality Committee. The new Director of Quality and Compliance monitors and encourages reporting amongst our staff and residents. The Complaints process has been revised in line with this new approach, and enhanced training and awareness has been encouraged. A crisis management plan exists. Media training is to be undertaken by executive and board members.
<b>Viability and Financial:</b> Ongoing operational funding is impacted by high vacancy rates / costs, delays in completing new units, loss making Care at Home and marginal Care businesses, and other cost challenges. These may impact the Society's ability to meet its covenants. The impairment risk increased due to the factors above. In 2018 RSH reduced our governance rating from G1 to G2.	A new Retirement Living Management Structure is being put in place to focus on the viability of all of its businesses, especially Care and Care at Home. This includes a performance improvement plan, with special focus on vacancies, including improved marketing, training and regular monitoring of completion plans on new sites. The Finance Committee and Board regularly review the covenant cover linked to detailed cash flows, which are then stress tested over five years together with the financial forecast submission to the Regulator for Social Housing.
<b>External Environment:</b> The Society operates in a complex and ever changing market, which creates a wide range of risks. These include competition, regulation, and changes to funding, Brexit and other market factors.	The Board and the Executive Committee continue to review these challenges as part of the Strategic Review.

# Report of the Board (incorporating the Strategic Report) continued

RISK	MITIGATION
<b>Developments:</b> The Society continues to develop new homes. Some recent developments have suffered from additional development cost or delays to opening. Also, and most importantly, we have experienced lower returns than predicted in the first two years of operation.	The Development and Retirement Living teams continue to review the lessons learnt from each development, especially on sales and advanced marketing. Sunderland the latest development, opened earlier than planned and with a good fill rate. Ongoing reviews are taking place with future developments in Plymouth and Southampton.
<b>People:</b> Abbeyfield is dependent on its staff and volunteers for its success. Staff leaving without adequate succession plans or poor training will have an impact on our service and morale. Health and Safety of both our staff and residents is of central importance to the Society. Brexit and its ongoing impact are reducing our ability to attract key frontline staff. Turnover remains high at 33%.	An experienced Senior Management team, with a new CEO and FD were appointed in 2017, and the new Retirement Living Management team is being recruited. The Society has used almost the full amount of the Apprenticeship levy to continue its investment in training. The National Living wage contract is very important in terms of staff retention. Improvements in mandatory training processes and systems are being implemented by Retirement Living.
<b>IT and Physical risks:</b> Serious loss of IT systems and related data, and Cyber and other digital / physical threats which may cause a loss of, or leak of data.	Business Continuity and Disaster Recovery plans are in place and were successfully tested in 2016. Cyber insurance is now in place. Physical processes are in place to stop people entering our buildings and this is tested regularly. A satisfactory internal audit of IT and related risks was carried out in late 2017.
<b>Strategy:</b> Abbeyfield's strategy needs to be modified and updated to take into account market changes and the needs of the Abbeyfield family. There is increasing demand for care for elderly people, but both public and private funding is challenged, impacting the prices we can charge for our services.	A Strategic Leadership Team (SLT) has been created to lead on the new Strategy which will be published in 2019. The SLT has commenced by looking at Ethos, Markets, Residents and Products.

# Report of the Board (incorporating the Strategic Report) continued

## **Reserves**

After transfer of the deficit for the year of £6.4m (2017: £8.6m surplus), revenue reserves decreased to £131.5m (2017: £139.3m). In addition, the Society has restricted reserves of £11.8m (2017: £10.3m).

## **Donations**

The Society and its subsidiaries made no political donations during the year.

## **Payment of creditors**

In line with Government guidance, the Society's policy is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier.

## **Employees**

The Society shares information on its objectives, progress and activities through regular office and departmental meetings involving Board members, the Executive Committee, volunteers and staff.

The Society is committed to the principles of diversity and equality regardless of age, gender, ethnicity, race, disability, religion, gender re-assignment or sexual orientation. These principles are reflected in the Society's approach to the recruitment, development and promotion of staff.

The Society's Gender Pay report is available on our website. It has also been submitted on the Government Sponsored website. We are broadly compliant with the sector's average on Gender pay but recognise that there is room for improvement.

## **Health and safety**

The Society is aware of its responsibilities on matters relating to health and safety. The Society has prepared detailed health and safety policies and provides training and education to our staff on health and safety matters.

As a result of improved reporting, there has been an increase in the number of serious accidents reported in 2017/18. During the financial year additional guidance on reporting accidents has been issued together with a new online accident reporting system. This has helped address the under-reporting of accidents and will enable management to better monitor and address performance going forward.

# Operating and Financial Review

**T**he result for the year is a £6.4m deficit compared with last year's surplus of £8.6m. This year's results included transfers in of £3.8m (2017: £9.7m).

We have made an additional impairment provision of £7.7m (2017: £2.3 million). This increase on prior year is reflected in note 16 and 20.

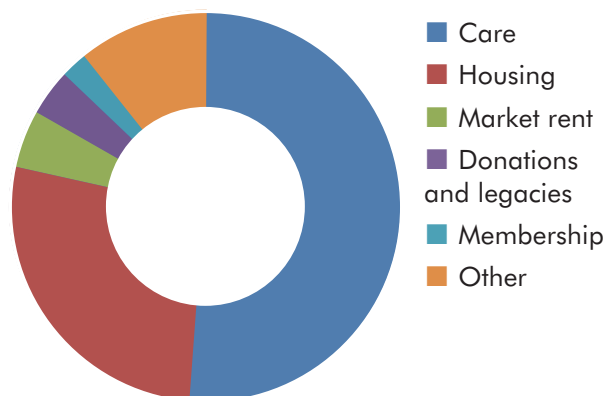
The deficit before taxation was marginally improved by a surplus of £0.1m on disposal of closed houses (2017 deficit (£0.3m)). There are strong cash reserves of £13.4m (2017: £22.6m) and investments of £2.6m (2017: £2.1m).

The current developments are fully funded, with agreed loan facilities in place of £22.5m.

The principal regulator for the Society is the Regulator for Social Housing (RSH), which regulates all Registered Providers of Social Housing. Following the implementation in October 2010 of the Health and Social Care Act 2008 (Regulated Activities) and Regulation 2010, all care homes are now assessed as to whether they are fully compliant under the new regulations and meet Essential Standards. The Society is a registered charity and therefore subject to the requirements of the Charity Commission.

Many of the residents of the Society's Supported Houses are in receipt of financial assistance towards the cost of support.

## Turnover 2017/2018 Total £55.4m



It is a primary objective of the Board that staff should feel valued and be appropriately rewarded. In 2015, The Abbeyfield Society became the first care and housing organisation to adopt the voluntary Living Wage.

Supported Housing operating surplus (note 5) has improved by £0.6m from last year. Care operating deficit (note 5) has worsened by £11.9m, due to impairment, and higher costs and vacancies. These figures exclude losses at closed homes.

# Operating and Financial Review continued

Legacies and charitable donations received for the year were £2.7m (2017: £2.9m). The Society has carried out a full GDPR review process in the year. This process has had the impact of significantly reducing donor contact details and plans are in place to re-engage with all donors through marketing and the website.

Loans and grants made in the year to Member Societies are shown on page 58.

## Capital structure

The Society is financed from retained surpluses, part of which have arisen through receipt of legacies and donations which may be restricted in use. In addition, cash and other net assets have been transferred from four member societies in the year; and any surplus arising from the disposal of property following closure of facilities deemed not financially viable has contributed to our capital structure.

The Society, because of its legal form, is unable to raise equity funding.

## Employees

The number of full time equivalents ("FTEs") has risen due to the impact of transferring Societies and other transfers-in, offset by the closure of sheltered houses. As at 31 March 2018 the total number of FTE employees the Society had was 1,141 (2017: 1,080 (note 9)).

## Reserves policy

The Board's policy is to retain such reserves as in the Board's judgment are adequate to cover for contingencies in meeting essential services. These include:

- Day-to-day operational expenditure, including a contingency for any large unforeseen items.
- Funding of development projects.
- Major repairs across the Society's housing property portfolio.
- Funding of major refurbishment or new projects to be undertaken by member societies, where sufficient external funding is not available.
- Unexpected calls by Member Societies which may be in financial difficulty.

## Treasury management

The Society's financial resources consist mainly of cash and bank deposits. The Society holds sufficient funds to meet day to day requirements and, in line with the Society's strategy, has agreed bank facilities of £22.5m with Barclays Bank, to fund the strategic development programme.

The bank facility was arranged in 2014 and is secured on the Society's assets and contains bank covenant tests,

# Operating and Financial Review continued

which are reviewed at all Board meetings. It is planned to renew the facility with Barclays when it expires in June 2019. A £5.8m facility with Yorkshire Bank was repaid in January 2018.

At the request of the Regulator for Social Housing, thirty year cash flow forecasts are prepared annually to ensure that an adequate funding strategy is in place.

Total interest costs and fees have increased by £144k, with greater utilisation of the Yorkshire Bank facility offset by a renegotiation of the facility fee with Barclays. The timings of projects in 2018/19 will mean that cash requirements will be met by draw-downs from the Barclays facility.

The Society invests surplus funds in interest-bearing deposit accounts. These amounts are held with a small number of financial institutions which have a good credit rating. Funds which cannot be withdrawn within 24 hours are classified as cash equivalents. The average rate of return on interest bearing deposits during the year ended 31 March 2018 has been 0.66% (2017: 0.48%). A review of restricted funds has also taken place in the year.

## **Cash flow and liquidity and Security**

The consolidated statement of cash flows on page 31 of the financial statements shows that during the year the Society generated net cash inflow from operating activities of £4.5m (2017: £0.1m outflow), made net interest payments of £577k (2017: £88k), and invested £10.7m in fixed assets. The Society did not raise any new finance in the year. The liquidity available to the Society from the Barclays facility is £22.5m.

The bulk of the Society's net cash inflow has been from rental income, legacies and donations and non-member mergers, and sales proceeds from the disposal of properties.

As at 31 March 2018, all bank facilities with the exception of grant from the Regulator for Social Housing were secured against our properties.

## **Membership costs**

The fee income from Member Societies is broadly the same as the direct costs of membership. In prior years, these costs have included an allocation of central costs. As part of the Strategic review the basis of charging Membership fees will be reviewed.

## **Going concern**

The board is satisfied that it has adequate resources to continue in operational existence for the foreseeable future and accordingly continues to adopt the going concern basis.

## **Our Finances**

We have a clear understanding of our financial return and performance. We manage our finances to invest in the right assets, improve void management, deliver savings through operational efficiency and improve systems. We benchmark our services within and outside Abbeyfield and look for savings in procurement.

## **Strategic Review**

During 2018, the Board initiated a review of the Group's Strategy to ensure that it is up to date and relevant in the current economic circumstances.

# Operating and Financial Review continued

## Our Homes

We have a clear strategy for new developments. We target geographical priority areas and offer social value in our communities. At the same time we look to reduce our carbon footprint and fund new developments as well as invest in our existing properties.

## Our Quality

We are dedicated to making time for older people, through excellent quality care, housing and support services, as well as through direct involvement within local communities. Low demand for many of our supported living schemes is caused because of the unsuitable nature of some of our historic buildings, and we continue to modernise our asset base and provide a greater number of personalised care services.

## Making time for older people

Staff structures continue to be reviewed to improve our services. This has enabled additional time to be made available to residents and volunteering action plans are prepared on a regular basis.

## Abbeyfield as a Charity

We have recognised the need to develop a more comprehensive programme for evaluating the social impact and value of our community-based and volunteering activities. Also recognised is the need to streamline business systems, to ensure that members of staff have more time to spend with individual residents. We embody our care ethos through initiatives such as Companionship at Christmas, and research into older persons' care needs.

## Financial and Non-Financial Key Performance Indicators ("KPIs")

The Board and the Executive Committee review many KPIs on a regular basis. In addition to those required by the Regulator for Social Housing, the most important ones are:

Metric	2017/18	2016/17	2018/19 Budget
Operating Margin % (excluding impairment)	2.3%	21.3%	3.5%
<b>Occupancy</b>			
Care Occupancy %	90%	92%	91%
Housing Occupancy %	92%	88%	90%
Number of major injuries	60	28	60
Fundraising Income	£2,756k	£2,872k	£3,000k
Development Expenditure	£9.3m	£20.2m	£12.6m



# Operating and Financial Review continued

We benchmark KPIs against similar societies in our sector where care and support are the main services, using Acuity to provide this information.

Our financial strategy is to improve operating surplus through efficiency and overhead cost savings. We are active in the local community, promoting our services to

improve occupancy rates and marketing our excellent care services. We are committed to train and develop all levels of staff, with succession planning for key roles.

We have invested in our website attracting a high number of viewings and we continue to work hard to increase donors.

## Highlights, four year summary

	Year ending 31 March 2018 £'000	Restated Year ending 31 March 2017 £'000	Restated Year ending 31 March 2016 £'000	Year ending 31 March 2015 £'000
<b>Income and expenditure account</b>				
Turnover	55,373	54,268	43,070	51,039
Total comprehensive (expense) / income for the year	(6,435)	8,550	1,944	8,537
<b>Balance sheet</b>				
Housing properties	149,351	148,284	126,394	118,935
Other fixed assets	781	1,061	1,279	2,035
Investment properties	800	—	—	—
Investments and cash	15,529	24,790	29,608	36,744
Other net current (liabilities) / assets	838	(6,784)	3,446	1,227
Creditors due after more than one year	(24,542)	(17,695)	(20,939)	(18,747)
<b>Net Assets</b>	<b>143,471</b>	<b>149,656</b>	<b>139,788</b>	<b>140,194</b>
Revenue reserves	131,703	139,349	130,565	127,447
Restricted and other reserves	11,768	10,307	9,223	12,747
<b>Total</b>	<b>143,471</b>	<b>149,656</b>	<b>139,788</b>	<b>140,194</b>

# Value for Money



The Value for Money self-assessment was prepared for our stakeholders in September 2017. It aims to reflect what we have done in terms of achieving our Value for Money (VfM) objectives.

The Regulator for Social Housing (RSH) issued a new Value for Money Standard in April 2017. The Society recognises the importance of these Standards on its regulated housing provision. However Supported Housing only represents part of the Society's revenue with the rest being made up of care provision and membership services.

The strategy for TAS is currently under review and new KPI targets will be set as part of that plan. The Board has set three intermediate targets which relate to the new Standard.

- New supply delivered – 205 units in the period 2018-2020;
- Gearing – the maximum gearing cap is 25%;
- Efficiency – Operating margin targets of 5%.

The current performance for TAS and its related Social housing KPI's include the impact of impairment and are:

Metric	2016/17	2017/18	Target 2018/19	Top 20 Supported Housing Providers
1 Reinvestment %	16.8%	25.6%	10.7%	4.4%
2 New Supply delivered – Social Housing Units	–	7.1%	8%	21.47%
New Supply delivered – Non Social Housing Units	–	6.8%	4%	n/a
3 Gearing %	4%	0%	0%	21.5%
4 EBITDA	1273%	-62.5%	349.6%	26.4%
5 Headline Social Cost per Unit	£21,528	£24,245	£23,127	n/a
6 Operating margin % - Social Housing lettings only	-3.8%	5.0%	2%	22.4%
Operating margin % - Overall	16.6%	-11.6%	3.2%	n/a
7 Return on Capital Employed	5.2%	-3.4%	1.0%	3.5%

## Value for Money continued

The Board has reviewed these KPI's against the Benchmark of the Top 20 Supported Housing Providers, as provided by Acuity, and is pleased to note that the Society's performance is better than that benchmark for Reinvestment and Gearing.

The cost per unit for Social Housing is £9,456 and for our Care Activities is £35,667. The Board recognises that this headline Social Cost per Unit is much higher than the median of all Housing Associations and this is due to our concentration in the provision of supported housing for elderly people. The Regulator of Social Housing has identified factors which explain higher unit costs across the sector and these include: the provision of supported housing, operating in regions with higher wages, the provision of older persons housing and proportion of properties requiring investment to bring them up to the Decent Homes Standards. Additional costs not highlighted in the RSH's analysis, but which are incurred by the Society's model of service provision include food costs. Once adjusted for these factors, early indications are that our specific service model accounts for an additional £7k per unit, and we will be undertaking further analysis in 2018/19. As part of the current Strategic Review the Board is developing a plan to further reduce the Social Cost per unit, and improve performance where applicable on these costs.

The Society continues to explore where efficiencies can be made. The focus for 2018-19 will be in three areas:

1. The new Retirement Living Director is reviewing how this part of the business can be improved especially in terms of reducing the cost per unit and improving the standard of our homes.
2. A continuous improvement plan is in place looking at more efficient ways of delivering back office processes.
3. A new Procurement Manager role has been created with specific focus on procurement savings.

Scrutiny of VFM is provided by our Audit and Risk Committee, which in addition, considers management accounting and audit information in detail, receives a range of financial health reports, including internal audit reports on the regional structure to ensure it delivers value for money. There have been no significant control failures in 2017/18 and complaints are investigated and resolved promptly. The Finance Committee also scrutinises the development of the value for money strategy, which supports the Five Year Corporate Strategy.

The Board has also reviewed stress-testing of the Financial Plans and identified actions to be taken in the event of a downturn in performance. These include potential sale of properties at market value, where their market value far exceeds their net book value.

# Statement of Responsibilities of the Board



The Board is responsible for preparing the strategic report, annual report and the financial statements in accordance with applicable law and regulation.

Company law and social housing legislation requires the Board to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Board 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 Society and of surplus or deficit of the Society for that period.

In preparing these financial statements, the Board members are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice “Accounting by Registered Social Housing Providers 2014” and FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Society will continue in business.

Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Society’s transactions and disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Registered Providers of Social Housing 2015. The Board is also responsible for safeguarding the assets of the Society and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Board members are responsible for ensuring that the Report of the Board is prepared in accordance with the Statement of Recommended Practice “Accounting by Registered Social Housing Providers 2014” and FRS 102. The Board is responsible for ensuring that the assets of the Society are properly applied under charity law.

Financial statements are published on the Society’s website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions.

The maintenance and integrity of the Society’s website is the responsibility of the board members. The board members’ responsibility also extends to the ongoing integrity of the financial statements contained therein.

## **Slavery and Human Trafficking Statement**

The Modern Slavery Act 2015 introduced new obligations in relation to slavery and human trafficking. The Society is fully supportive of the new legislation as it is in keeping with our ethos and principals. A copy of its statement of practice on this is available on our website: [www.abbeyfield.com/privacy-statement/job-applicants](http://www.abbeyfield.com/privacy-statement/job-applicants). The statement of practice includes compliance for our supply chain partners.

# Governance

## **B**oard members and Executive Committee members

The Board members and the Executive Committee of the Society who served during the year are set out on page 3.

The Board members are drawn from a wide background bringing together professional, commercial and other relevant experience.

The Board, which comprises the company directors, has overall responsibility for direction, management and control of the Society. Overall operational management is delegated to the Executive Committee. The Board adopts the NHF Code of Governance and the Company Secretary and the Executive Committee provide support to the Board in monitoring compliance with the Code.

The Board may comprise up to fifteen individuals, of whom, at least four must be involved in the Society's movement in the UK. At least two must be independent and up to two must be involved within the Society's movement outside the UK. The above individuals must be elected by the members. The Board may co-opt up to four individuals.

Applications to be considered for election or appointment to the Board of trustees are invited following recruitment and advertising. The Society's candidates are interviewed by the Nominations Committee and are appointed according to relevant skills, competencies and experience.

The Chairman may hold office for a term of three years terminating at the end of the third annual general meeting after his or her election but can be re-elected to serve one further term of three years calculated in the same way. All the trustees can serve terms of three years terminating at the end of the third Annual General Meeting after their

election by the members and every trustee can be re-elected by the members at an Annual General Meeting for one further term of three years. The Board met on six occasions in the year.

Throughout the year, the trustees continue to monitor effectiveness and overall terms of reference for the various committees of the Board, to ensure that they are following best practice in the sector. The Board is encouraged to acquaint themselves with all aspects of the charity, particularly operational aspects.

The Executive Committee holds no financial interest in the Society, except for their remuneration arrangements, and act as executives within the authority structure delegated by the Board.

Insurance policies indemnify Board members and officers against liability when acting for the Society.

The Executive Committee is entitled to join the Society's stakeholder pension scheme on the same terms as other employees. Details of their remuneration are disclosed in note 10 (directors' emoluments).

## **National Housing Federation ("NHF") Code of Governance**

The Society has adopted the 2015 NHF Code of Governance. We diverge from the Code in one regard, which is that The Abbeyfield Society has 13 trustees rather than the Code's recommended maximum of 12. However this is compliant with the charity's constitution and is a reflection of the required representation of our Membership on The Abbeyfield Society's Board.

## **Charity Code of Governance**

The Society adheres to all the principles of the new Code of Governance.

# Governance continued

## Resident involvement

We actively encourage resident involvement in decision-making by promoting forums where residents can contribute to decisions that affect them.

## Risk Framework

The process for identifying, evaluating and managing risks has been on-going throughout the period.

Risk management procedures and considerations are embedded in the culture of the Society. The Society has in place a risk management framework.

## Board Committees

The following committees have been established by the Board:

- Audit and Risk Committee: its purpose is to review and approve the financial statements and recommend them to the Board. It also receives reports from internal and external auditors, reviews audit and risk management activities across the Society and delivers an annual assessment of the quality of the internal control environment and the effectiveness of risk and audit systems to the Board and monitors risk management activity across the Society to ensure consistent and effective usage of internal systems, and identifies trends and aggregate risks;
- Finance and Operations Committee: its purpose is to monitor the Society's financial performance and approves budgets and cash resources, new developments and operational effectiveness;
- Members Committee: its purpose is to help maintain good relationships between Members and the Society;
- Quality Committee : its purpose is to monitor and report on safeguarding issues, and maintain a record of incidents;
- Remuneration Committee: its purpose is to review and set the remuneration of the Chief Executive Officer, Finance Director and Company Secretary, and HR Policies within the Society;
- Nominations Committee: its purpose is to support the Board on governance arrangements and the optimal composition of the Board, including recruitment of new Board members;
- Property Committee: its purpose is to ensure that Property transactions are completed in accordance with S.119 of the Charities Act 2011 and represent Value for Money for the Society.

The Chairpersons of the committees report back to the Board. The Board receives reports from its committees at all Board meetings.

# Governance continued

## Internal controls assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. The Board recognises that any system can only manage, and not eliminate, risk and can only provide reasonable, and not absolute, assurance against material misstatement or loss. The Board is satisfied that controls are in place.

These are subject to on-going review and formalisation, as part of a process of continuous improvement. The key elements of the system of control which has been in place across the period includes written policies and procedures covering the most significant areas of operations, finance and human resources. From March 2018 Mazars have provided an internal audit function, which was previously provided by Newable.

The Board reviews and approves budgets, business plans, and risk management, and monitors results against them. Delegated authority is in place for incurring and approving expenditure, with formal involvement of the Board for larger transactions. Regular monitoring by the Board of financial performance and achievement of other principal objectives is in place.

There is close involvement of Board committees, and of individual Board and committee members, in the activities being undertaken.

The Board reviews any significant new projects or initiatives. As part of the preparation of the annual business plan, risks are identified which could threaten the achievement of objectives, and an assessment is made of the probability of occurrence and likely impact. Controls which mitigate these risks, and are proportionate to them, are also identified.

For merging Societies, reporting is provided to the Board on defined areas of due diligence.

There are clear staff recruitment and appraisal processes, which include monitoring of performance and training programmes to ensure staff, are well versed in health and safety and quality.

The Board cannot delegate ultimate responsibility for the system of internal control, but it delegates day to day responsibility to the Audit and Risk Committee to review on a regular basis the effectiveness of the system of internal control. The Audit and Risk committee also considers any control failures resulting in financial loss or near misses to ensure that lessons are learned and processes improved for the future. The Board receives minutes of all meetings of the Audit and Risk Committee.

The Board confirms that arrangements are in place to manage the risk of fraud and that these arrangements include a review of the fraud register on a periodic basis, and delegates responsibility to the Audit and Risk Committee to ensure the arrangements and controls are appropriate.

## Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fund raising as “soliciting or otherwise procuring money or other property for charitable purposes.” Such amounts receivable are presented in our accounts as “voluntary income” and includes legacies and grants.

# Governance continued

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day to day management of all income generation is delegated to the executive team, who are accountable to the trustees.

The charity is a member of the Fundraising regulator and the institute of Fundraising and conforms to their codes of practice, particularly with relevance to the General Data Protection Regulation (GDPR).

We have received no complaints in relation to fundraising activities. Our terms of employment require staff to behave reasonably at all times as we do not approach individuals for funds nor do we consider it necessary to design specific procedures to monitor such activities.

## Disclosure of information to auditors

Each person who is a Board member at the date of approval of this report confirms that:

- So far as the Board member is aware, there is no relevant audit information of which the Society's auditors are unaware; and
- The Board member has taken all the steps that they ought to have taken as a Board member in order to make themselves aware of any relevant audit information and to establish that the Society's auditors are aware of that information.

## Structure

The Society is a registered charity, constituted as a company limited by guarantee and is governed by its

articles of association. It is part of the Abbeyfield Movement, an organisation comprising legally independent Member Societies (including devolved country members), International Member Societies, which are separate legal entities, and individual members. The Society is established for the public benefit for the following objects:

- The relief and care of elderly persons of all classes, beliefs and nationalities suffering from the disabilities of old age or otherwise in need.
- The spreading of Christian principles to all human relationships and the application of humanitarian aims to promote the relief of the elderly.
- The provision of further education in the sphere of voluntary work, social work and similar activities so as to inculcate the principles of good citizenship.
- The provision and management of housing, accommodation or assistance, for the relief and care of elderly persons.
- Such other purposes recognised by English law as charitable as the Society shall determine from time to time.

The Board acts as the ultimate governing body and monitors the system of internal control. The Board has received an annual assurance statement from the Chief Executive on the system of internal control, and has identified a framework for continuously monitoring risk and risk mitigations.



# Governance continued

## Statement of Public Benefit

Charity trustees have a duty to report in the trustees' Annual Report on their charity's public benefit. They should demonstrate that they are clear about what benefits are generated by the activities of the charity. This report sets out in some detail the activities, as noted on page 6.

The benefits must be related to the objects of the charity. The Society's Strategic Plan is related to and intended to further the Society's charitable objects.

There is a programme in place to provide financial support which is targeted at older people in need.

The views and opinions of residents are regularly sought. For example there was considerable consultation with residents in developing the Society's Strategic Plan.

The Society's Board of Trustees are confident that Abbeyfield meets the public benefit requirements, and they confirm that they have taken into account the guidance contained in the Charity Commission's general guidance on public benefit where applicable.

## Annual General Meeting

The Annual General Meeting was held on Wednesday, 19 September 2018 at 11:30, at St Martin's Hall, St Martin-in-the-Fields, Trafalgar Square, London, WC2N 4SS.

## External auditors

A resolution for the re-appointment of BDO LLP as auditors was proposed at the Annual General Meeting.

The report of the Board was approved by the Board on 21 September 2018 and signed on its behalf by:



**Ian Plaistowe**

Chairman

21 September 2018

# Independent Auditor's Report to the Members of the Abbeyfield Society

## Opinion

We have audited the financial statements of The Abbeyfield Society ("the Society") and its subsidiaries ("the Group") for the year ended 31 March 2018 which comprise the consolidated and Society statements of comprehensive income, the consolidated statement of cash flows, the consolidated and Society statement of changes in reserves, and notes to the financial statements, 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 Group's and of the Society's affairs as at 31 March 2018 and of the Group's and the Society's 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 properly prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction 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 Group and Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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 Board members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or 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.

# Independent Auditor's Report to the Members of the Abbeyfield Society continued

## Other information

The Board are responsible for the other information. Other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information 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 including the Chairman's statement, Report of the Board (incorporating the Strategic Report), Governance Statement, Operating and Financial Review, and Value for Money Statement 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.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Board incorporating the Strategic Report, and operating and financial review for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Report of the Board incorporating the Strategic Report and operating and financial review, and
- have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Society and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board incorporating the Strategic Report and operating and financial review.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept by the parent Society, or returns adequate for our audit have not been received from branches not visited by us; or

# Independent Auditor's Report to the Members of the Abbeyfield Society continued

- the parent Society financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Board trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

## Responsibilities of the Board

As explained more fully in the Board members responsibilities statement set out on page 19, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members 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 Board are responsible for assessing the Group and 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 board either intend to liquidate the Group or the Society or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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](http://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 members of the Society, as a body, in accordance with in accordance with the Housing and Regeneration Act 2008 and Chapter 3 of Part 16 of the Companies Act 2006. 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



Elizabeth Kulczycki (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
Gatwick

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Financial Statements

## Consolidated Statement of Comprehensive Income for the year ended 31 March 2018

		Continuing operations 2018 £'000	Discontinued operations 2018 £'000	Total 2018 £'000	Restated Continuing operations 2017 £'000	Restated Discontinued operations 2017 £'000	Restated Total 2017 £'000
	Note						
Turnover	4	54,915	458	55,373	54,000	268	54,268
Operating costs		(53,345)	(803)	(54,148)	(42,429)	(284)	(42,713)
Impairment	5	(6,557)	(1,105)	(7,662)	(2,318)	(222)	(2,540)
Total Operating Costs	4	(59,902)	(1,908)	(61,810)	(44,747)	(506)	(45,253)
Operating (deficit)/ surplus	4,8	(4,987)	(1,450)	(6,437)	9,253	(238)	9,015
Surplus/(deficit) on disposal of PPE - Housing Properties	12	(208)	285	77	(350)	-	(350)
Other interest receivable and similar income	13	139	-	139	155	-	155
Interest and financing costs	14	(598)	-	(598)	(454)	-	(454)
Movement in fair value of investment properties	18	338	-	338	-	-	-
Movement in fair value of investments	22	-	-	-	230	-	230
(Deficit) / surplus before taxation		(5,316)	(1,165)	(6,481)	8,834	(238)	8,596
Taxation	15	46	-	46	(46)	-	(46)
(Deficit)/surplus after taxation and total comprehensive (expense) / income for the year		(5,270)	(1,165)	(6,435)	8,788	(238)	8,550

The notes on pages 34 to 58 form part of these financial statements

# Financial Statements continued

## Society Statement of Comprehensive Income for the year ended 31 March 2018

		Continuing operations 2018	Discontinued operations 2018	Total 2018	Restated Continuing operations 2017	Restated Discontinued operations 2017	Restated Total 2017
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	4	55,494	458	<b>55,952</b>	54,000	268	54,268
Operating costs		(53,064)	(803)	<b>(53,867)</b>	(42,795)	(284)	(43,079)
Impairment	5	(6,557)	(1,105)	<b>(7,662)</b>	(2,318)	(222)	(2,540)
Total Operating Costs	4	(59,621)	(1,908)	<b>(61,529)</b>	(45,113)	(506)	(45,619)
Operating (deficit)/ surplus	4,8	(4,127)	(1,450)	<b>(5,577)</b>	8,887	(238)	8,649
Surplus/(deficit) on disposal of PPE - Housing Properties	12	(208)	285	<b>77</b>	(350)	-	(350)
Other interest receivable and similar income	13	139	-	<b>139</b>	155	-	155
Interest and financing costs	14	(598)	-	<b>(598)</b>	(454)	-	(454)
Movement in fair value of investment properties	18	338	-	<b>338</b>	-	-	-
Movement in fair value of investments	22	-	-	<b>-</b>	230	-	230
<b>(Deficit) /surplus before and after taxation and total comprehensive (expense) / income for the year</b>		<b>(4,456)</b>	<b>(1,165)</b>	<b>(5,621)</b>	<b>8,468</b>	<b>(238)</b>	<b>8,230</b>

The notes on pages 34 to 58 form part of these financial statements

# Financial Statements continued

## Consolidated and Society Statements of Financial Position at 31 March 2018

		Group 2018	Restated Group 2017	Society 2018	Restated Society 2017
	Note	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible fixed assets - housing properties	16	149,351	148,284	149,975	148,284
Tangible fixed assets - other	17	781	1,061	781	1,061
Investment properties	18	800	-	800	-
		150,932	149,345	151,556	149,345
<b>Current assets</b>					
Properties held for sale	20	4,545	5,213	4,545	5,213
Debtors - receivable within one year	21	5,871	7,840	5,853	7,794
Debtors - receivable after one year	21	465	792	465	792
Investments	22	2,567	2,147	2,567	2,147
Cash and cash equivalents		13,426	22,643	12,962	22,088
		26,874	38,635	26,392	38,034
<b>Creditors: amounts due within one year</b>	23	(10,043)	(20,629)	(9,935)	(20,592)
<b>Net current assets</b>		16,831	18,006	16,457	17,442
<b>Total assets less current liabilities</b>		167,763	167,351	168,013	166,787
<b>Creditors: amounts after more than one year</b>	24	(24,542)	(17,695)	(24,542)	(17,695)
<b>Net assets</b>		143,221	149,656	143,471	149,092
<b>Capital and reserves</b>					
Income and expenditure reserve		131,453	139,349	131,703	138,785
Restricted reserve		11,768	10,307	11,768	10,307
<b>Total capital in reserves</b>		143,221	149,656	143,471	149,092

The financial statements were approved by the Board and authorised for issue on 21 September 2018 and signed on their behalf by:



**Ian Plaistowe**  
Chairman

The notes on pages 34 to 58 form part of these financial statements

# Financial Statements continued

## Consolidated statement of Cash Flows for the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
<b>Cash flows from operating activities</b>			
<b>(Deficit) / surplus for the financial year</b>		<b>(6,435)</b>	<b>8,596</b>
Adjustments for:			
Taxation	15	(46)	46
Impairment of PPE/release of impairment	16	6,469	-
Depreciation of fixed assets - housing properties	16	2,482	2,002
Accelerated Depreciation on disposal of components	16	124	-
Impairment of current assets		1,105	-
Investment property revaluation	18	(338)	-
Depreciation of fixed assets - other	17	374	610
Amortisation of grant	5	(94)	69
Grant recycled from property lease sales		99	-
Movement in fair value of investments	22	-	(230)
Interest payable and finance costs	14	598	454
Interest received	13	(139)	(155)
(Surplus)/ Deficit on the sale of housing properties	12	(77)	350
Receipt of donated land/assets	32	(3,753)	(9,687)
Decrease/(increase) in trade and other debtors		2,101	(1,021)
Decrease/(increase) in properties held for sale		1,363	(3,521)
Decrease in creditors		635	2,372
<b>Net cash inflow/(outflow) from operating activities</b>		<b>4,468</b>	<b>(115)</b>
<b>Cash flows from investing activities</b>			
Cash acquired with transfer of merging societies		411	1,855
Transaction costs for sale of housing properties		(324)	-
Transaction costs for merged societies		(216)	-
Proceeds from sales of other fixed assets		50	-
Grant repaid		(1,068)	-
Sale of current asset investments		70	-
Proceeds from sale of fixed assets - housing properties	12	3,081	8,644
Proceeds from sale of fixed assets - other	12	-	150
Purchase of fixed assets - housing properties		(10,664)	(20,208)
Purchase of fixed assets - other		(144)	(319)
Receipt of grant and other movements	25	902	-
Net loan advances to member societies		266	117
Interest received	13	139	155
<b>Net cash used in investing activities</b>		<b>(7,497)</b>	<b>(9,606)</b>

The notes on pages 34 to 58 form part of these financial statements



## Financial Statements continued

<b>Cash flows from financing activities</b>		
Interest paid	(577)	(88)
Bank loans repaid	(5,611)	-
New loans - bank		4,817
<b>Net cash (outflow)/inflow by financing activities</b>	<b>(6,188)</b>	<b>4,729</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(9,217)</b>	<b>(4,992)</b>
Cash and cash equivalents at beginning of year	<b>22,643</b>	27,635
<b>Cash and cash equivalents at end of year</b>	<b>13,426</b>	<b>22,643</b>

The notes on pages 34 to 58 form part of these financial statements

# Financial Statements continued

## Consolidated statement of changes in reserves for the year ended 31 March 2018

	Income and expenditure reserve £'000	Restricted reserves £'000	Total £'000
<b>Balance at 31 March 2017</b>	139,349	10,307	149,656
(Deficit) / surplus for the year	(7,896)	1,461	(6,435)
<b>Balance at 31 March 2018</b>	<b>131,453</b>	<b>11,768</b>	<b>143,221</b>

## Society statement of changes in reserves for the year ended 31 March 2018

	Income and expenditure reserve £'000	Restricted reserves £'000	Total £'000
<b>Balance at 31 March 2017</b>	138,785	10,307	149,092
(Deficit) / surplus for the year	(7,082)	1,461	(5,621)
<b>Balance at 31 March 2018</b>	<b>131,703</b>	<b>11,768</b>	<b>143,471</b>

## Consolidated statement of changes in reserves for the year ended 31 March 2017

	Income and expenditure reserve £'000	Restricted reserves £'000	Total £'000
<b>Balance at 31 March 2016 as previously stated</b>	130,565	9,223	139,788
Surplus for the year	7,466	1,084	8,550
Restatement of prior year balances	33	1,318	1,318
<b>Balance at 31 March 2017 as restated</b>	<b>139,349</b>	<b>10,307</b>	<b>149,656</b>

## Society statement of changes in reserves for the year ended 31 March 2017

	Income and expenditure reserve £'000	Restricted reserves £'000	Total £'000
<b>Balance at 31 March 2016 as previously stated</b>	130,321	9,223	139,544
Surplus for the year	7,146	1,084	8,230
Restatement of prior year balances	33	1,318	1,318
<b>Balance at 31 March 2017 as restated</b>	<b>138,785</b>	<b>10,307</b>	<b>149,092</b>

The notes on pages 34 to 58 form part of these financial statements

# Notes forming part of the Financial Statements for the year ended 31 March 2018

## 1. Legal status

The Group consists of the following three trading entities: The Abbeyfield Society Limited (“The Society”, company number 574816), Abbeyfield Properties Limited (company number 9482576) and The Abbeyfield Research Foundation Limited (company number 9705217).

The Society is a company limited by guarantee, incorporated in England and Wales, having no share capital and with solely charitable objectives. The Society is registered with the Homes and Communities Agency and the Charities Commission. The Society’s registered address is St. Peter’s House, 2 Bricket Road, St. Albans, AL1 3JW. The Society is a member of each separate independent, Abbeyfield Member Society. The Society holds one £1 share in any Abbeyfield Member Society which is registered under the Co-operative and Community Benefit Societies Act 2014. The Society and the Group do not have a controlling interest in any Abbeyfield Member Society. The Society is a public benefit entity. These financial statements do not reflect any of the Member Societies assets, liabilities or financial transactions.

Abbeyfield Properties Limited is a company limited by shares, incorporated in England and Wales, having a share capital of £1. Abbeyfield Properties Limited is wholly owned by the Society. It is deployed by the Society as a design-and-build company for its new developments.

Abbeyfield Research Foundation is a company limited by guarantee, incorporated in England and Wales, having no share capital and with solely charitable objectives. It is registered with the Charities Commission (Charity No. 1167685). Abbeyfield Research Foundation is wholly owned by the Society. Abbeyfield Research Foundation is a fundraising and grant making body, which focuses on funding research into issues that affect older people.

## 2. Accounting policies

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for The Society includes the Companies Act, Housing and Regeneration Act 2008, FRS 102 “the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland”, and the Statement of Recommended Practice (SORP) for Registered Social Housing Providers, “Accounting by Registered Social Housing Providers” 2014 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

The accounts are prepared under the historic cost basis except for the modification to a fair value basis for certain financial instruments and investment properties, as specified in the accounting policies below. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group’s accounting policies.

In preparing the separate financial statements of The Society, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the society;
- Disclosures in respect of The Society’s financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole and
- No disclosure has been given for the aggregate remuneration of the key management personnel of The Society as their remuneration is included in the totals for the group as a whole.

# Notes forming part of the Financial Statements for the year ended 31 March 2018

The following principal accounting policies have been applied:

## *Basis of consolidation*

The consolidated financial statements present the results of The Abbeyfield Society, a registered provider of social housing and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

## *Transfers of undertakings*

The Society has had transferred to it the assets, liabilities and undertakings of a number of Abbeyfield and other societies, which were previously wholly independent bodies. With effect from the date of transfer the Society has taken on responsibility for providing the accommodation-based support services to the entire resident group. Each transfer has been the subject of a formal agreement, under which the assets and liabilities of the society have been transferred to the Society for nil consideration.

## *Accounting for transfers*

Each of the transfers above has been accounted for using the principles of acquisition accounting. Assets and liabilities of each society at the date of transfer have been brought into the Society's balance sheet at their fair values. In the case of housing properties, fair value has been taken to be the existing use value, for social housing purposes (EUV-SH). The transfers relating to the houses that will be closed, were brought in at the open market value less Social Housing Grant (SHG). Valuations of housing properties have been carried out by an independent firm of chartered surveyors.

Other tangible fixed assets have been brought into the balance sheet at their estimated value to The Society. Listed investments have been brought into the balance sheet at their market value as at the date of transfer. Properties which were held for sale as at the date of transfer are held at the lower of cost and net realisable value. Net realisable value is based on actual or estimated

selling price after the deduction of selling and related costs and less all further costs to complete.

On transition to FRS 102, the Society chose not to apply retrospectively the standard to business combinations that occurred before the date of transition to FRS 102, being 31 March 2014.

The transfers of Member Societies are treated within FRS102 as a business combination that is in substance a gift. Any excess of fair value over the assets received over the fair value of the liabilities assumed is recognised as a gain in the income statement. This gain represents the gift of the value of one entity to another and is recognised as income. Where the fair value of the liabilities exceeds the fair value of the assets, the loss represents net obligations assumed and shall be recognised as an expense.

## *Income*

The Society's turnover principally comprises residents' charges receivable from homes, annual membership fees due from member societies, donations from third parties and fund-raising activities. The residents' charges are composite amounts covering rent, service charges and support. Income is measured at the fair value of the consideration received or receivable. The group generates the following material income streams:-

- Rental income (after deducting lost rent from void properties available for letting);
- Service charges receivable;
- Donations and legacies;
- Membership fees;
- Property sales;
- Market rent.

Turnover from social housing lettings is recognised on delivery of services to end users, as the Society performs its obligations. Income from donations and legacies is accounted for on a receivable basis when it is more likely than not that the economic benefits will flow to the Society and the amount of the income can be measured reliably together with any related costs. Turnover from sale of

# Notes forming part of the Financial Statements for the year ended 31 March 2018

properties is recognised on completion of sales. Rental income is recognised from the point when properties under development reach practical completion and are formally let. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

## *Service charges*

The Group adopts either fixed or variable method for calculating and charging service charges to its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account or to a sinking fund. Income is recorded based on the estimated amounts chargeable.

## *Value Added Tax*

The Group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income.

## *Finance costs*

Finance costs are charged to the income statement over the term of the debt using the applicable interest rate so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

## *Pension costs*

Contributions to the group's defined contribution pension scheme are charged to the income statement in the year in which they become payable.

## *Holiday pay accrual*

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future

holiday entitlement so accrued at the balance sheet date.

## *Property, Plant and Equipment - Housing Properties (PPE)*

Housing properties constructed or acquired (including land) on the open market are stated at cost less depreciation and impairment where applicable. Housing properties received as part of a transfer of undertakings were initially recorded at fair value; depreciation and impairment has been deducted as applicable.

The cost of freehold land and property represents their purchase price and any directly attributable costs of acquisition which may include an appropriate amount for staff costs and other costs of managing development.

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income with the exception of components, which are capitalised as they have a life of more than one year.

Housing properties in the course of construction, excluding the estimated cost of the element of shared ownership properties expected to be sold in first tranche, are included in PPE and held at cost less any impairment, and are transferred to completed properties when ready for letting.

## *Depreciation of housing properties*

Housing properties are split between freehold land, structure and other major components that are expected to require replacement over time.

The portion of shared ownership property retained or expected to be retained is not depreciated on account of the high residual value. Neither the depreciable amount

# Notes forming part of the Financial Statements for the year ended 31 March 2018

nor the expected annual depreciation charge for such assets is considered material, individually or in aggregate. Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated over their useful lives.

Freehold land is not depreciated on account of its indefinite useful economic life.

The cost of all other housing property (net of accumulated depreciation to date and impairment, where applicable) and components is depreciated over the useful lives of the assets on the following basis:

Description	Estimated useful life (years)
Structure	100
Roofs	50
Kitchen	30
Bathroom	30
Windows and doors	30
Electrical	20
Heating	15
Lifts	15
Furniture and Equipment	10

## *Allocation of costs for mixed tenure and shared ownership developments*

Costs are allocated to the appropriate tenure where it is possible to specify which tenure the expense relates to. Where it is not possible to relate costs to a specific tenure type costs are allocated on a unit basis.

## *Property, Plant and Equipment - Other*

Other tangible fixed assets are stated at historic cost less accumulated depreciation and any accumulated impairment losses. Historic cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed

assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Society. The carrying amount of the replaced part is written off. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

## *Depreciation of Other Property, Plant and Equipment*

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives are as follows:

Description	Estimated useful life (years)
Furniture & equipment	10
Motor vehicles	5
Office furniture	5
Office equipment and computers	3-5

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised below operating surplus/(deficit), in the statement of comprehensive income.

## *Investment Properties*

Investment properties consist of properties not held for social benefit or use in operations. They are properties held to earn rental income or for capital appreciation. They are initially measured at cost and subsequently at fair value as determined by external valuers. No depreciation is provided. Changes in fair value are recognised in income or expenditure.

## *Government grants*

Grant received in relation to constructed or acquired housing properties is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2014.

# Notes forming part of the Financial Statements for the year ended 31 March 2018

Grant is carried as deferred income in the balance sheet and released to the income and expenditure account on a systematic basis over the useful economic lives of the asset for which it was received.

Where social housing grant (“SHG”) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the income and expenditure account. Where properties with grant attached are received as part of a transfer of undertakings the ultimate requirement to recycle/repay grant sits within The Society and is recorded as a contingent liability. When properties are identified for sale and a grant liability will crystallise that is not covered by the anticipated sales proceeds, additional provision for impairment is recorded.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once performance related conditions have been met.

Grants due from government organisations or received in advance are included as current assets or liabilities.

## *Recycled Capital Grant Fund*

On the occurrence of certain relevant events, primarily the sale of dwellings, Homes England can direct the Society to recycle capital grants or to make repayments of the recoverable amount. The Group adopts a policy of recycling, for which a separate fund is maintained. If unused within a three year period, grant will be repayable to Homes England with interest.

Any unused recycled capital grant held, is disclosed in the balance sheet under “creditors due after more than one year”, except where the property disposal was greater than 2 years previous and this is disclosed, as creditors due less than 1 year.

## *Valuation of investments*

Investments in subsidiaries are measured at cost less accumulated impairment. Investments in listed company shares, which have been classified as current asset investments, are stated at fair value at each balance sheet date. Gains and losses are recognised in the income statement for the period.

## *Impairment of Property Plant and Equipment*

The housing property portfolio for the Group is assessed for indicators of impairment at each balance sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. An option appraisal is carried out to determine the option which produces the highest net realisable value. Some properties have been valued at value-in-use service potential. The Society defines cash generating units at unit level. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value an impairment is recorded through a charge to income and expenditure.

## *Stock*

Stock represents work in progress and completed properties, including housing properties developed for transfer to other registered providers; closed properties received as part of a transfer of undertakings that are held for sale; properties developed for outright sale; and shared ownership properties. For shared ownership properties the value held as stock is the estimated cost to be sold as a first tranche.

Stock is stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs.

## *Debtors and creditors*

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at



# Notes forming part of the Financial Statements for the year ended 31 March 2018

transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

## *Recoverable amount of rental and other trade receivables*

The Group estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historic collection rates and the class of debt.

## *Loans to member societies*

Loans to member societies are regarded as concessionary loans (FRS 102). Those loans are made at a rate of interest which is below the prevailing market rate of interest.

These loans are measured at the amount advanced at the inception of the loan less amounts received and any provisions for impairment. Any associated grant is recognised as deferred income until the loan is redeemed.

## *Rent and service charge agreements*

The Group has made arrangement with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

## *Loans, investments and short term deposits*

These instruments are initially recorded at the transaction price less any transaction costs (historic cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost. Loans and investments that are payable or receivable within one year are not discounted.

## *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

## *Cash and cash equivalents*

Cash and cash equivalents in the Group's balance sheet consists of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less.

The Group has also identified some investments, which meet the definition of cash and cash equivalents but are restricted in their use; these investments have been classified as restricted cash equivalents.

## *Contingent liabilities*

Where indicators of impairment are identified the carrying amount of the asset is compared to existing use value or depreciated replacement cost for assets that will continue to be used and fair value less costs to sell, for assets identified for disposal.

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made. A contingent liability exists on grant repayment which is dependent on the disposal of related property.

## *Reserves*

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds. Restricted funds arise from either the conditions of the legacy, or surplus from transfer of merging societies, donation of merger of Societies. Realised and unrealised gains and losses on assets held by these funds are also allocated to the fund.



# Notes forming part of the Financial Statements for the year ended 31 March 2018

## 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the key judgements have been made in respect of the following:

- whether there are indicators of impairment of the Group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- the anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, the Board then determines the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the Board's best estimate of sales value based on economic conditions within the area of development.
- the appropriate allocation of costs relating to shared ownership between current and fixed assets.
- the categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.

### *Other key sources of estimation uncertainty:*

- Property Plant and Equipment (PPE) (see note 16)  
PPE is depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

- Investments (see note 22)

The most critical estimates, assumptions and judgements relate to the determination of carrying value of investments are determined using the valuation provided by Barclays Wealth and Investment Management and Charles Stanley & Co Limited.

- Rental and other trade receivables (see note 21)

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an aging profile basis to consider whether each debt is recoverable.

- Investment properties (see note 18)

Investment properties are professionally valued annually using yield methodology. This uses market rental values capitalised at market capitalisation rate, there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself. Key input into the valuation at 31 March 2018 were:

- o Rent payable
- o Net initial yield
- o Location and condition of the property

# Notes forming part of the Financial Statements for the year ended 31 March 2018

## 4. Particulars of turnover, operating costs and operating surplus - Group

		Turnover 2018	Operating costs 2018	Operating (deficit) / surplus 2018
	Note	£'000	£'000	£'000
<b>Social housing lettings</b>	5	<b>43,595</b>	<b>(56,432)</b>	<b>(12,837)</b>
<b>Activities other than Social Housing Activities</b>				
Market rent (Independent Living) and other		2,564	(2,065)	499
Membership activity		770	(1,098)	(328)
International activity		6	(121)	(115)
Disposal of development properties		2,215	(1,612)	603
Surplus from transfer of merging societies	32	3,753	-	3,753
Other		290	284	574
Donations and legacies		2,180	(628)	1,552
Grants to member societies		-	(138)	(138)
<b>Total</b>		<b>55,373</b>	<b>(61,810)</b>	<b>(6,437)</b>

		Turnover 2017	Operating costs 2017	Operating (deficit) / surplus 2017
	Note	£'000	£'000	£'000
<b>Social housing lettings</b>	5	<b>38,581</b>	<b>(39,982)</b>	<b>(1,401)</b>
<b>Activities other than Social Housing Activities</b>				
Market rent (Independent Living) and other		1,851	(1,986)	(135)
Membership activity		825	(1,913)	(1,088)
International activity		8	(133)	(125)
Disposal of development properties		285	(227)	58
Surplus from transfer of merging societies		9,687	-	9,687
Other		159	(67)	92
Donations and legacies		2,872	(914)	1,958
Grants to member societies		-	(31)	(31)
<b>Total</b>		<b>54,268</b>	<b>(45,253)</b>	<b>9,015</b>

# Notes forming part of the Financial Statements for the year ended 31 March 2018

## 4. Particulars of turnover, operating costs and operating surplus - Society

		Turnover 2018	Operating costs 2018	Operating (deficit) / surplus 2018
	Note	£'000	£'000	£'000
<b>Social housing lettings</b>	5	<b>43,595</b>	<b>(56,432)</b>	<b>(12,837)</b>
<b>Activities other than Social Housing Activities</b>				
Market rent (Independent Living) and other		2,564	(2,065)	499
Membership activity		770	(1,098)	(328)
International activity		6	(121)	(115)
Disposal of development properties		2,215	(1,612)	603
Surplus from transfer of merging societies	32	3,753	-	3,753
Other		289	565	854
Donations and legacies		2,760	(628)	2,132
Grants to member societies		-	(138)	(138)
<b>Total</b>		<b>55,952</b>	<b>(61,529)</b>	<b>(5,577)</b>

		Turnover 2017	Operating costs 2017	Operating (deficit) / surplus 2017
	Note	£'000	£'000	£'000
<b>Social housing lettings</b>	5	<b>38,581</b>	<b>(40,052)</b>	<b>(1,471)</b>
<b>Activities other than Social Housing Activities</b>				
Market rent (Independent Living) and other		1,851	(1,986)	(135)
Membership activity		825	(1,913)	(1,088)
International activity		8	(133)	(125)
Disposal of development properties		285	(227)	58
Surplus from transfer of merging societies		9,687	-	9,687
Other		159	(67)	92
Donations and legacies		2,872	(914)	1,958
Grants to member societies		-	(327)	(327)
<b>Total</b>		<b>54,268</b>	<b>(45,619)</b>	<b>8,649</b>

# Notes forming part of the Financial Statements for the year ended 31 March 2018

## 5. Income and expenditure from social housing lettings - Group

	Care £'000	Supported Housing £'000	Total 2018 £'000	Total 2017 £'000
<b>Income</b>				
Rents net of identifiable service charges	28,168	2,353	30,521	29,756
Service charge income	61	12,919	12,980	8,756
Grant amortisation	16	78	94	69
<b>Turnover from social housing lettings</b>	<b>28,245</b>	<b>15,350</b>	<b>43,595</b>	<b>38,581</b>
<b>Expenditure</b>				
Management	(5,018)	(4,149)	(9,167)	(7,204)
Service charge costs	(1,891)	(2,293)	(4,184)	-
Service charge other *	(23,677)	(5,669)	(29,346)	(26,605)
Routine maintenance	(1,038)	(1,427)	(2,465)	(1,115)
Major repairs expenditure	(305)	(243)	(548)	(418)
Bad debts	(14)	(67)	(81)	(65)
Impairment (Housing Properties) 16	(6,697)	140	(6,557)	(2,318)
Impairment (Current Assets) 20	(1,105)	-	(1,105)	(222)
Accelerated depreciation	(30)	(94)	(124)	(33)
Depreciation of housing properties	(1,774)	(1,081)	(2,855)	(2,002)
<b>Operating expenditure on social housing lettings</b>	<b>(41,549)</b>	<b>(14,883)</b>	<b>(56,432)</b>	<b>(39,982)</b>
<b>Operating (deficit)/surplus on social housing lettings</b>	<b>(13,304)</b>	<b>467</b>	<b>(12,837)</b>	<b>(1,401)</b>
<b>Void losses</b>	<b>(4,108)</b>	<b>(2,274)</b>	<b>(6,382)</b>	<b>(5,435)</b>

\*These include membership costs £727k (2017 £911k), international costs £121k (2017 £26k), fundraising costs £564k (2017 £913k) and grants £570k (2017 £300k).

## 5. Income and expenditure from social housing lettings - Society

	Care £'000	Supported Housing £'000	Total 2018 £'000	Total 2017 £'000
<b>Income</b>				
Rents net of identifiable service charges	28,168	2,353	30,521	29,756
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Management	(5,018)	(4,149)	(9,167)	(7,204)
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<b>Operating expenditure on social housing lettings</b>	<b>(41,549)</b>	<b>(14,883)</b>	<b>(56,432)</b>	<b>(40,052)</b>
<b>Operating (deficit)/surplus on social housing lettings</b>	<b>(13,304)</b>	<b>467</b>	<b>(12,837)</b>	<b>(1,471)</b>
<b>Void losses</b>	<b>(4,108)</b>	<b>(2,274)</b>	<b>(6,382)</b>	<b>(5,435)</b>

\*These include membership costs £727k (2017 £911k), international costs £121k (2017 £26k), fundraising costs £564k (2017 £913k) and grants £570k (2017 £300k).

# Notes forming part of the Financial Statements for the year ended 31 March 2018

## 6. Particulars of turnover from non-social housing lettings - Group and Society

	2018	2017
	£'000	£'000
Market rent	2,564	1,851
<b>Total</b>	<b>2,564</b>	<b>1,851</b>

## 7. Units of housing stock - Group and Society

	2018 number	2017 number
Supported Housing	1,107	1,111
Residential care home bed spaces	763	735
Market Rent	282	169
<b>Total Owned and Managed accomodation</b>	<b>2,152</b>	<b>2,015</b>
Units under construction	171	215
<b>Units owned by the society but managed by others</b>	<b>87</b>	<b>84</b>

## 8. Operating (deficit)/surplus

	Group 2018 £'000	Group 2017 £'000	Society 2018 £'000	Society 2017 £'000
This is arrived at after charging:				
Depreciation of housing properties: annual charge	2,482	2,002	2,482	2,002
Depreciation of other tangible fixed assets	374	610	374	610
Accelerated depreciation	124	33	124	33
Impairment (Housing Properties) 16	6,469	2,318	6,469	2,318
Impairment (Current Assets) 20	1,327	222	1,327	222
Amortisation of grants	94	69	94	69
Operating lease charges - other	32	195	32	195
Auditors' remuneration:				
Group accounts	108	48	101	48
Subsidiaries	7	6	7	6
other audit related assurance	5	4	5	4
tax advice	17	5	9	5

# Notes forming part of the Financial Statements for the year ended 31 March 2018

## 9. Employees

	Group 2018 £'000	Group 2017 £'000	Society 2018 £'000	Society 2017 £'000
Staff costs (including Executive Management Team) Consist of:				
Wages and salaries	26,473	23,648	26,473	23,648
Social Security Costs	1,963	1,744	1,963	1,744
Cost of defined contribution scheme	378	352	378	352
<b>Total</b>	<b>28,814</b>	<b>25,744</b>	<b>28,814</b>	<b>25,744</b>

Defined pension contribution payable of £37k (2017: £32k) are included in creditors.

## Employees numbers

The average number of employees (including Executive Management Team) expressed as full time equivalents (calculated based on a standard working week of 35 hours) during the year was as follows:

	Group 2018	Group 2017	Society 2018	Society 2017
Administration	122	107	122	107
Development	7	7	7	7
Housing, Support and Care	1,012	966	1,012	966
<b>Total</b>	<b>1,141</b>	<b>1,080</b>	<b>1,141</b>	<b>1,080</b>

## 10. Board and executive remuneration

None of the members of the Board received any emoluments (2017: £nil). Board expenses for the year are £43,883 (2017: £37,681).

	Group 2018 £'000	Group 2017 £'000	Society 2018 £'000	Society 2017 £'000
Executive emoluments	1,276	917	1,276	917
Contributions to money purchase pension schemes	59	56	59	56
<b>Total</b>	<b>1,335</b>	<b>973</b>	<b>1,335</b>	<b>973</b>

The total amount payable to the Chief Executive post, who was also the highest paid director, in respect of emoluments was £151,151 (2017: £189,719). Employer pension contributions totalling £5,360 were made during the year for a defined contribution scheme which is open to all employees.

The remuneration paid to staff (including the Executive Management Team) earning over £60,000:

	Group 2018 number	Group 2017 number	Society 2018 number	Society 2017 number
£60,001 - £70,000	7	5	7	5
£70,001 - £80,000	4	4	4	4
£80,001 - £90,000	2	4	2	4
£110,001 - £120,000	2	-	2	-
£120,001 - £130,000	1	-	1	-
£180,001 - £190,000	-	1	-	1

# Notes forming part of the Financial Statements for the year ended 31 March 2018

## 11. Board members

Board member	Member of:						
	Nominations Committee	Members Committee	Audit and Risk Committee	Finance & Operations Committee	Remuneration Committee	Quality Committee	Group Board
Ian Plaistowe	✓	✓	✓	✓	✓		✓
Jenny Lawrence		✓	✓				✓
Chris Smith	✓		✓				✓
Andre Decraene		✓	✓				✓
Norman Greville				✓			✓
Amanda Houlihan		✓		✓	✓	✓	✓
Jeff Medlock				✓			✓
Rt. Rev Dr Stephen Venner	✓			✓	✓		✓
Sara Beamand						✓	✓
Andrew Larpent						✓	✓
Cedric Meiring							✓
Ken Staveley							✓
Brian Williams							✓

## 12. Surplus/(deficit) on disposal of fixed assets housing properties - Group and Society

	2018 £'000	2017 £'000
Disposal proceeds	3,081	8,914
Cost of disposals	(2,055)	(4,928)
Selling costs	(324)	(270)
Grant recycled	(625)	(1,748)
Provisions for closed properties	-	(2,318)
<b>Total</b>	<b>77</b>	<b>(350)</b>

## 13. Interest receivable and income from investments - Group and Society

	2018 £'000	2017 £'000
Abbeyfield member societies	85	72
Interest receivable	54	83
<b>Total</b>	<b>139</b>	<b>155</b>

## 14. Interest payable and similar charges - Group and Society

	2018 £'000	2017 £'000
Bank Loans and overdrafts	577	390
Recycled capital grant fund	21	64
<b>Total</b>	<b>598</b>	<b>454</b>

## 15. Taxation

A tax charge of £46k arose in 2017/18 from Abbeyfield Property Limited and this has been reversed in 2018/19 following the surplus of APL in 2017/18 being gift aided to the Society.

# Notes forming part of the Financial Statements for the year ended 31 March 2018

## 16. PPE - Housing properties - Group

	Care, Housing and Independent Living completed £'000	Care, Housing and Independent Living under construction £'000	Shared ownership completed £'000	Total £'000
<b>Cost:</b>				
As at 31 March 2017 as previously stated	133,972	26,673	793	161,438
Restatement	2,713	1,677		4,390
As at 31 March 2017 restated	136,685	28,350	793	165,828
<b>Additions:</b>				
Construction costs	-	7,615	-	7,615
Additions to completed schemes	445	-	-	445
Replaced components	2,604	-	-	2,604
Component disposals	(229)	-	-	(229)
Closed property disposals	(3,170)	-	-	(3,170)
Transferred to current assets	(1,800)	-	-	(1,800)
Transferred (to)/from investment properties	(591)	-	-	(591)
Construction assets completed during the year	31,709	(31,709)	-	-
Additions from transferring societies	3,795	-	-	3,795
<b>At 31 March 2018</b>	<b>169,448</b>	<b>4,256</b>	<b>793</b>	<b>174,497</b>
<b>Depreciation:</b>				
As at 31 March 2017 as previously stated	12,667	-	129	12,796
Restatement	2,430	-		2,430
As at 31 March 2017 restated	15,097	-	129	15,226
Charge for the year	2,482	-	-	2,482
Eliminated on disposals: components	(105)	-	-	(105)
Eliminated on disposals: other	(207)	-	-	(207)
Transferred (to)/from investment properties	(129)	-	-	(129)
<b>At 31 March 2018</b>	<b>17,138</b>	<b>-</b>	<b>129</b>	<b>17,267</b>
<b>Impairment:</b>				
As at 31 March 2017	2,318	-	-	2,318
Charge for the year	6,557	-	-	6,557
Reversed PY impairment	(88)	-	-	(88)
Released in the year at sale	(908)	-	-	(908)
<b>At 31 March 2018</b>	<b>7,879</b>	<b>-</b>	<b>-</b>	<b>7,879</b>
<b>Net book value at 31 March 2018</b>	<b>144,431</b>	<b>4,256</b>	<b>664</b>	<b>149,351</b>
<b>Net book value at 31 March 2017 as restated</b>	<b>119,270</b>	<b>28,350</b>	<b>664</b>	<b>148,284</b>



# Notes forming part of the Financial Statements for the year ended 31 March 2018

## 16. PPE - Housing properties - Society

	Care, Housing and Independent Living completed £'000	Care, Housing and Independent Living under construction £'000	Shared ownership completed £'000	Total £'000
<b>Cost:</b>				
As at 31 March 2017 as previously stated	133,972	26,673	793	161,438
Restatement	2,713	1,677	-	4,390
As at 31 March 2017 restated	136,685	28,350	793	165,828
<b>Additions:</b>				
Construction costs	-	8,239	-	8,239
Additions to completed schemes	445	-	-	445
Replaced components	2,604	-	-	2,604
Component disposals	(229)	-	-	(229)
Closed property disposals	(3,170)	-	-	(3,170)
Transferred to current assets	(1,800)	-	-	(1,800)
Transferred (to)/from investment properties	(591)	-	-	(591)
Construction assets completed during the year	31,709	(31,709)	-	-
Additions from transferring societies	3,795	-	-	3,795
<b>At 31 March 2018</b>	<b>169,448</b>	<b>4,880</b>	<b>793</b>	<b>175,121</b>
<b>Depreciation:</b>				
As at 31 March 2017 as previously stated	12,667	-	129	12,796
Restatement	2,430	-	-	2,430
As at 31 March 2017 restated	15,097	-	129	15,226
Charge for the year	2,482	-	-	2,482
Eliminated on disposals: components	(105)	-	-	(105)
Eliminated on disposals: other	(207)	-	-	(207)
Transferred (to)/from investment properties	(129)	-	-	(129)
<b>At 31 March 2018</b>	<b>17,138</b>	<b>-</b>	<b>129</b>	<b>17,267</b>
<b>Impairment:</b>				
As at 31 March 2017	2,318	-	-	2,318
Charge for the year	6,557	-	-	6,557
Reversed PY impairment	(88)	-	-	(88)
Released in the year at sale	(908)	-	-	(908)
<b>At 31 March 2018</b>	<b>7,879</b>	<b>-</b>	<b>-</b>	<b>7,879</b>
<b>Net book value at 31 March 2018</b>	<b>144,431</b>	<b>4,880</b>	<b>664</b>	<b>149,975</b>
<b>Net book value at 31 March 2017 as restated</b>	<b>119,270</b>	<b>28,350</b>	<b>664</b>	<b>148,284</b>

## 16. PPE - Housing properties - Group and Society (continued)

	Group 2018 £'000	Society 2018 £'000	Group 2017 £'000	Society 2017 £'000
Freehold	147,817	148,441	145,343	145,343
Long leasehold	1,534	1,534	2,941	2,941
<b>Total</b>	<b>149,351</b>	<b>149,975</b>	<b>148,284</b>	<b>148,284</b>
Works to properties included above				
Improvements to existing properties capitalised	445	445	5,393	5,393
Major repairs expenditure to SOCI	475	475	418	418
<b>Total</b>	<b>920</b>	<b>920</b>	<b>5,811</b>	<b>5,811</b>

Capital grant - Housing Properties in reserves	31,685	31,685	29,917	29,917
Restatement	-	-	2,399	2,399
As at 31 March 2017 restated	31,685	31,685	32,316	32,316
Capital grant - Housing Properties in creditors	18,931	18,931	10,572	10,572
Recycled Capital Grant Fund	6,062	6,062	13,389	13,389
<b>Total</b>	<b>56,678</b>	<b>56,678</b>	<b>56,277</b>	<b>56,277</b>

The Society had property with a book value of £37.1m pledged as security at 31 March 2018 (2017: £15.8m)

# Notes forming part of the Financial Statements for the year ended 31 March 2018

## 17. Tangible fixed assets - Other - Group and Society

	Fixtures, fittings and furniture £'000	Computer and other office equipment £'000	Total £'000
<b>Cost:</b>			
As at 31 March 2017 as previously stated	4,469	2,502	6,971
Restatement	(3,838)	103	(3,735)
As at 31 March 2017 restated	631	2,605	3,236
Additions	25	119	144
Disposals	-	(1,229)	(1,229)
<b>At 31 March 2018</b>	<b>656</b>	<b>1,495</b>	<b>2,151</b>
<b>Depreciation:</b>			
As at 31 March 2017 as previously stated	4,364	1,598	5,962
Restatement	(4,017)	230	(3,787)
As at 31 March 2017 restated	347	1,828	2,175
Charge for the year	121	253	374
Disposals	-	(1,179)	(1,179)
<b>At 31 March 2018</b>	<b>468</b>	<b>902</b>	<b>1,370</b>
<b>Net book value at 31 March 2018</b>	<b>188</b>	<b>593</b>	<b>781</b>
<b>Net book value at 31 March 2017 as restated</b>	<b>284</b>	<b>777</b>	<b>1,061</b>

## 18. Investment properties

Investment properties consist of properties not held for social benefit or for use in the business. Investment properties are measured at the cost on initial recognition. Subsequently they are carried at fair value determined annually by professionally qualified valuers and derived from the current market rent and investment property yield for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the statement of comprehensive income.

### Group and Society

	Market rent £'000
<b>Cost:</b>	
As at 1 April 2017	-
Transfer from housing properties	462
Revaluation	338
<b>At 31 March 2018</b>	<b>800</b>

The valuations were undertaken by JLL in accordance with the RICS Valuation Global Standards 2017 and the RICS Valuation - Professional Standards 2014. In valuing investment properties an investment method of valuation was used. Details of the assumptions made and the key sources of estimation uncertainty are given in note 3.

The surplus on revaluation of investment property of £338k (2017 Enil) has been credited to the statement of comprehensive income for the year.

If investment property had been accounted for under the historic cost accounting rules the properties would have been measured as follows

	Group 2018 £'000	Group 2017 £'000	Society 2018 £'000	Society 2017 £'000
<b>Cost:</b>				
Historic cost	591	-	591	-
Accumulated Depreciation	(129)	-	(129)	-
<b>At 31 March 2018</b>	<b>462</b>	<b>-</b>	<b>462</b>	<b>-</b>

# Notes forming part of the Financial Statements for the year ended 31 March 2018

## 19. Investments

	Country of incorporation or registration	Voting rights % held	Nominal value of the shares held	Nature of business	Nominal value of the share held
<b>Subsidiary Undertakings</b>					
Abbeyfield Properties Limited	England	100%	£1	Design-and-build	Incorporated company, limited by shares
The Abbeyfield Research Foundation	England	100%	£nil	Fundraising and Grant making	Incorporated company, limited by guarantee
Abbeyfield UK Limited	England	100%	£nil	Dormant	Incorporated company, limited by guarantee
Pebblemist Limited	England	100%	£nil	Dormant	Incorporated company, limited by guarantee
Abbeyfield Elland Society Limited	England	100%	£nil	Dormant	Incorporated company, limited by guarantee
Abbeyfield The Dales Limited	England	33%	£nil	Cost sharing Group	Incorporated company, limited by guarantee

The ownership of Abbeyfield The Dales Limited is shared equally between Abbeyfield Ilkley Society Limited, Abbeyfield Bradford Society Limited and The Abbeyfield Society together ("the Members"). Abbeyfield The Dales Limited is a cost sharing group which provides property management services to the Members.

All above Subsidiary undertakings are registered at St Peters House, 2 Bricket Road, St Albans, Hertfordshire, AL1 3JW

## 20. Properties for sale - Group and Society

	Closed properties held for sale 2018 £'000	Developed units 2018 £'000	Total 2018 £'000	Restated Total 2017 £'000
Work in progress	-	567	567	3,620
Completed properties	2,616	2,689	5,305	1,815
Less: Provision for impairment	(1,327)	-	(1,327)	(222)
<b>Total</b>	<b>1,289</b>	<b>3,256</b>	<b>4,545</b>	<b>5,213</b>

Properties developed for sale do not include capitalised interest.

Developed units with a value of £nil have been pledged for security for bank borrowings (2017: £11,026k) The provision for impairment of £1,327k has been charged to operating cost (2017: £222k). The provision for impairment of £1,327k has been charged to operating cost (2017: £222k).

## 21. Debtors - Group and Society

	Group 2018 £'000	Group 2017 £'000	Society 2018 £'000	Society 2017 £'000
<b>Due within one year</b>				
Rent and service charge arrears	664	862	664	862
Less: Provision for doubtful debts	(275)	(283)	(275)	(283)
	389	579	389	579
Abbeyfield member societies	2,363	2,672	2,363	2,672
Other debtors	1,295	3,740	1,277	3,694
Prepayments and accrued income	1,824	849	1,824	849
<b>Total</b>	<b>5,871</b>	<b>7,840</b>	<b>5,853</b>	<b>7,794</b>
<b>Due after one year</b>				
Due from Abbeyfield member societies	465	792	465	792

# Notes forming part of the Financial Statements for the year ended 31 March 2018

## 22. Current asset investments - Group and Society

	2018	2017
	£'000	£'000
Opening fair value	2,147	1,973
Additions	490	142
Disposals	(70)	(198)
Gains on fair value measurement	-	230
Closing fair value	2,567	2,147

All current asset investments are shares held in listed companies which trade on a regular basis. These investments are managed by Barclays Wealth Capital Management and Charles Stanley & Co Limited. The total gain recognised on these investments in the period was £18k (2017: £230k) representing the fair value movement shown above. Original cost of investment was £2.3m

## 23. Creditors: falling due within one year - Group and Society

	Group	Group	Society	Society
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade creditors	1,365	427	1,189	414
Taxation and social security	432	650	432	501
Other creditors	819	1,527	819	1,242
Recycled Capital Grant Fund (note 26)	1,132	6,977	1,132	6,977
Loans and borrowings (note 27)	-	5,611	-	5,611
Accruals and deferred income	6,295	5,289	5,532	4,731
Prior year adjustment to reserve	-	-	-	-
Consolidation Adjustments	-	-	-	-
Amount owed to group undertakings	-	-	831	1,052
Amount owed to related parties	-	67	-	67
Corporation tax	-	46	-	-
Major maintenance accruals	-	35	-	35
<b>Total</b>	<b>10,043</b>	<b>20,629</b>	<b>9,935</b>	<b>20,630</b>

## 24. Creditors: falling due after one year - Group and Society

	2018	2017
	£'000	£'000
Deferred capital grant (note 25)	18,931	10,572
Recycled Capital Grant Fund (note 26)	4,930	6,413
Licence deposits	108	206
Other creditors	573	504
<b>Total</b>	<b>24,542</b>	<b>17,695</b>

## 25. Deferred capital grant - Group and Society

	2018	2017
	£'000	£'000
At 31 March 2017	10,572	8,073
Grants receivable during the year	903	2,568
Grants recycled from the recycled grant fund	7,550	-
Released to income during the year	(94)	(69)
<b>Total</b>	<b>18,931</b>	<b>10,572</b>

# Notes forming part of the Financial Statements for the year ended 31 March 2018

## 26. Recycled capital grant fund - Group and Society

	HCA 2018 £'000	GLA 2018 £'000	Total 2018 £'000	HCA 2017 £'000	GLA 2017 £'000	Total 2017 £'000
<b>Capital grant: relating to development activities funded by</b>						
At 31 March 2017	10,200	3,190	13,390	8,074	3,173	11,247
Prior year allocation correction	(960)	960	-	-	-	-
Inputs to fund:						
Grants recycled from reserves at point of sale	625	-	625	1,748	-	1,748
Grants recycled from reserves property leased to non registered provider	99	-	99	-	-	-
Grants recycled from statement of comprehensive income from business combinations	545	-	545	331	-	331
Interest accrued	11	10	21	47	17	64
Allocated to schemes in development	(7,550)	-	(7,550)	-	-	-
Repayment to GLA	-	(1,068)	(1,068)	-	-	-
<b>At 31 March 2018</b>	<b>2,970</b>	<b>3,092</b>	<b>6,062</b>	<b>10,200</b>	<b>3,190</b>	<b>13,390</b>
Included in creditors: amounts due within one year	-	1,132	1,132	5,911	1,066	6,977
Included in creditors: amounts due after more than one year	2,970	1,960	4,930	3,332	3,081	6,413
<b>At 31 March 2018</b>	<b>2,970</b>	<b>3,092</b>	<b>6,062</b>	<b>9,243</b>	<b>4,147</b>	<b>13,390</b>

The GLA grant of £1,132k is over 3 years old and is repayable in the next financial year.

# Notes forming part of the Financial Statements for the year ended 31 March 2018

## 27. Loans and borrowings - Group and Society

	Bank loans 2018 £'000	Bank Loans 2017 £'000
<b>Maturity of debt:</b>		
On demand or within one year	-	5,611
More than one year and up to two years	-	-
<b>Total</b>	<b>-</b>	<b>5,611</b>

During the year, the Group repaid the loan facility of £5,611k from the Yorkshire Bank loan facility. The loan accrued interest at a variable rate equivalent to LIBOR plus 3%.

The Group has a revolving credit facility of £22.5m with Barclays Bank. Loans are secured by specific charges on the housing properties of the Group. At 31 March 2018 the Group has available facilities of £22.5m (2017: £29.5m).

Loans are secured by specific charges on the housing properties of the Group, as disclosed in notes 15 and 19.

	2018 £'000	2017 £'000
<b>Financial assets</b>		
Financial assets measured at fair value:		
Investments	2,567	2,147
Financial assets measured at historic cost:		
Trade receivables	664	862
Other receivables	3,848	5,773
Investment in short term deposits	9,613	16,900
Cash and cash equivalents	3,813	7,890
<b>Total financial assets</b>	<b>20,505</b>	<b>33,572</b>

### Financial liabilities

Financial liabilities measured at amortised cost:		
Loans payable	-	(710)
Financial liabilities measured at historic cost:		
Trade creditors	(1,365)	(427)
Other creditors	(7,994)	(14,478)
<b>Total financial liabilities</b>	<b>(9,359)</b>	<b>(15,615)</b>

Financial assets have been calculated using cash, investments and debtors.

Financial liabilities have been calculated using creditors (notes 23 and 24), deferred capital grant, accruals and deferred income have been excluded from the calculations.

# Notes forming part of the Financial Statements for the year ended 31 March 2018

## 28. Contingent liabilities

The Group receives grants from Homes England and from the Greater London Authority, which are used to fund the acquisition and development of housing properties and their components. Where member societies and other organisations have transferred their net assets to the Group through a transfer of undertakings, any related grants are taken into account in the fair value of the assets and this is credited to reserves as part of the surplus/deficit on transfer. The Group has a future obligation to recycle such grants once the properties are disposed of. The amount of grant on properties which are not operational which will be recycled on disposal, where not already accrued is £3,192k.

An amount of £553k (2017: £445k) was released from a provision recognised in 2017 relating to four properties which the Group disposed of during the current year where the anticipated sales proceeds were not expected to cover the grant liability arising on sale.

Through the Abbeyfield Research Foundation, grants are awarded to fund research into issues affecting the care of older people, with the aim of developing practical solutions to improve care. At 31 March 2018 the outstanding commitment made by Abbeyfield Research Foundation is £325k.

Total Grants in reserves amount to £31.68m (2017 £32.31m).

## 29. Operating leases - Group and Society

The Group and the Society had minimum lease payments under non-cancellable operating leases as set out below:

	2018 £'000	2017 £'000
<b>Amounts payable as Lessee:</b>		
Within one year	32	195
After one year but within five years	-	37
After five years	-	-
<b>Total</b>	<b>32</b>	<b>232</b>

## 30. Capital commitments - Group and Society

	2018 £'000	2017 £'000
<b>Commitments contracted but not provided for:</b>		
Maintenance	-	131
Construction	15,655	9,028
<b>Commitments approved by the Board but not provided for:</b>		
Maintenance	-	-
Construction	18,376	27,134
<b>Total</b>	<b>34,031</b>	<b>36,293</b>

## Capital commitments for the Group and Society will be funded as follows:

Social Housing Grant	3,862	6,350
New loans	-	-
Sales of properties	3,550	4,600
Existing cash and utilisation of facilities	26,619	25,343
<b>Total</b>	<b>34,031</b>	<b>36,293</b>

# Notes forming part of the Financial Statements for the year ended 31 March 2018

## 31. Related party disclosures

Total invoices received from Abbeyfield Properties Limited ("APL") for design-and-build fees amount to £7,784k (2017: £5,140k) that includes 5% mark up by APL. The costs relating to the design-and-build invoices from the contractors amount to £7,413k (2017: £4,887k). APL made a charitable donation to TAS of £580k during the year.

A grant of £300k (2017: £300k) was made to Abbeyfield Research Foundation ("ARF") by the Society during the year.

On 20 July 2016, agreement between The Abbeyfield Society ("TAS") and The Abbeyfield Research Foundation ("ARF") was reached to novate the research grant rights and obligations of TAS to ARF. Total awards of £491,022 were transferred, of which £173,305 had been claimed up to the date of novation. An amount of £112,478 was also novated and this amount was still available for future research awards.

During the year £371k (2017: £127k) of costs were incurred as part of the society's support for a member society.

Four of the Society's trustees are also Chairs of Member / International Societies and as such transactions with these member / international societies are considered to be related parties.

The trustees and their relevant Societies and transactions of membership fees and for Abbeyfield South Africa payment for International Partnership Manager are as follows:

Name	Society	Value of transactions
Amanda Houlihan	Abbeyfield Buckinghamshire Society	£8,250
Jeff Medlock - Vice Chairman	Abbeyfield Beaconsfield Society	£9,644
Andre Decraene	Abbeyfield Belgium	£604
Cedric Meiring/Cheryl Dean	Abbeyfield South Africa	£38,786



# Notes forming part of the Financial Statements for the year ended 31 March 2018

## 32. Business combinations

The table below shows businesses which transferred its operations, assets and liabilities to the Society during the year for nil consideration. The book and fair value of the assets received at the transfer date are shown in the table below. The fair value of the assets were brought into the accounts as at the date of transfer.

### Bognor Regis Society - transferred on 30/06/17

	Book value	Fair value adjustments	Fair value recognised as surplus from transferring societies
	£'000	£'000	£'000
Fixed assets	639	111	750
Investments	-	-	-
Other assets	14	-	14
Grants	(151)	-	(151)
Other liabilities	(546)	-	(546)
	(44)	111	67
Merger costs	(151)	-	(151)
TOTAL	(195)	111	(84)

### Scarborough Society - transferred on 30/11/17

	Book value	Fair value adjustments	Fair value recognised as surplus from transferring societies
	£'000	£'000	£'000
Fixed assets	447	(217)	230
Investments	-	-	-
Other assets	119	-	119
Grants	(24)	-	(24)
Other liabilities	-	-	-
	542	(217)	325
Merger costs	(7)	-	(7)
TOTAL	535	(217)	318

### Halcyon Society - transferred on 30/11/17

	Book value	Fair value adjustments	Fair value recognised as surplus from transferring societies
	£'000	£'000	£'000
Fixed assets	217	498	715
Investments	-	-	-
Other assets	316	-	316
Grants	(63)	-	(63)
Other liabilities	-	-	-
	470	498	968
Merger costs	(23)	-	(23)
TOTAL	447	498	945

### Buckmaster Society - transferred on 30/01/18

	Book value	Fair value adjustments	Fair value recognised as surplus from transferring societies
	£'000	£'000	£'000
Fixed assets	1,078	1,022	2,100
Investments	490	-	490
Other assets	33	-	33
Grants	(14)	-	(14)
Other liabilities	-	-	-
	1,587	1,022	2,609
Merger costs	(14)	-	(14)
TOTAL	1,573	1,022	2,595

Adjustment to provisional amounts recognised for prior year mergers	(21)
Total amount recognised as surplus from transfer of societies	3,753

# Notes forming part of the Financial Statements for the year ended 31 March 2018

## 33. Prior year adjustment - Group and Society

	As previously stated	Adjustment	As restated	As previously stated	Adjustment	As restated
	<b>Group 2016 £'000</b>	<b>£'000</b>	<b>Group 2016 £'000</b>	<b>Group 2017 £'000</b>	<b>2017 £'000</b>	<b>Group 2017 £'000</b>
Tangible fixed assets - housing properties						
Cost	138,952	4,390	143,342	161,438	4,390	165,828
Depreciation	(11,435)	(2,430)	(13,865)	(12,796)	(2,430)	(15,226)
Tangible fixed assets - other						
Cost	6,744	(3,735)	3,009	6,971	(3,735)	3,236
Depreciation	(5,465)	3,787	(1,678)	(5,962)	3,787	(2,175)
Properties for sale	2,386	(694)	1,692	5,907	(694)	5,213
<b>I&amp;E Reserves</b>	<b>130,565</b>	<b>1,318</b>	<b>131,883</b>	<b>138,031</b>	<b>1,318</b>	<b>139,349</b>

	As previously stated	Adjustment	As restated	As previously stated	Adjustment	As restated
	<b>Society 2016 £'000</b>	<b>£'000</b>	<b>Society 2016 £'000</b>	<b>Society 2017 £'000</b>	<b>2017 £'000</b>	<b>Society 2017 £'000</b>
Tangible fixed assets - housing properties						
Cost	138,952	4,390	143,342	161,438	4,390	165,828
Depreciation	(11,435)	(2,430)	(13,865)	(12,796)	(2,430)	(15,226)
Tangible fixed assets - other						
Cost	6,744	(3,735)	3,009	6,971	(3,735)	3,236
Depreciation	(5,465)	3,787	(1,678)	(5,962)	3,787	(2,175)
Properties for sale	2,386	(694)	1,692	5,907	(694)	5,213
<b>I&amp;E Reserves</b>	<b>130,321</b>	<b>1,318</b>	<b>131,639</b>	<b>137,467</b>	<b>1,318</b>	<b>138,785</b>

During the year an exercise was undertaken to reconcile detailed fixed asset and grant data. This has resulted in a prior year adjustment impacting housing properties, other tangible fixed assets, properties for sale and grant that had been taken to reserves. The main adjustment related to scheme components previously incorrectly categorised as other tangible fixed assets rather than components with housing properties. The cumulative adjustments increased opening reserves at 1st April 2016 by £1,318k.

# Notes forming part of the Financial Statements for the year ended 31 March 2018

## Additional Information

(not subject to audit)

### Loans and grants to member societies and subsidiaries made in 2018

Name of Society/Subsidiary	Loan/grant awarded	Drawn down 2017/18 £'000
The Abbeyfield Research Foundation	2018 - Grant - £300k	-
Abbeyfield & Wesley Housing Association	2018 - Grant - £53k	53
Abbeyfield Canada	2017 - Grant - \$132k	79
Abbeyfield New Zealand	2018 - Grant - \$53k	-
Abbeyfield Australia	2018 - Grant - £110k	-
		<hr/> 132

Loans and grants are available to member societies and are awarded in line with the loans and grants policy. Such loans and grants are only for the purpose of assisting in the provision of accommodation and services to the elderly. Loans bear interest at a favourable rate and are repaid over an appropriate term as specified in the policy. It is the society's policy that loans over £25,000 are secured.

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