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ABBNEYFIELD BRISTOL AND KEYNSHAM SOCIETY
(A COMPANY LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018



**ABBNEYFIELD BRISTOL AND KEYNSHAM SOCIETY
(A COMPANY LIMITED BY GUARANTEE)**

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**ABBNEYFIELD BRISTOL AND KEYNSHAM SOCIETY
(A COMPANY LIMITED BY GUARANTEE)**

INFORMATION

VICE PRESIDENTS

M L Brooks
M Dickman
J Grenfell
R H Nash

DIRECTORS

E Langston (Chair) (appointed 20 November 2017)
S Touzel (Vice Chair)
C E Byrt (resigned 30 September 2018)
S Hopkins
M D Innes
J H Kane
G D M Oakhill

CHIEF EXECUTIVE

Ms F Stretton

COMPANY SECRETARY

Mrs F Meaking

REGISTERED NUMBER

00872566

REGISTERED OFFICE

29 Alma Vale Road
Clifton
Bristol
BS8 2HL

INDEPENDENT AUDITORS

Bishop Fleming LLP
Chartered Accountants & Statutory Auditors
16 Queen Square
Bristol
BS1 4NT

SOLICITORS

Cook & Co
77-81 Alma Road
Clifton
Bristol
BS8 2DP

**ABBNEYFIELD BRISTOL AND KEYNSHAM SOCIETY
(A COMPANY LIMITED BY GUARANTEE)**

**BOARD REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

The Trustees present the Society's Annual Report for the year ended 30 September 2018 under the Companies Act 2006 and the Charities Act 2011, together with the audited Accounts for the year, and confirm the latter comply with the Companies Act 2006, the Statement of Recommended Practice for Social Housing Providers 2014, and the Company's Memorandum and Articles of Association.

REFERENCE AND ADMINISTRATION INFORMATION

Abbeyfield Bristol and Keynsham Society is a charitable company founded in 1966: Charity Registration Number 257532, HCA Number HO315 and Company Registration Number 872566. The liability of its members is limited to £1 each by guarantee. The registered office and principal address of the Company is at 29 Alma Vale Road, Clifton, Bristol BS8 2HL.

Trustee membership

This is listed on page 1, together with details of the Key executives and professional advisers.

Under the terms of the Memorandum and Articles of Association of the Society, for Companies Act purposes the Trustees constitute the Directors.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The company is governed by its Memorandum and Articles of Association dated 1 March 1966.

Governing body

Under the Memorandum and Articles of Association, there are to be not less than 3 and not more than 18 Trustees.

Trustees (other than any ex officio members), deemed to have appropriate skills and abilities, are elected by existing Trustees of the Society and ratified by Members of the Company at the Annual General Meeting. They serve a term of 3 years, after which they may be re-elected.

Trustee training

In recent years, the Trustees have undertaken a full review of our Society's activities. This is continually reviewed and forms the basis of the development plan. Within the review, Trustees have looked at a number of issues including an audit of Trustee skill sets and a robust programme of recruitment of new Trustees. There is a defined procedure for the recruitment and induction of proposed Trustees, which follows the Charity Commission's guidelines, as outlined in 'The Essential Trustee: What You Need to Know'.

Organisational management

The Trustees meet regularly during the year to determine general policy and review its overall management and control, for which they are legally responsible. The Trustees set up sub-committees as necessary, with responsibility for specific areas. Sub-committees are not decision-making bodies, but report and make recommendations to the wider board of Trustees. Decisions relating to the everyday running of the Society are delegated to the Chief Executive.

Group structure and relationship

Abbeyfield Bristol and Keynsham Society's core aim is to provide the highest standards of accommodation and support for our elderly residents, at a price which is affordable and inclusive. We hold the National Abbeyfield Society's Core Standard which is recognised by the Department of Communities and Local Government, and the Local Authorities in whose areas it works (ie. Bristol, South Gloucestershire and Bath & North East Somerset).

**ABBNEYFIELD BRISTOL AND KEYNSHAM SOCIETY
(A COMPANY LIMITED BY GUARANTEE)**

**BOARD REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

Risk Management

The Trustees identify and continually monitor risks faced by the Society, and record these in the Risk Register. These are reviewed at least annually and systems are in place to mitigate their impact.

OBJECTS, AIMS, OBJECTIVES AND PRINCIPAL ACTIVITY

The Trustees maintain the objects established when the Society was founded in 1966, which are contained in the Memorandum and Articles of Association.

To ensure this, the Trustees meet regularly to assess occupancy levels, income and expenditure and to regularly review operations. The Chief Executive presents a detailed report at each meeting, and interim reports as required.

The Trustees have considered the Charity Commission's guidance on public benefit and are satisfied that our Society's aims and the activities carried out to deliver those aims are for the public benefit.

Strategic aim and intended effects

Our purpose is to provide affordable Supported Housing for older people who require an element of extra support, to enable them to live independent lives, irrespective of their financial resources.

Objectives for the year

To maintain the highest standards of accommodation and support for our residents, and to review regularly our existing housing stock.

Principal activity

The provision of Supported Housing for older people in the Bristol, South Gloucestershire and Bath & North East Somerset areas.

Grant making

As a Society, it is our policy that we would not turn anyone away on the grounds of inability to afford the fees. Five residents were subsidised by the Society during the year.

Investment performance

The sum of £1,595 was received in interest, which is a decrease of £980 on the previous year.

Volunteers

We gratefully acknowledge the breadth of commitment of our volunteers on the House Committees and on the Board of Trustees, from day-to-day help to specific tasks, and for invaluable professional advice & assistance.

We were very sorry to say farewell to Ms Caroline Byrt, who resigned from the Board in August 2018, due to work and personal commitments.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

During this financial year, Abbeyfield Bristol and Keynsham Society posted an operating surplus of £80,390 and a surplus after net interest costs of £76,023. Turnover increased by £262,213 to £1,763,534.

This financial year has been rather a challenging one for the Society. The increased level of voids which we were experiencing has now been addressed, and although this took longer than anticipated, we are pleased to report that this is now firmly under control.

An increase in marketing activity has had a good effect, with strong enquiry levels and increased applications. At the time of writing, three of our five houses are full, with waiting lists for two of those houses.

**ABBNEYFIELD BRISTOL AND KEYNSHAM SOCIETY
(A COMPANY LIMITED BY GUARANTEE)**

**BOARD REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

FINANCIAL REVIEW AND RESULTS FOR THE YEAR (continued)

It was also a very challenging year due to the legal case brought by HMRC regarding back-pay for night staff, which would have been a significant financial burden to us. The Court of Appeal's judgement overturned the decision in favour of MENCAP in July 2018, and we currently await the date for a hearing of the appeal which the trade union UNISON subsequently brought to the Supreme Court.

Additional staff costs (due to the increase in rates for night staff) were managed very effectively, with changes to staffing hours, and a robust and on-going programme of cost management. This enabled us to avoid passing on substantial rent increases to our residents.

Staff and residents were kept fully informed throughout the process.

Operating costs were 1.45% below the budget set for the year. Increases in salary costs were offset by savings made on running costs. Other expenses were lower than anticipated, mainly relating to professional fees, advertising and marketing.

Donations received in the year totalled £117.

The Trustees are of the opinion that the market value of the land and buildings owned by the Society is in excess of book value, and is further increased by the refurbishment work done on Keynsham.

At the end of the financial year, the Society held cash resources of £519,443. Surplus funds are invested in interest-bearing deposits with a number of providers.

A financial plan has been agreed for the next year, and the areas of main focus will be continued tight cost control across the board, maintaining satisfactory occupancy levels in all houses, and effective marketing.

Reserves Policy

Our policy is to retain such reserves as in our judgement are adequate to cover:

- day-to-day operational expenditure, for which the current policy is to hold cash to cover 3 months' expenditure, which in 2017/2018 equated to £368,000.
- funding for identified development projects and repairs to the housing property portfolio;
- a small reserve for unexpected items. However, the gearing of the Society would permit appropriate borrowing to cover the majority of eventualities.

Value for money

The Society is charged with the responsibility for providing and demonstrating that it does provide value for money. The Society views value for money achievement as being the optimal balance between financial performance and the provision of a quality service that results in a high level of resident satisfaction. The Society monitors financial and operational performance monthly using a range of KPI's and benchmarks itself both within the National Abbeyfield Society but also externally.

Governance and financial viability

The Society complies with the principal recommendations of the 2015 National Housing Federation Code of Practice and also the Governance and Financial Viability Standard published by the Homes and Communities Agency insofar as it applies to organisations of the size of this one.

Investment policy and objectives

Our reserves are represented by buildings, equipment and current assets. Our cash reserves are maintained on short and longer term objectives. It is our policy to place funds to maximum advantage.

**ABBNEYFIELD BRISTOL AND KEYNSHAM SOCIETY
(A COMPANY LIMITED BY GUARANTEE)**

**BOARD REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

FUTURE PLANS

We were delighted to welcome Ted Langston onto the Board of Trustees in November 2017. He took over as Chairman in March 2018, from Mike Innes, who has remained on the Board.

We will continue to look closely at our existing housing stock. We have an on-going programme of upgrading and improving all our facilities, to ensure that they are fit for the future and appealing to increasingly discerning prospective residents.

We plan to investigate in further detail feasibility studies which have been undertaken on two of our houses, and to consider all options to ensure sustainability.

We continue to look at development opportunities in the area. The Chief Executive is active within the West Division of Abbeyfield and works collaboratively with several other societies.

Marketing activity will be sustained and will evolve to ensure that void levels are kept to a minimum. We regularly review our marketing strategy, and are confident that the most effective channels are in use.

Trustee recruitment and succession planning will be high up on our agenda in the coming year, to ensure sustainability.

The finances of the Society are strong, and we will continue to monitor and manage costs across the board. The Society is in a robust position both financially and operationally to meet the challenges which may lie ahead.

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Board Report and financial statements in accordance with applicable law and regulations.

Company law and registered social housing legislation require the Trustees to prepare financial statements for each financial year. Under that legislation the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of our Society and of our income and expenditure for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards 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.

The Trustees are also responsible for keeping adequate accounting records, which disclose with reasonable accuracy at any time the financial position of our Society and enable us to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and The Accounting Direction for Private Registered Providers of Social Housing in England 2015. They are also responsible for safeguarding the assets of our Society and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As far as the Trustees are aware:

- there is no relevant audit information of which our auditors are unaware; and
- the Trustees have taken all necessary steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**ABBNEYFIELD BRISTOL AND KEYNSHAM SOCIETY
(A COMPANY LIMITED BY GUARANTEE)**

**BOARD REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

Auditors

The auditors, Bishop Fleming LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

This report was approved by the Board and signed on their behalf by:



Mr E Langston
Chair of Trustees

Date 28 January 2019

**ABBNEYFIELD BRISTOL AND KEYNSHAM SOCIETY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABBNEYFIELD BRISTOL AND KEYNSHAM SOCIETY

OPINION

We have audited the financial statements of Abbeyfield Bristol and Keynsham Society (the 'Society') for the year ended 30 September 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Reserves and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Society's affairs as at 30 September 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

**ABBNEYFIELD BRISTOL AND KEYNSHAM SOCIETY
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABBNEYFIELD BRISTOL AND KEYNSHAM SOCIETY (CONTINUED)

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

We have nothing to report in this regard.

OPINION 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 Strategic Report and the for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the has 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 Society and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the .

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Board Report and from the requirement to prepare a Strategic Report.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

**ABBNEYFIELD BRISTOL AND KEYNSHAM SOCIETY
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABBNEYFIELD BRISTOL AND KEYNSHAM
SOCIETY (CONTINUED)**

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Responsibilities Statement on page 5, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITORS' 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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

USE OF OUR REPORT

This report is made solely to the Society's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members, as a body, for our audit work, for this report, or for the opinions we have formed.



David Butler FCA DChA (Senior Statutory Auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
16 Queen Square
Bristol
BS1 4NT

6 February 2019

ABBNEYFIELD BRISTOL AND KEYNSHAM SOCIETY
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF COMPREHENSIVE INCOME (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Note	2018 £	2017 £
Turnover	4	1,763,534	1,501,321
Operating costs		(1,683,281)	(1,649,546)
GROSS SURPLUS/(DEFICIT)		80,253	(148,225)
Other operating income		137	532
OPERATING SURPLUS/(DEFICIT)	8	80,390	(147,693)
Interest receivable and similar income	6	1,595	2,575
Interest payable and expenses	7	(5,962)	(5,487)
SURPLUS/(DEFICIT) BEFORE TAX		76,023	(150,605)

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income (including income and expenditure account).

There was no other comprehensive income for 2018 (2017:£NIL).

The financial statements were approved and authorised for issue by the board on 28 January 2019 and signed on its behalf by:


Mr E Langston
Chair


Mrs S Touzel
Vice Chair

The notes on pages 14 to 24 form part of these financial statements.

ABBNEYFIELD BRISTOL AND KEYNSHAM SOCIETY
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:00872566

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018


	Note	2018 £	2017 £
FIXED ASSETS			
Tangible assets	11	8,562,292	8,708,097
		<u>8,562,292</u>	<u>8,708,097</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	12	43,729	31,541
Cash at bank and in hand		519,443	421,200
		<u>563,172</u>	<u>452,741</u>
Creditors: amounts falling due within one year	13	(170,514)	(187,550)
NET CURRENT ASSETS		<u>392,658</u>	<u>265,191</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,954,950</u>	<u>8,973,288</u>
Creditors: amounts falling due after more than one year	14	(3,418,236)	(3,512,597)
NET ASSETS		<u><u>5,536,714</u></u>	<u><u>5,460,691</u></u>
RESERVES			
Income and expenditure reserve	17	5,536,714	5,460,691
		<u><u>5,536,714</u></u>	<u><u>5,460,691</u></u>

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

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:



Mr E Langston
Chair



Mrs S Touzel
Vice Chair

Date: 28 January 2019

Date: 28 January 2019

The notes on pages 14 to 24 form part of these financial statements.

**ABBNEYFIELD BRISTOL AND KEYNSHAM SOCIETY
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	Income and expenditure reserve £	Total £
At 1 October 2016	5,611,296	5,611,296
COMPREHENSIVE INCOME FOR THE YEAR		
Deficit for the year	(150,605)	(150,605)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(150,605)	(150,605)
At 1 October 2017	5,460,691	5,460,691
COMPREHENSIVE INCOME FOR THE YEAR		
Surplus for the year	76,023	76,023
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	76,023	76,023
AT 30 SEPTEMBER 2018	5,536,714	5,536,714

The notes on pages 14 to 24 form part of these financial statements.

**ABBNEYFIELD BRISTOL AND KEYNSHAM SOCIETY
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	2018 £	2017 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/(deficit) for the financial year	76,023	(150,605)
ADJUSTMENTS FOR:		
Depreciation of tangible assets	215,383	214,200
Profit on disposal of tangible assets	(1,606)	-
Interest paid	5,962	5,487
Interest received	(1,595)	(2,575)
(Increase) in debtors	(12,188)	(2,869)
(Decrease)/increase in creditors	(87,727)	27,557
NET CASH GENERATED FROM OPERATING ACTIVITIES	194,252	91,195
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(71,122)	(135,524)
Sale of tangible fixed assets	3,150	-
Interest received	1,595	2,575
NET CASH FROM INVESTING ACTIVITIES	(66,377)	(132,949)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans	(23,595)	(23,595)
Repayment of other loans	(75)	(69)
Interest paid	(5,962)	(5,487)
NET CASH USED IN FINANCING ACTIVITIES	(29,632)	(29,151)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	98,243	(70,905)
Cash and cash equivalents at beginning of year	421,200	492,105
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	519,443	421,200
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	519,443	421,200
	519,443	421,200

The notes on pages 14 to 24 form part of these financial statements.

ABBNEYFIELD BRISTOL AND KEYNSHAM SOCIETY
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

1. GENERAL INFORMATION

Abbeyfield Bristol and Keynsham Society is a company limited by guarantee, having no share capital, and with solely charitable objectives. It is registered as a company in England & Wales (No. 872566).

The Society is also registered as a Charity (No. 257532) and registered with the Homes & Communities Agency as a provider of social housing (No. H0135) as defined by the Housing and Regeneration Act 2008.

The Society is wholly engaged in the provision of care and housing for the elderly.

The Society constitutes a public benefit entity as defined by FRS 102.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, the Statement of Recommended Practice (SORP) for Social Housing Providers 2014, and with the Accounting Direction for Private Registered Providers of Social Housing in England 2015. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Companies Act 2006..

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Society's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 TURNOVER

Turnover is measured at the fair value of the consideration received or receivable. The policies adopted for the recognition of turnover are as follows:

Turnover represents rental and service charges income receivable in the year net of rent and service charge losses from voids, revenue grants from the government (local authorities) and the Homes and Communities Agency.

2.3 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

2. ACCOUNTING POLICIES (continued)

2.4 TANGIBLE FIXED ASSETS

Tangible fixed assets (including social housing properties) are stated at cost or value when gifted less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, development costs, interest charges on loans during the development period and expenditure on improvements. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

Land is not depreciated

Depreciation is provided on all other tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Motor vehicles	-	25% reducing balance basis
Fixtures and fittings	-	20% reducing balance basis
Properties:	-	
- Roofing	-	2% per annum
- Windows/doors, kitchens, bathrooms	-	5% per annum
- Lifts	-	7% per annum
- Main fabric of properties	-	1% per annum

Housing properties under construction are not depreciated until they are in use.

Major components of housing properties, such as roofing, windows/doors, kitchens, bathrooms and lifts have been accounted for and depreciated separately from the connected housing property, over their expected useful economic lives and are included in social housing property.

The useful economic lives of all tangible fixed assets are reviewed annually.

2.5 DEBTORS AND CREDITORS RECEIVABLE / PAYABLE WITHIN ONE YEAR

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other administrative expenses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

2. ACCOUNTING POLICIES (continued)

2.6 PROVISIONS

Provisions are recognised when the Registered Provider (RP) has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Provisions for cyclical maintenance or major works to existing stock are not made unless they represent commitments or obligations at the Balance Sheet date where there is no discretion to avoid or delay the expenditure.

Recycled Capital Grants Fund

Capital grants can be recycled under certain conditions, if a property is sold, or if another relevant event takes place. Recycled grants can be used for projects approved by the Homes and Communities Agency (HCA) and they are credited to the Recycled Capital Grant Fund within liabilities.

In certain circumstances, such as the sale of housing properties, capital grants may be repayable, and, in that event, is subordinated to the repayment of other loans by agreement with the HCA. It is accounted for as soon as the liability arises within creditors: amounts falling due within one year.

2.7 LEASES

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.8 EMPLOYEE BENEFITS

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

2.9 RESTRICTED RESERVES

Restricted reserves are those reserves which are only expendable in accordance with the wishes of the funder or regulatory body. Restricted reserves include funds raised in response to a specific appeal. Revenue and expenditure cannot be directly set against restricted reserves but is taken through the statement of comprehensive income and then a transfer to restricted reserves is made as appropriate.

2.10 FINANCIAL INSTRUMENTS

The Society only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

2. ACCOUNTING POLICIES (continued)

2.10 FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include the useful economic lives used by the Society in respect of tangible fixed assets. The related depreciation rates used are set out in the accounting policies, including the rates used for the major components of housing properties. These estimates are the best estimate based on past experience of similar assets and expected performance and are regularly reviewed to ensure they remain appropriate.

4. SOCIAL HOUSING TURNOVER AND COSTS

	2018 £	2017 £
Gross social housing rent	1,883,335	1,771,536
Voids	(196,773)	(340,151)
Resident subsidies	(2,012)	(7,197)
Other income from residents	8,294	6,443
Net rent receivable	1,692,844	1,430,631
Capital grant income (through accruals model)	70,690	70,690
Turnover	1,763,534	1,501,321
Social housing activity expenditure	(1,683,281)	(1,649,546)
Net surplus/(deficit) from social housing activities	80,253	(148,225)

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5. ACCOMMODATION UNITS

The Society owned the following bed spaces available for occupation and in development:

	2018 No	2017 No
Social Housing Lettings		
Supported sheltered	89	89

6. INTEREST RECEIVABLE

	2018 £	2017 £
Bank interest receivable	1,595	2,575

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018 £	2017 £
Bank interest payable	4,442	3,960
Other loan interest payable	1,520	1,527
	5,962	5,487

8. SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES

The surplus/(deficit) on ordinary activities is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	215,383	214,200
Gain on sale of fixed assets	(1,606)	-
Operating lease rentals	15,010	19,135

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

9. AUDITORS' REMUNERATION

	2018 £	2017 £
Fees payable to the Society's auditor and its associates for the audit of the Society's annual financial statements	<u>3,410</u>	<u>3,300</u>
Fees payable to the Society's auditor and its associates in respect of all other services	<u>2,110</u>	<u>2,040</u>

10. STAFF COSTS AND BOARD AND KEY MANAGEMENT PERSONNEL REMUNERATION

The average number of employees, including members of the executive team, calculated on a full time equivalent basis was 35 employees (2017 - 36). The average headcount was 64 (2017 - 64).

There are no employees who received more than £60,000 remuneration.

The Chief Executive is an ordinary member of the Society's defined contribution pension scheme.

The total remuneration (including employers pension and national insurance contributions) for key management personnel amounted to £185,858 (2017 - £174,713).

The highest paid director, as defined in the Accounting Direction 2015, received £45,497 (2017 - £44,604) remuneration (excluding pension contributions). No other directors received remuneration during the year.

During the year, no remuneration was paid to Trustees.

Expenses paid to Trustees of the Society amounted to £Nil (2017 - £Nil).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

11. TANGIBLE FIXED ASSETS

	Social housing property £	Motor vehicles £	Fixtures and fittings £	Total £
COST				
At 1 October 2017	10,037,893	13,219	331,252	10,382,364
Additions	24,247	23,156	23,719	71,122
Disposals	-	(13,219)	-	(13,219)
At 30 September 2018	10,062,140	23,156	354,971	10,440,267
DEPRECIATION				
At 1 October 2017	1,440,902	11,675	221,690	1,674,267
Charge for the year on owned assets	189,303	1,988	24,092	215,383
Disposals	-	(11,675)	-	(11,675)
At 30 September 2018	1,630,205	1,988	245,782	1,877,975
NET BOOK VALUE				
At 30 September 2018	8,431,935	21,168	109,189	8,562,292
At 30 September 2017	8,596,991	1,544	109,562	8,708,097

The net book value of properties used to secure the loans detailed in note 15 was £2,121,353 (2017: £2,161,386).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

12. DEBTORS

	2018 £	2017 £
Trade debtors	4,470	83
Other debtors	17,997	7,479
Prepayments and accrued income	21,262	23,979
	<u>43,729</u>	<u>31,541</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Bank loans	23,595	23,595
Mortgage loan	70	70
Trade creditors	36,230	65,264
Other tax and social security	15,587	13,181
Other creditors	10,029	8,186
Accruals	48,753	41,004
Accruals - Property development and refurbishment	36,250	36,250
	<u>170,514</u>	<u>187,550</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £	2017 £
Bank loans and overdrafts	153,371	176,966
Mortgage loan	17,249	17,325
Deferred grant income	3,247,616	3,318,306
	<u>3,418,236</u>	<u>3,512,597</u>

	2018 £	2017 £
Deferred grant income		
Balance at 1 October	3,318,306	3,287,496
Grants received	-	101,500
Amortisation	(70,690)	(70,690)
Balance at 30 September	<u>3,247,616</u>	<u>3,318,306</u>

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NOTES TO THE FINANCIAL STATEMENTS
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15. LOANS

Analysis of the maturity of loans is given below:

	2018 £	2017 £
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans	23,595	23,595
Other loans	70	70
	<u>23,665</u>	<u>23,665</u>
AMOUNTS FALLING DUE 1-2 YEARS		
Bank loans	23,595	23,595
Other loans	70	70
	<u>23,665</u>	<u>23,665</u>
AMOUNTS FALLING DUE 2-5 YEARS		
Bank loans	70,785	70,785
Other loans	210	210
	<u>70,995</u>	<u>70,995</u>
AMOUNTS FALLING DUE AFTER MORE THAN 5 YEARS		
Bank loans	58,991	82,586
Other loans	16,969	17,045
	<u>75,960</u>	<u>99,631</u>
	<u><u>194,285</u></u>	<u><u>217,956</u></u>

Secured loans

The Mortgage Loan and the Bank Loan are secured by charges on certain of the Society's freehold land and buildings.

The Mortgage Loan is repayable in instalments up to 31 August 2053, with interest at 8.75% per annum. The amount outstanding at 30 September 2018 was £17,319 (2017: £17,395). The lender has charges over the property at 43 Westbury Road and land at Home Farm Way, Bristol.

A Treasury Loan was granted by Barclays Bank for a 25 year term from February 2002, with interest charged at 1.5% above LIBOR. The amount outstanding at 30 September 2018 was £176,966 (2017: £200,561). Barclays Bank has charges over properties 43, 45, 47 and 49 Westbury Road, Bristol.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

16. FINANCIAL INSTRUMENTS

	2018 £	2017 £
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	<u>541,910</u>	<u>428,762</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	<u>(315,518)</u>	<u>(360,474)</u>

Financial assets measured at at amortised cost comprise trade debtors, other debtors and cash.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and loans.

17. RESERVES

Other reserves

The Income and Expenditure reserve includes all current and prior period retained surpluses and deficits.

18. COMPANY STATUS

The Society is a company limited by guarantee. The liability of each of the members is limited to £1. At the year end there were 6 members (2017: 6 members).

19. CONTINGENT ASSETS

During the year ended 30 September 2015 the Society received a transfer of the benefit of a loan of £60,000 made to another Abbeyfield society. As the loan is only repayable in the unlikely event of that society selling its property and not reinvesting the funds, no income has been recognised in relation to this and no debtor is carried on the Statement of Financial Position.

20. PENSIONS AND OTHER POST-RETIREMENT BENEFITS

The Society operates a defined contribution pension plan for its employees. The amount recognised as an expense in the period was £26,234 (2017: £18,987). Outstanding contributions at the year end comprised £3,920 (2017: £2,635).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2018

21. COMMITMENTS UNDER OPERATING LEASES

At 30 September 2018 the Society had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than one year	2,635	15,010
Later than one year and not later than five years	5,271	7,906
	<u>7,906</u>	<u>22,916</u>

22. RELATED PARTY TRANSACTIONS

Clifton Rentals Limited and Complete Property Solutions Bristol Ltd (CPSBL) are companies wholly owned by Mrs K J Still and Mr C G Still, who are the daughter and son-in-law of Mr M Innes, a Trustee of the Society.

Clifton Rentals Limited leases part of the Society's premises and was charged rent of £4,800 (2017: £4,800) by the Society during the year.

During the year CPSBL charged the Society £7,200 for management of maintenance of its properties (2017: £4,190). At the year end the Society owed CPSBL £1,500 (2017: £Nil).

The Trustees consider the transactions to be competitive and the position is market tested on a regular basis.

23. CONTINGENT LIABILITY

The Society provides supported housing with assistance on-call 24 hours a day at each house. Over recent months HMRC has been challenging charities over the working status of staff sleeping on-site during the night. HMRC contends that in some cases such staff are working, although asleep, and should therefore receive the minimum wage throughout the hours of sleep. This has led to the recent case against Mencap which HMRC won, although this was taken to the Court of Appeal in 2018 with the decision being reversed. The Government is also exploring options to minimise any impact upon the sector.

The trustees have considered this issue as it applies to the Society's own particular circumstances and have taken legal advice on the matter. Currently, the situation is being monitored and will be re-assessed once a further appeal to the Supreme Court is decided.

Given the uncertainties in both whether any liability for back pay exists and how much any such liability would be, no provision for this has been made in these financial statements and the potential financial effect has not been quantified at this time.