

Company Registration No. 00784499 (England and Wales)

Charity No. 233269

**THE ABBEYFIELD HOYLAKES & WEST KIRBY SOCIETY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

CHARITY COMMISSION  
FIRST CONTACT

25 SEP 2019

ACCOUNTS  
RECEIVED

# THE ABBEYFIELD HOYLAKES & WEST KIRBY SOCIETY LIMITED

## COMPANY INFORMATION

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**Directors**

Mrs L M Guratsky	
Mr N J Farmer (Chairman from April 2019)	(Appointed 1 November 2018)
Mrs L Hitchcox	(Appointed 21 August 2019)
Ms J Hyndman	
Ms S Leech	(Appointed 4 December 2018)
Mr C Stringer	
Mrs A M Swift	

**Secretary** Mr P G Fletcher

**Company number** 00784499

**Charity number** 233269

**Registered office**

Seaford House  
17 Darmonds Green  
West Kirby  
Wirral  
CH48 5DT

**Auditor**

Lonsdale & Marsh  
7th Floor  
Cotton House  
Old Hall Street  
Liverpool  
L3 9TX

**Bankers**

Barclays Bank plc  
22 Grange Road  
West Kirby  
Wirral  
CH48 4HE

**Solicitors**

Oliver & Co  
Douglas House  
117 Foregate Street  
Chester  
CH1 1LE

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# THE ABBEYFIELD HOYLAKES & WEST KIRBY SOCIETY LIMITED

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# THE ABBEYFIELD HOYLAKES & WEST KIRBY SOCIETY LIMITED

## REPORT OF THE EXECUTIVE COMMITTEE

### FOR THE YEAR ENDED 31 MARCH 2019

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The Executive Committee, the members of which are also directors for the purposes of company law, submits its 55th annual report together with the audited financial statements for the year ended 31 March 2019.

#### **Objectives and activities for public benefit**

The principal activity of the Society, as determined by its memorandum of association, is to provide accommodation, care and companionship for lonely frail elderly people in accordance with the aims and principles of The Abbeyfield Society Limited. This activity falls wholly within hostel housing activities as defined in the Housing and Regeneration Act 2008. There has been no change in the activities of the Society during the year.

The Executive Committee refer to the Charity Commission's general guidance on public benefit when reviewing the Society's aims and objectives and in planning future activities. In particular the Committee consider how planned activities will contribute to the aims and objectives they have set and how these will benefit the recipients in accordance with the aims and principles of the Society.

#### **Status**

The Society is a company limited by guarantee (number 00784499), having no share capital, and with solely charitable objectives and is registered as a charity (number 233269).

It is registered with Homes England (formerly the Homes and Communities Agency) as a registered provider of social housing (number H2854).

The Society is governed by a Memorandum and Articles of Association and was incorporated on 13th December 1963.

#### **Organisation**

The Articles of Association govern the appointment of the executive committee, which is charged with the management of the Society in furtherance of its principal activity, fund management and financial affairs generally. The executive committee shall consist of not less than three and not more than twenty six members. The executive committee has the power to appoint executive committee members to fill a casual vacancy. One third of the executive committee members must retire by rotation each year but are eligible for re-election. There are sub-committees relating to Operations and Finance and at least one member of the executive committee is a member of each sub-committee. Sub-committees report to the executive committee where decisions are made

The Society is a member of The Abbeyfield Society to which it pays an annual affiliation fee.

#### **Executive committee**

The members who held office during the year and up to the date of signature of the financial statements were as follows:

Mr A G Aldwinckle	(Resigned 9 August 2018)
Mrs L M Guratsky	
Mr N J Farmer (Chairman from April 2019)	(Appointed 1 November 2018)
Mrs L Hitchcox	(Appointed 21 August 2019)
Ms J Hyndman	
Ms S Leech	(Appointed 4 December 2018)
Mr C Stringer	
Mrs A M Swift	

In accordance with the Society's Articles of Association Mr C Stringer, Mrs S Leech and Mr N J Farmer retire by rotation. All members, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

# THE ABBEYFIELD HOYLAKES & WEST KIRBY SOCIETY LIMITED

## REPORT OF THE EXECUTIVE COMMITTEE (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2019

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#### **Review of activities and achievements during the year**

It has been another successful year for the Society having achieved significant progress against our strategic objectives.

In August 2018 our Chairman Anthony Aldwinckle resigned to pursue other business interests. The Trustees wish to record their appreciation for Tony's unflagging commitment since he became a Trustee in 2013.

We also thank our Trustees for their unwavering time and effort. Particular thanks go to Jane Hyndman who acted as Chair whilst new Trustees were recruited and a new Chair of the Society was appointed.

In October 2018 Nick Farmer was appointed as a Trustee and became Chair of the Society in April 2019. He brings an extensive range of knowledge and experience of the care sector.

In December 2018 Sue Leech joined as a Trustee and was appointed Chair of our Finance Committee. Sue has significant financial management skills experience following a long career in retail finance and her knowledge and experience will be invaluable in supporting the Society moving forward.

We will be making further appointments to the Trustee board later in 2019.

#### **Financial results**

The Society has achieved consistent occupancy against a backdrop of significant levels of competition. Our financial performance to March 2019 returned a surplus of just over £52,000, including donations of £82,606. During the year a valuation was undertaken of one of the properties which resulted in the market value being £91,000 less than cost. The diminution in value has been provided for in these accounts and is reflected in the surplus stated above.

The level of investment required to refurbish and upgrade the home environment remains considerable and is necessary to ensure that the Society remains competitive in the long-term.

During the year £12,203 was spent on refurbishing rooms in Lear House. The long awaited project to develop the garden commenced with the installation of a lift to allow residents better access to the garden from the lounge. The project has been significantly helped by a donation of £55,000 from the Trustees of the Abbeyfield Oxtown & Prenton Society. The Trustees are very appreciative of this donation for which we extend our gratitude and thanks.

This year, for the first time, we are required, as a Registered Social Landlord, to provide figures in the accounts for the Value for Money Standard for Housing Associations (this information can be found on page 5 of the financial statements).

Whilst there is no doubt that the care sector continues to be challenging and is desperately in need of a funding solution from central government, the Trustees believe the Society remains in a healthy position. Significant credit for this has to go to Ailsa Wright our General Manager and her support team, Lesley Saunders (Care Manager) and Marcia Girven and Sue Evans her finance and administration support team.

In November 2017 the Society won a two-year contract with Wirral Social Services to provide respite care to local residents in Elliot House. Whilst this contract has been successfully managed and has received praise from both respite residents and the council, there is no confirmation at this time that Social Services will extend the contract although a provision for a 12-month extension is allowed for in the agreement.

#### **Quality improvement**

Our main focus is on the care and support of our residents. Our annual residents' survey recorded a score of 100% for quality of life in Lear House with both the residents and relatives. This score reflects the work of all our staff and volunteers and also the wide and very varied entertainments programme organised by our Activities co-ordinator Helen Nile.

# THE ABBEYFIELD HOYLAKES & WEST KIRBY SOCIETY LIMITED

## REPORT OF THE EXECUTIVE COMMITTEE (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2019**

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### **People**

As in previous years, our success and our ability to fulfil our future objectives are only possible through the commitment of our employees.

We have a very supportive and loyal team and the Trustees wish to record their gratitude to all the Society's staff for their continuing hard work and dedication, who are tireless in their efforts to offer exceptional levels of care and support to our residents.

### **Reserves and investment policies**

The Society has always used its surplus free reserves - being funds not comprised of fixed assets or other designated reserves - to help fund the cost of improvements to the services and support provided to residents including helping to fund, in the past, the implementation and completion of housing property projects.

The aim of the Society is to have day to day running costs which will be funded by amounts received in respect of residents' charges.

The Executive Committee continues to review its reserves policy and has concluded that a level of free reserves of £395,000 (2018 - £320,000) is appropriate. This amount equates to approximately four months of normal expenditure requirements. The Committee considers that the level of free reserves is satisfactory.

### **Internal financial control**

The Executive Committee acknowledges that it is responsible for the Society's system of internal financial control, which can only provide reasonable and not absolute assurance against material misstatement or loss.

All expenditure is controlled by the Society Treasurer and General Manager with the exception of specialist health care supplies which are authorised by the Care Manager. All other day to day expenditure is signed off by the Secretary. The Society Treasurer consolidates all the expenditures into monthly and quarterly reports to produce internal management information. The management information and underlying data are reviewed regularly by the Executive Committee at their meetings and compared to budgets prepared at the beginning of each financial year.

Before the end of each year the management information is utilised to provide updated projected figures for the year and also to provide projected figures for the following year. These projections are prepared by management and reviewed by the Executive Committee. The Executive Committee monitors the actual expenditure and compares this to the budgeted expenditure. All major items of expenditure, whether or not anticipated by the Society's budgets, are approved by the Executive Committee and dealt with by the Society's Head Office. The Executive Committee meets at least quarterly to manage the running of the Society and to ensure that we pursue developments in our services which will continue to meet the needs of older people, both now and in the future. The Executive Committee reviews its procedures on an annual basis.

### **Risk management**

The Executive Committee has overall responsibility for ensuring that the Society has appropriate systems of controls, financial and otherwise. The systems of financial controls are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include an annual budget, approved by the Executive Committee, monthly reviews of actual results and variances from budget, and delegation of authority and segregation of duties as far as possible given staffing levels.

The Executive Committee has assessed the major risks to which the Society is exposed, in particular those related to the operations, finances and strategies of the Society, and is satisfied that systems are in place to mitigate exposure to the major risks.

# THE ABBEYFIELD HOYLAKES & WEST KIRBY SOCIETY LIMITED

## REPORT OF THE EXECUTIVE COMMITTEE (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

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### **Statement of Executive Committee responsibilities**

The Executive Committee are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Executive Committee to prepare financial statements for each financial year. Under that law the Executive Committee 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 Executive Committee 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 the surplus or deficit of the Society for that period. In preparing these financial statements, the Executive Committee are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Executive Committee 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 and the Housing and Regeneration Act 2008. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditor**

In accordance with the Society's articles, a resolution proposing that Lonsdale & Marsh be reappointed as auditor of the Society will be put at a General Meeting.

### **Statement of disclosure to auditor**

So far as each person who was a Trustee at the date of approving this report is aware, there is no relevant audit information of which the Society's auditor is unaware. Additionally, the Trustees individually have taken all the necessary steps that they ought to have taken as Trustees in order to make themselves aware of all relevant audit information and to establish that the Society's auditor is aware of that information.

# THE ABBEYFIELD HOYLAKES & WEST KIRBY SOCIETY LIMITED

## REPORT OF THE EXECUTIVE COMMITTEE (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2019**

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### Value for money metrics

In April 2018 the Regulator of Social Housing introduced a new Value for Money Standard. The Standard introduced a requirement for providers to publish a series of common metrics with which to measure economy, efficiency and effectiveness performance.

The Society only has one property which provides social housing and is therefore able to calculate the metrics in accordance with the guidance for small providers. Not all the metrics are applicable to the Society but it is a requirement in the spirit of transparency and accountability to report on zero balances.

Metric 1: Reinvestment %

Metric 2a: New Supply (Social housing units) %

Metric 2b: New Supply (Non-social Housing units)%

The Society did not undertake development or purchase of new properties. The above metrics are therefore zero.

Metric 3: Gearing %

Metric 4: EBITDA MRS interest cover %

The Society did not pay any loan interest during the year and did not have any loans outstanding at anytime during the year. Therefore metrics 3 and 4 are not applicable.

Metric 5: Headline Social Housing Costs	£21,712
Metric 6a: Operating Margin (social housing lettings)	(70.89)%
Metric 6b: Operating margin (Overall)	9.64%
Metric 7: Return of Capital Employed	.45%

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the board



Mr P G Fletcher

**Secretary**

3 September 2019



# THE ABBEYFIELD HOYLAKES & WEST KIRBY SOCIETY LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF THE ABBEYFIELD HOYLAKES & WEST KIRBY SOCIETY LIMITED

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#### Opinion

We have audited the financial statements of The Abbeyfield Hoylake & West Kirby Society Limited (the 'company') for the year ended 31 March 2019 which comprise the statement of income and retained earnings, the balance sheet 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 FRS 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 company's affairs as at 31 March 2019 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### 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 company 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 the provisions available for small entities, in the circumstances set out in note 14 to the financial statements, 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 Executive Committee are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

- the information given in the Executive Committee's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Executive Committee's report has been prepared in accordance with applicable legal requirements.

# THE ABBEYFIELD HOYLAKES & WEST KIRBY SOCIETY LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF THE ABBEYFIELD HOYLAKES & WEST KIRBY SOCIETY LIMITED

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Executive Committee's report.

We have nothing to report in respect of the following matters where 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 Executive Committee were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Executive Committee's report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

#### **Responsibilities of trustees**

As explained more fully in the Executive Committee's responsibilities statement, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the company 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# **THE ABBEYFIELD HOYLAKE & WEST KIRBY SOCIETY LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF THE ABBEYFIELD HOYLAKE & WEST KIRBY SOCIETY LIMITED**

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#### **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. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Elaine Frances McElroy (Senior Statutory Auditor)**  
**for and on behalf of Lonsdale & Marsh**

6 September 2019

**Chartered Accountants**  
**Statutory Auditor**

7th Floor  
Cotton House  
Old Hall Street  
Liverpool  
L3 9TX

# THE ABBEYFIELD HOYLAKES & WEST KIRBY SOCIETY LIMITED

## STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
<b>Income</b>		1,107,259	935,805
House operating costs		(876,972)	(793,272)
Administrative expenses		(305,873)	(165,896)
Other operating income		91,381	11,218
<b>Operating surplus/(deficit)</b>	<b>2</b>	<b>15,795</b>	<b>(12,145)</b>
Interest receivable and similar income		11,602	18,982
Interest payable and similar expenses		(14)	-
Increase/(decrease) in fair value of investments		24,996	(15,906)
<b>Surplus/(deficit) before taxation</b>		<b>52,379</b>	<b>(9,069)</b>
Tax on surplus/(deficit)		-	-
<b>Surplus/(deficit) for the financial year</b>		<b>52,379</b>	<b>(9,069)</b>
Retained earnings brought forward		3,242,426	3,251,495
Retained earnings carried forward		3,294,805	3,242,426

# THE ABBEYFIELD HOYLAKES & WEST KIRBY SOCIETY LIMITED

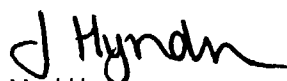
## BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	4	2,663,233		2,682,125	
Investments	5	447,266		489,702	
		<u>3,110,499</u>		<u>3,171,827</u>	
<b>Current assets</b>					
Debtors	6	42,453		36,007	
Cash at bank and in hand		359,628		261,623	
		<u>402,081</u>		<u>297,630</u>	
<b>Creditors: amounts falling due within one year</b>	7	(65,721)		(72,632)	
<b>Net current assets</b>		<u>336,360</u>		<u>224,998</u>	
<b>Total assets less current liabilities</b>		<u>3,446,859</u>		<u>3,396,825</u>	
<b>Creditors: amounts falling due after more than one year</b>	8	(152,054)		(154,399)	
<b>Net assets</b>		<u><u>3,294,805</u></u>		<u><u>3,242,426</u></u>	
<b>Reserves</b>					
Income and expenditure account		<u><u>3,294,805</u></u>		<u><u>3,242,426</u></u>	

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

The financial statements were approved by the Executive Committee and authorised for issue on 3 September 2019 and are signed on its behalf by:



Ms J Hyndman  
Director



Ms S Leech  
Director

Company Registration No. 00784499

# THE ABBEYFIELD HOYLAKES & WEST KIRBY SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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### 1 Accounting policies

#### Company information

The Abbeyfield Hoylakes & West Kirby Society Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is Seaford House, 17 Darmonds Green, West Kirby, Wirral, CH48 5DT.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Turnover

The Society's turnover principally comprises residents' charges receivable from houses, donations received from third parties and investment income.

#### 1.3 Income and expenditure

Income and expenses are included in the financial statements as they become receivable or due.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings	100 years but see below
Land and buildings Leasehold	all land - nil
Fixtures, fittings & equipment	20% and 30% reducing balance

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

Financial Reporting Standard 102 states that all assets must be depreciated. The depreciable amount of an asset is calculated as cost less residual value. Under FRS 102 residual values are based on the price which an entity would currently obtain if it were to dispose of the asset less the estimated costs of disposal. The Committee have reviewed the policy on depreciation and consider that the current residual value of the properties is in excess of the costs and as such a provision for depreciation is not required.

# THE ABBEYFIELD HOYLAKES & WEST KIRBY SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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### 1 Accounting policies

(Continued)

Housing properties acquired (including land) on the open market are stated at cost less depreciation and impairment where applicable.

The cost of housing freehold land and property represents their purchase price and any directly attributable costs of acquisition. All invoices and architect's certificates relating to capital expenditure are included in the financial statements at the gross value provided that the expenditure incurred on the architect's certificates was completed by the end of the accounting year.

Directly attributable costs of construction includes capitalised interest calculated, on a proportional basis, using finance costs on borrowing which has been drawn in order to finance the relevant construction or acquisition.

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 Income.

#### 1.5 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# THE ABBEYFIELD HOYLAKES & WEST KIRBY SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 1 Accounting policies

(Continued)

#### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, less any impairment.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### 1.9 Taxation

The company is exempt from corporation tax, it being a company not carrying on a business for the purposes of making a profit.

#### 1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

If material the cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.11 Retirement benefits

The Society operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable. The assets of the scheme are held separately from those of the Society in an independently administered fund.

#### 1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.



# THE ABBEYFIELD HOYLAKES & WEST KIRBY SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 1 Accounting policies

(Continued)

#### 1.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

#### 1.14 Monetary donations

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.

#### 1.15 Cash flows

The Society has taken advantage of the disclosure exemption in FRS 102 not to prepare a cash flow statement.

### 2 Operating surplus/(deficit)

	2019 £	2018 £
Operating surplus/(deficit) for the year is stated after charging/(crediting):		
Government grants	(2,345)	(2,345)
Fees payable to the company's auditor for the audit of the company's financial statements	6,000	6,960
Depreciation of owned tangible fixed assets	5,422	6,864
Impairment of owned tangible fixed assets	91,032	-
Loss on disposal of tangible fixed assets	2,676	-
Operating lease charges	7,039	5,245

### 3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 48 (2018 - 47).

	2019 Number	2018 Number
Housing, support and care	38	38
Administration	10	9
	<u>48</u>	<u>47</u>

# THE ABBEYFIELD HOYLAKES & WEST KIRBY SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 3 Employees

(Continued)

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	660,676	591,194
Social security costs	47,581	38,108
Pension costs	7,454	2,569
	<u>715,711</u>	<u>631,871</u>
Redundancy payments made or committed	<u>6,096</u>	<u>-</u>

### 4 Tangible fixed assets

	Land and buildings £	Plant and machinery etc £	Total £
<b>Cost</b>			
At 1 April 2018	2,748,183	173,802	2,921,985
Additions	80,238	-	80,238
Disposals	-	(36,236)	(36,236)
Revaluation	(183,433)	-	(183,433)
At 31 March 2019	<u>2,644,988</u>	<u>137,566</u>	<u>2,782,554</u>
<b>Depreciation and impairment</b>			
At 1 April 2018	92,401	147,459	239,860
Depreciation charged in the year	-	5,422	5,422
Impairment losses	(92,401)	-	(92,401)
Eliminated in respect of disposals	-	(33,560)	(33,560)
At 31 March 2019	<u>-</u>	<u>119,321</u>	<u>119,321</u>
<b>Carrying amount</b>			
At 31 March 2019	<u>2,644,988</u>	<u>18,245</u>	<u>2,663,233</u>
At 31 March 2018	<u>2,655,782</u>	<u>26,343</u>	<u>2,682,125</u>

During the year an independent valuation was performed on certain properties owned by the Society. The calculated market value was £91,032 less than the deemed cost included in the financial statements. Consequently the excess of cost over market value has been recognised in the profit and loss account.

# THE ABBEYFIELD HOYLAKES & WEST KIRBY SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 5 Fixed asset investments

	2019 £	2018 £
Investments	447,266	489,702

#### Fixed asset investments revalued

The listed investments are included in the financial statements at market value. The investment portfolio is managed by Rathbones Investment Management. The portfolio has been constructed in accordance with the Trustees' instructions regarding investment objectives and risk level. At the year end the cost of the investments was £445,653 (2018 £484,161).

#### Movements in fixed asset investments

	Investments other than loans £
<b>Cost or valuation</b>	
At 1 April 2018	489,702
Additions	60,404
Valuation changes	1,559
Disposals	(104,399)
At 31 March 2019	447,266
<b>Carrying amount</b>	
At 31 March 2019	447,266
At 31 March 2018	489,702

### 6 Debtors

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Rents outstanding	3,199	2,005
Other debtors	39,254	34,002
	42,453	36,007

# THE ABBEYFIELD HOYLAKES & WEST KIRBY SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

### 7 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	35,555	45,525
Taxation and social security	11,582	12,909
Other creditors	18,584	14,198
	<u>65,721</u>	<u>72,632</u>

### 8 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Other creditors	<u>152,054</u>	<u>154,399</u>

In accordance with the requirements of FRS 102 grants received from Homes England (previously the Homes and Communities Agency) are held within creditors as deferred grants and amortised over the useful life of the properties.

### 9 Housing stock

	2019	2018
Housing accommodation - number of bed spaces		
Units under development	<u>-</u>	<u>-</u>
Units in management	<u>43</u>	<u>43</u>

### 10 Members' liability

The Society is a company limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

The members of the Society are the Executive Committee, the sub-committees and the house committees. The total number of members at 31 March 2019 was 9 (2018 - 9)

# THE ABBEYFIELD HOYLAKE & WEST KIRBY SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

### 11 Payments to members, committee members, officers etc

During the year a Trustee and Chairman of the Executive Committee, Mr A G Aldwinckle (resigned 9 August 2018), received £500 (2018 - £6,000) for the provision of management and training consultancy with regard to health and safety and human resources.

Mr C Stringer was appointed a Trustee on 23 May 2017. During the year he received £8,541 (2018 - £3,961) for the provision of services in his capacity as a chartered surveyor.

	2019 £	2018 £
Fees, remuneration or expenses payable to:		
Members of the Society who were neither members of the Executive Committee nor employees of the Society	-	-
Members of the Executive Committee of the Society who were neither officers nor employees of the Society	-	-
Officers of the Society who were not employees	-	-

### 12 Financial commitments, guarantees and contingent liabilities

During the year ended 31 March 2014, in view of the conditions imposed by The Abbeyfield Society for their contribution towards funding a planned dementia project, the Committee decided that it was prudent to write off all expenditure incurred on the project, after deducting a grant of £50,000 received from the Garfield Weston Foundation. The Foundation were informed of the decision.

### 13 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2019 £	2018 £
23,547	27,650

### 14 Non-audit services provided by auditor

In common with many businesses of our size and nature we use our auditor to assist with the preparation of the financial statements.

# THE ABBEYFIELD HOYLAKES & WEST KIRBY SOCIETY LIMITED

## DETAILED INCOME AND EXPENDITURE ACCOUNT UNAUDITED

FOR THE YEAR ENDED 31 MARCH 2019

		2019	2018
	£	£	£
<b>Income</b>			
Residents' fees		863,245	818,082
Respite fees		33,393	49,647
WBC contract - Elliot House		210,621	68,076
		<u>1,107,259</u>	<u>935,805</u>
<b>Other operating income</b>			
Rent receivable	3,430		3,276
Donations	82,606		2,597
Government grants receivable and released	2,345		2,345
Employment allowance	3,000		3,000
		<u>91,381</u>	<u>11,218</u>
<b>House operating expenses</b>			
Wages and salaries	581,471	509,425	
Social security costs	40,271	31,348	
Staff training	4,555	3,009	
Staff pension costs defined contribution	7,454	2,569	
Agency caring services and nursing	-	1,647	
Food	53,057	49,067	
Water rates and council tax	15,516	16,462	
Cleaning	20,374	18,503	
Gardening costs	5,919	5,936	
Power, light and heat	42,728	36,463	
Property repairs and maintenance	57,261	70,750	
Lear House refurbishments	12,203	15,326	
Insurance	12,439	12,238	
Telecommunications	3,936	3,778	
Residents' entertaining	4,892	3,251	
Sundry expenses	2,117	2,933	
CQC subscription	5,147	4,368	
Depreciation on household furniture and equipment	4,956	6,199	
Loss on obsolete tangible assets	2,676	-	
		<u>(876,972)</u>	<u>(793,272)</u>
Balance carried forward		321,668	153,751

# THE ABBEYFIELD HOYLAKES & WEST KIRBY SOCIETY LIMITED

## DETAILED INCOME AND EXPENDITURE ACCOUNT UNAUDITED(CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

	£	2019 £	£	2018 £
Balance brought forward		321,668		153,751
<b>Administrative expenses</b>				
Wages and salaries	79,205		81,769	
Social security costs	7,310		6,760	
Redundancy costs - staff	6,096		-	
Health insurance	2,078		2,337	
Rent re operating leases	7,039		5,245	
Computer running costs	6,342		7,689	
Travelling expenses	1,447		1,038	
National affiliation fee	12,450		10,189	
Legal and professional - fire assessments	-		2,580	
Legal and professional - Ellis Whittam employment	3,008		-	
Legal and professional - property valuation	480		-	
Legal and professional - A G Aldwinckle	500		6,000	
Legal and professional - Acton health & safety	8,456		2,000	
Consultancy - Stringer Surveying	8,541		5,657	
Rathbones management fees	4,496		4,455	
Accountancy	891		1,920	
Audit fees	6,000		6,960	
Bank charges	219		1,073	
Bad and doubtful debts	-		2,123	
Contributions towards residents' fees	44,501		9,185	
Printing and stationery	3,296		3,014	
Advertising	9,535		1,684	
Telecommunications	588		330	
Sundry expenses	1,897		3,223	
Depreciation	466		665	
Freehold property devaluation	91,032		-	
		(305,873)		(165,896)
<b>Operating surplus/(deficit)</b>		15,795		(12,145)
<b>Investment revenues</b>				
Bank interest received	1,078		1,332	
Dividends from investments measured at fair value	10,524		17,650	
		11,602		18,982
Balance carried forward		27,397		6,837

# THE ABBEYFIELD HOYLAKES & WEST KIRBY SOCIETY LIMITED

## DETAILED INCOME AND EXPENDITURE ACCOUNT UNAUDITED(CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

	2019	2018
	£	£
Balance brought forward	27,397	6,837
<b>Interest payable and similar expenses</b>		
Interest payable - not financial liabilities	(14)	-
<b>Other gains and losses</b>		
Increase/(decrease) in value of investments measured at fair value	1,559	(6,695)
Profit/(Loss) on disposal of investments measured at fair value	23,437	(9,211)
	<u>24,996</u>	<u>(15,906)</u>
<b>Surplus/(deficit) for the year</b>	<u><u>52,379</u></u>	<u><u>(9,069)</u></u>