

**THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 JANUARY 2017**

Company Number: 00702983  
Charity Number: 222742  
Homes & Communities Agency Number: H0560



# THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

## ASSOCIATION DETAILS

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### Registered office

40A The Grove  
Gosforth  
Newcastle upon Tyne  
NE3 1NH

### Vice-President

The Rt. Revd. Christine Hardman, Bishop of Newcastle

### Executive Committee

Mrs V R Wilkinson (Chairperson)  
Mrs C L Eke  
Mr A W Kay  
Mr B Duell  
Mrs C Tweedie (Resigned 23 March 2017)  
Mrs M Anderson (Appointed 18 January 2017)

### Chief Executive Officer

Mr J Connelly

### Key Management Personnel

The board consider the following to be KMP of the society and have delegated the day-to-day management responsibilities:

Mr J Connelly – CEO  
Mrs K Brown – Manager, The Grove Care Home  
Mrs C A Major – Manager, Castle Farm Care Home  
Mrs J Hornsby – Manager, Linden Road Sheltered House  
Mrs C Logue – Deputy Manager, The Grove Care Home  
Mrs P Graham – Deputy Manager, Castle Farm Care Home  
Mr W K Parrish – Administrator  
Mrs P Johnston – Finance Officer  
Mrs L Lawson – Payroll Officer  
Mrs C Murphy Morgan – Volunteer Co-ordinator

### Company Secretary

Mr W K Parrish

### Auditor

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

### Bankers

Barclays Bank plc  
59 High Street  
Gosforth  
Newcastle upon Tyne  
NE3 4AA

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# THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

## ASSOCIATION DETAILS

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### Registration

Company Number	00702983
Charity Number	222742
Homes & Communities Agency Number	H0560

### House Committees

#### REGISTERED CARE HOMES:

##### THE GROVE:

Representative	Mrs P Porter
	Mrs A Smith
	Miss H M Tulloh (Resigned October 2016)
	Mrs A Wake

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

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

Manager	Mrs C A Major
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Administrative Secretary	Mr W K Parrish
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Finance Officer	Mrs P Johnston
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#### SUPPORTED SHELTERED HOUSE

##### LINDEN ROAD:

Mrs M Anderson  
Mrs E Inglis  
Mrs A Archibald  
Mrs A Young  
Mrs D Matthews

House Manager	Mrs J Hornsby
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Finance Officer	Mrs P Johnston
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# **THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED**

## **REPORT OF THE EXECUTIVE COMMITTEE**

### **FOR THE YEAR ENDED 31 JANUARY 2017**

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The Executive Committee present their report and the audited financial statements for the year ended 31 January 2017.

#### **Principal Activity**

The principal activity of the Society is to provide accommodation, care and companionship for lonely or frail elderly people in accordance with the aims and principles of The Abbeyfield Society Limited.

#### **Members of the Executive Committee**

The Members of the Executive Committee during the year ended 31 January 2017 were:-

Mrs V R Wilkinson (Chairperson)

Mrs C L Eke

Mr A W Kay

Mr B Duell

Mrs C Tweedie (resigned 23 March 2017)

Mrs M Anderson (appointed 18 January 2017)

Applications for membership of the Executive Committee are sought by direct correspondence to individuals with relevant experience and skills. Members serve for a three year period and may be re-elected thereafter. The Executive Committee meets six times per year.

#### **Registration of the Association**

The Abbeyfield Newcastle upon Tyne Society Limited is a company limited by guarantee, a registered provider of social housing and a registered charity governed by its memorandum and articles of association. The Society is registered under the Companies Act 2006 and the Housing and Regeneration Act 2008.

#### **Financial Statements and state of the Association's affairs**

The results for the year are shown in the Income and Expenditure Account on page 11.

#### **Achievements & Performance**

It is with deep regret that we start on an extremely sad note. Last year saw the passing of a true champion of The Abbeyfield Newcastle Society Ltd. Mr John Kilner. It would be inappropriate not to recognise his contribution to Abbeyfield which was very significant. John was a Volunteer Trustee and Chair of the Executive Committee from 2003 until he stood down in 2014 although remaining an active member of the Finance & Audit Committee. Without doubt his most significant achievement was between 2013-14 when under his Governance the society won a Quantum Meruit claim which was ground-breaking not just for the society but for industry case law itself. His chairmanship laid the foundation to where the Society is today and we are proud to continue his legacy.

The financial year recently ended has once again shown a positive result in creating a financial surplus which supports our current financial position. This further strengthens our position in being a viable partner with regards to our longer term development plans.

Following on from our Strategic Plan, we have developed a potential scheme to provide Independent living with care after considerable research into this growing market. We have been working closely with external partners to cover all aspects of Design, Feasibility, Funding and Operational Management. We are in advanced negotiations with regards to funding opportunities for this scheme, to be in a position to gain full Trustee approval later in 2017.

This opportunity supports our Business and Strategic Plans with a view to safeguarding the future of the Society by being able to diversify into other sectors of the current Care market, thus offering a greater variety of choice of accommodation and care services to the elderly in our region.

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# **THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED**

## **REPORT OF THE EXECUTIVE COMMITTEE**

### **FOR THE YEAR ENDED 31 JANUARY 2017**

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There needs to be a clear understanding and commitment from Trustees and senior management to ensure we are making the correct strategic decisions to safeguard our future.

Although both The Grove and Castle Farm Residential Care Homes are performing well, it is with deep regret that we have had to take the decision to close our only remaining Supported House Linden Road. The decline in demand for this type of accommodation has forced our decision but clearly highlights the need for a different approach, one which the project as discussed earlier will give us. Sale proceeds of Linden Road will enable us to provide a significant contribution to the proposed project costs as we move forward.

This year we created a Staff Liaison Committee, with a remit to meet at least 4 times per year. This approach is to facilitate forums providing two-way communication, information and consultation between the management and employees, promoting strong employee relations, co-operation and trust.

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

The focus on volunteers has continued with the appointment of a new Volunteer Co-ordinator who has recruited a number of new volunteers and has extended our external networking creating a number of new volunteer roles. This has also identified the need for a separate Activities Co-ordinator role, something which will be addressed in mid-2017. This role is to take responsibility for the development and delivery of a varied and stimulating range of social activities designed to meet the needs and improve the wellbeing of our residents with full involvement of residents, staff and volunteers.

Our website and social media continues to develop with a developing view that we may need to incorporate all of our IT and social media activities into one area so that we have consistency in our approach in connecting all these services.

In summary the operating year 2016/17 has continued our progress in improving our financial position to further our strategic ambitions. The financial performance of our 2 homes along with changing our investment portfolio management puts us in a favorable position to invest in the right project, responding to a changing market, to move us forward and maintain growth and to safeguard our future.

#### **Governance**

The Executive Committee adhere to the principal recommendations of the National Housing Federation's code of governance insofar as these are considered applicable to an organisation of this size.

The Finance & Audit Committee operates under specific terms of reference which delegate certain functions from the Executive Committee.

The Finance & Audit Committee meets six times a year. All decisions of the Finance & Audit Committee are required to be ratified by the Executive Committee. The House Committees are delegated authority from the Executive Committee for the responsibility of the day to day running of the respective Houses.

#### **Risk Management**

The major risks, to which the Society is exposed, as identified by the Executive Committee, have been reviewed and systems have been established to mitigate those risks by using the relevant Abbeyfield Standards procedures.

# THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

## REPORT OF THE EXECUTIVE COMMITTEE

### FOR THE YEAR ENDED 31 JANUARY 2017

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#### **Value for money**

As part of our ongoing strategy to ensure value for money, we have taken a number of actions to begin to deliver our plan and to meet the required Standard, embedding a 'value for money' culture throughout the Society. Getting best value from our resources is essential to ensure we can continue to deliver quality care and invest in the accommodation offered to our residents where necessary to maintain this.

Our key actions include the following:

- The development of centralised contracts to reduce overheads and to make efficient use of property budget spend
- More regular management meetings with a view to addressing performance issues earlier
- Management of staffing resources to ensure that we are consistent and more efficient in the way we operate
- Setting of a realistic budget with emphasis on fee setting, staff costs and control of vacancies
- Beginning of more partnership working with external agencies and internally with Abbeyfield and other member Societies
- Start of Strategic Business Planning making best use of resources
- Better engagement of our staff with appraisals, training and internal development

The Executive Committee are committed to ensure that value for money is considered in decision-making at all levels in order to meet and exceed the Standard. This is reinforced through the Society's culture which strives, ultimately to add value to society through the provision of quality care to all of our residents.

#### **Statement of public benefit**

The Executive Committee have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Society's aims and objectives and in planning its future activities. In particular, the Executive Committee consider how planned activities will contribute to the aims and objectives they have set.

The Executive Committee are committed to furthering the Society's objects primarily by providing high quality care and support to elderly users of the Society's facilities. It is the objective of the Executive Committee each year to maximise the public benefit of the Society in providing high quality care and support, having regard to the extent of the Society's income and reserves, the cost of facilities and the ability of residents to make payments from their own resources.

#### **Reserves policy**

The Executive Committee have taken a strategic decision to grow the Society's reserves for the purpose of supporting any future capital projects or expenditure. This has resulted in a decision to invest those funds not required immediately for operational use with a view to capital and income growth.

The resultant funds will then be earmarked to support any future projects.

#### **Financial review**

The full details and analysis of our financial performance is set out in the main body of this report. We feel that we are well placed to continue our progress during 2016/17 and beyond.

# THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

## REPORT OF THE EXECUTIVE COMMITTEE

### FOR THE YEAR ENDED 31 JANUARY 2017

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#### Key Performance Indicators

The Executive Board review our financial position at each meeting along with recommendations from the Finance & Audit Committee, after reviewing the full management accounts and the main KPI's.

As follows:

	Actual	Budget
Surplus as % of Total turnover	(0.1)	1.4
Occupancy at The Grove	97.5	95.6
Occupancy at Castle Farm	98.7	96.5
Total Staff costs as % of Total turnover	72.4	76.7
Food Costs as % of Total turnover	5.4	5.2
Light/Heat cost as % of Total turnover	4.1	4.1

Occupancy rates at both care homes have continued to increase as a result of improvements in void management.

The Society has recently revised food purchasing arrangements and the savings produced will be reflected in next year's results.

#### Internal Control Assurance

The Executive Committee has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The Executive Committee recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Society's assets and interests.

In meeting its responsibilities, the Executive Committee has adopted a risk based approach to internal control which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Society is exposed.

The process adopted by the Executive Committee in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

- Identification and evaluation of key risks  
This process is set out in the Society's risk management strategy. The Executive Committee has identified the significant strategic risks facing the Society and these are reviewed annually by the Executive Committee.
- Monitoring and Corrective Action  
The Society's risk management strategy includes a procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the Financial Statements.
- Control environment and control procedures  
The Executive Committee retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues in accordance with the relevant Abbeyfield standard.

# THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

## REPORT OF THE EXECUTIVE COMMITTEE

### FOR THE YEAR ENDED 31 JANUARY 2017

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- Information and financial reporting systems  
Financial reporting procedures cover the preparation of detailed budgets for the year ahead including forecast outturns which are reviewed on a monthly basis, as well as forecasts for subsequent years. These are reviewed and approved by the Executive Committee

The Executive Committee confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Society.

#### **Status**

The society is:

- A registered charity for tax purposes (No. 222742)
- A company limited by guarantee (No. 00702983), having no share capital and with solely charitable objectives
- Registered with the Homes and Communities Agency as a registered provider of social housing (No. H0560)

Given that the society's main activities are the provision of accommodation and that they are registered with the HCA, the Society follows the Housing SORP 2014.

#### **Statement of Executive Committee's Responsibilities**

The Companies Act 2006 and registered social housing legislation require the Executive Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Society and the surplus of the Society for that period. In preparing those financial statements, the Executive Committee are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis where it is appropriate to do so.

The Executive Committee are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Society and to enable them to ensure that the financial statements comply with the Companies Act 2006, Schedule 1 to the Housing and Regeneration Act 2008 and the Accounting Directions for Private Registered Providers of Social Housing April 2015.

The Executive Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:-

- the reliability of financial information used within the Society or for publication;
- the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposition and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

It is the responsibility of the Executive Committee to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements include:-

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# THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

## REPORT OF THE EXECUTIVE COMMITTEE

### FOR THE YEAR ENDED 31 JANUARY 2017

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- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Society's assets;
- experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the Executive Committee to monitor the key business and financial objectives and risks and the progress towards financial objectives set for the year and the medium term; regular management accounts are prepared promptly providing relevant, reliable and up-to-date financial and other information; significant variances from budget are investigated as appropriate;
- all investment projects are subject to formal authorisation procedures by the Executive Committee;
- the Executive Committee reviews reports from the managing agents and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Society.
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Executive Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 January 2017. No weaknesses in internal financial control resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or the auditors' report on the financial statements.

#### Statement of Disclosure of Information to Auditors

We, the Executive Committee of the Society who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the Society's auditors are unaware; and
- we have taken all the steps that we ought to have taken as members of the Executive Committee in order to make ourselves aware of any relevant audit information and to establish that the Society's auditors are aware of that information.

In approving the Report of the Executive Committee, we also approve the Strategic Report included therein, in our capacity as company directors.

#### Auditor

A resolution to re-appoint Tait Walker LLP as auditor for the ensuing year will be proposed at the annual general meeting.

The financial statements were approved by the Executive Committee on 19 July 2017 and signed on its behalf by:-



..... Mrs V R Wilkinson – Chairperson

# THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED (CONTINUED)

### FOR THE YEAR ENDED 31 JANUARY 2017

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We have audited the financial statements of The Abbeyfield Newcastle upon Tyne Society Limited for the year ended 31 January 2017, on pages 11 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland."

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

#### RESPECTIVE RESPONSIBILITIES OF EXECUTIVE COMMITTEE AND AUDITOR

As explained more fully in the Statement of Executive Committee's Responsibilities set out on pages 7 to 8, the committee is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Committee of Management's Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Society's affairs as at 31 January 2017 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 properly prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and The Accounting Directions for Private Registered Providers of Social Housing April 2015.

# THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2017

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### OPINION ON OTHER MATTER 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 executive committees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the executive committees' report have been prepared in accordance with applicable legal requirements

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the executive committees report.

We have nothing to report in respect of the following matters where the Companies Act 2006 require 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 board members remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

In addition we have nothing to report on the following matter where the Housing & Regeneration Act 2008 required us to report to you if, in our opinion:

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



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

Date: 24.7.2017

# THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

## STATEMENT OF COMPREHENSIVE INCOME (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 JANUARY 2017

		2017	2016
	Note	£	£
<b>TURNOVER</b>	<b>2</b>	<b>1,708,738</b>	<b>1,661,771</b>
Operating costs	2	(1,710,181)	(1,676,478)
Other operating income	4	4,590	9,757
<b>OPERATING SURPLUS / (DEFICIT)</b>	<b>2/5</b>	<b>3,147</b>	<b>(4,950)</b>
Income from fixed asset investments		25,507	14,238
Gains on disposal of tangible fixed assets		7,531	392,999
Interest receivable		3,422	2,895
<b>SURPLUS FOR THE YEAR</b>		<b>39,607</b>	<b>405,182</b>
Other recognised gains / (losses) in the year		67,652	(28,881)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>107,259</b>	<b>376,301</b>

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

The financial statements were approved by the Executive Committee on 19 July 2017 and signed on its behalf by:



.....  
Mrs V R Wilkinson  
Chairperson

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

**THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED**  
**COMPANY NUMBER: 00702983**

**BALANCE SHEET**

**AS AT 31 JANUARY 2017**

			2017	2016
	Note	£	£	£
<b>FIXED ASSETS</b>				
Housing properties	8		1,815,385	1,881,886
Other tangible fixed assets	9		78,407	65,502
Investments	10		615,691	541,619
			<u>2,509,483</u>	<u>2,489,007</u>
<b>CURRENT ASSETS</b>				
Debtors	11	32,616		27,259
Housing property	12	17,600		-
Fixtures, fittings and equipment	12	4,069		-
Cash and cash equivalents		1,420,096		1,346,898
		<u>1,474,381</u>		<u>1,374,157</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	(117,587)		(88,609)
<b>NET CURRENT ASSETS</b>			<u>1,356,794</u>	<u>1,285,548</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>3,866,277</u>	<u>3,774,555</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	14		(357,554)	(373,091)
<b>TOTAL NET ASSETS</b>			<u>3,508,723</u>	<u>3,401,464</u>
<b>CAPITAL AND RESERVES</b>				
Revaluation reserve	22	67,652		69,838
Restricted reserves	22	69,938		72,308
Unrestricted reserves	22	3,371,133		3,259,318
<b>TOTAL CAPITAL AND RESERVES</b>			<u>3,508,723</u>	<u>3,401,464</u>

The financial statements were approved by the Executive Committee on 19 July 2017 and signed on its behalf by:-



Mrs V R Wilkinson  
Chairperson

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

# THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

## STATEMENT OF CHANGE IN RESERVES

AS AT 31 JANUARY 2017

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	Unrestricted Reserve	Restricted Reserve	Revaluation Reserve	Total Reserves
<b>Balance at 1 February 2015</b>	<b>2,861,849</b>	<b>67,497</b>	<b>95,817</b>	<b>3,025,163</b>
Surplus / (deficit) from statement of comprehensive income year ended 31 January 2016 – Total Comprehensive Income	397,469	4,811	(25,979)	376,301
<b>Balance at 31 January 2016</b>	<b>3,259,318</b>	<b>72,308</b>	<b>69,838</b>	<b>3,401,464</b>
Surplus / (deficit) from statement of comprehensive income year ended 31 January 2017 – Total Comprehensive Income	111,815	(2,370)	(2,186)	107,259
<b>Balance at 31 January 2017</b>	<b>3,371,133</b>	<b>69,938</b>	<b>67,652</b>	<b>3,508,723</b>

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

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# THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

## STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 JANUARY 2017

		2017	2016
	Note	£	£
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>20</b>	<b>101,187</b>	<b>190,928</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES:</b>			
Purchase of investments		(544,707)	(135,156)
Proceeds on sale of investments		517,025	138,534
Movement on portfolio cash account		28,842	-
Investment income		25,507	14,238
Interest receivable		3,422	2,895
<b>Net cashflow from investing activities</b>		<b>30,089</b>	<b>20,511</b>
<b>CASHFLOW FROM FINANCING ACTIVITIES:</b>			
Purchase of other fixed assets		(52,324)	(23,554)
Proceeds on sale of property		-	640,000
Legal costs on sales of property		-	(8,957)
<b>Net cashflow from financing activities</b>		<b>(52,324)</b>	<b>607,489</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>78,952</b>	<b>818,928</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>1,341,144</b>	<b>522,216</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>1,420,096</b>	<b>1,341,144</b>
<b>Cash and cash equivalents consist of:</b>			
Cash at bank and in hand (including overdrafts)		1,420,096	1,341,144
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>1,420,096</b>	<b>1,341,144</b>

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

# THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JANUARY 2017

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#### 1. PRINCIPAL ACCOUNTING POLICIES

The society is:

- A registered charity for tax purposes (No. 222742)
- A company limited by guarantee (No. 00702983), having no share capital and with solely charitable objectives
- Registered with the Homes and Communities Agency as a registered provider of social housing (No. H0560)

Given that the Society's main activities are the provision of accommodation and that they are registered with the HCA, the Society follows the Housing SORP 2014.

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

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

A summary of the more important accounting policies are set out in paragraphs (a) to (l) below:-

(a) **Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include investments at fair value.

(b) **Turnover**

Turnover represents rental income and service charges receivable net of rent and service charge losses from voids. Turnover is recognised as the period of rent is due.

(c) **Housing Properties, Fixed Assets and Depreciation**

Tangible fixed assets are stated at cost, less accumulated depreciation. Donated assets are capitalised at the value at which they are included in income, which is a reasonable estimate of their value to the society.

Housing Land and buildings are stated at cost. The cost of properties is their purchase price together with incidental costs of acquisition including interest payable. Interest payable is capitalised by applying the Society's cost of borrowing to expenditure during the construction of the property up to the date of practical completion.

Surpluses or deficits on the sale of housing land and buildings are accounted for in the income and expenditure account as the difference between the net sale proceeds and the net carrying value.

Major components of housing properties, such as the internal fittings and heating components, have been accounted for and depreciated separately from the housing structure, over their expected useful economic lives.

# THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JANUARY 2017

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#### 1. ACCOUNTING POLICIES *(continued)*

Depreciation is charged on a straight line basis at rates anticipated to write off the cost of the asset, over the expected useful economic lives of the assets as follows:

##### Housing Properties

Land	Not depreciated
Structure	50 years
Roof	50 years
Kitchens	30 years
Bathrooms	30 years
Doors	30 years
Windows	30 years
Lift	15 years
Heating:	
Boilers	10 years
Radiators	25 years

None of the RSHP's housing properties are considered to be investment properties.

#### (d) Other Fixed Assets

Fixtures & Fittings	15% reducing balance
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The useful economic lives of all tangible fixed assets are reviewed annually.

#### (e) Social Housing Grant

Social Housing Grant (SHG) received as a capital contribution, in line with SORP2014 and the 'accruals method', is held separately as a creditor due more than one year, unless part of the SHG relates to a disposal of property and becomes recycled or repayable, in which case it is apportioned to creditors due less than one year accordingly. The 'accruals method' is applied as the RSHP holds all social housing properties at their historic cost.

The SHG is then amortised in line with the depreciation of the 'structure' component of the housing properties and released over 50 years (2%). The amortisation released in respect of the SHG is recognised in the Statement of Comprehensive Income as 'income'.

SHG received towards revenue expenditure is matched against that expenditure by being included in turnover in the income and expenditure account. The related expenditure is included under operating costs. SHG is recognised in the same period as the related expenditure provided the conditions for its receipt have been satisfied and there is reasonable assurance that the grant will be received.

SHG received and not matched by development expenditure or relevant expenditure in the income and expenditure account is included in current liabilities. The amount of SHG in advance is calculated by reference to the aggregate of all schemes in the SHG funded development programme.

#### (f) Taxation

The Society has charitable status and is exempt from corporation tax on the income it has received. The Society is not registered for VAT. Accordingly no VAT is charged to residents, and expenditure in the income and expenditure account includes the relevant VAT.

# THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JANUARY 2017

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#### 1. ACCOUNTING POLICIES *(continued)*

(g) **Financial Instruments**

A financial instrument is a contract that gives rise to a financial asset or liability within the financial statements. The committee of management have reviewed the financial instruments held within the financial statements and consider them to be 'basic' and as such are recognised at their transactional value.

(h) **Rent Arrears and Advances**

In accordance with the Accounting Direction April 2015, rent arrears and advances are not net-off and are presented as part of debtors and creditors respectively. Where a payment plan has been entered into for rent arrears, which is considered to be material, then the rent arrears debtor is adjusted to its net present value.

(i) **Investments**

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value through the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

(j) **Employee benefits**

Where employees have rendered service to the Society, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

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

(k) **Judgements and Key Sources of Estimation Uncertainty**

There have been no accounting judgements (apart from those involving estimates) made in the process of applying the above accounting policies.

There are no key assumptions concerning the future of the RSHP or other key sources of estimation uncertainty at the reporting date.

(l) **Operating lease**

Lease payments are recognised as an expense over the lease term on a straight line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight line basis.

# THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JANUARY 2017

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

	Turnover	Operating costs	Operating deficit	Turnover	Operating costs	Operating surplus
	£	£	£	£	£	£
Social Housing Lettings (note B)	1,708,738	(1,710,181)	(1,443)	1,661,771	(1,676,478)	(14,707)
<b>TOTAL</b>	<b>1,708,738</b>	<b>(1,710,181)</b>	<b>(1,443)</b>	<b>1,661,771</b>	<b>(1,676,478)</b>	<b>(14,707)</b>

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

	2017	2016
	£	£
<b>Income</b>		
Rent receivable net of voids	1,693,201	1,646,041
Service charge income	-	-
Amortised social housing grant	14,444	14,444
Other grants received	1,093	1,286
<b>Turnover from Social Housing Lettings</b>	<b>1,708,738</b>	<b>1,661,771</b>
<b>Operating expenditure</b>		
Other costs	(1,579,356)	(1,546,672)
General repairs	(46,623)	(43,604)
Depreciation on housing properties	(69,648)	(74,449)
Depreciation on other fixed assets	(14,554)	(11,753)
<b>Operating expenditure on Social Housing Lettings</b>	<b>(1,710,181)</b>	<b>(1,676,478)</b>
<b>Operating deficit on Social Housing Lettings</b>	<b>(1,443)</b>	<b>(14,707)</b>
<b>Void Losses</b>	<b>73,637</b>	<b>64,071</b>
(being rental income lost as a result of property not being let, although it is available for letting)		

# THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JANUARY 2017

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

Total staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	1,132,137	1,111,163
Social security costs	73,445	72,894
Pension costs	14,098	14,021
	<u>1,219,680</u>	<u>1,198,078</u>

Particulars of employees:

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

	2017	2016
	No	No
Number of administrative staff	3	3
Number of other staff members	<u>54</u>	<u>56</u>

No employee earned more than £60,000. None of the Executive Committee received any emoluments during 2017 (2016: £Nil).

The total expenses reimbursed to the Executive Committee not chargeable for UK income tax during 2017 was £Nil (2016: £Nil).

The key management personnel of the Society comprise the Chief Executive Officer, the three Home Managers, the two Care Home Deputy Managers, the Administrator, the Finance Officer, the Payroll Officer and the Volunteer Co-ordinator. During the year salaries totalling £225,859 (2016: £219,714) were paid to key management personnel. Pension contributions totalling £7,108 (2016: £6,992) were made on behalf of key management personnel.

#### 4. OPERATING INCOME

	2017	2016
	£	£
Legacies and donations received	4,500	9,476
Other sundry income	90	281
	<u>4,590</u>	<u>9,757</u>

#### 5. OPERATING SURPLUS

	2017	2016
	£	£
The operating surplus for the year is stated after charging:		
Depreciation on housing properties	69,648	74,449
Depreciation on other fixed assets	14,554	11,753
Amortisation of social housing grant	(14,444)	(14,444)
Gain on disposal of fixed assets	(7,579)	(392,999)
Auditor's remuneration	<u>5,950</u>	<u>5,950</u>

# THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JANUARY 2017

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#### 6. TAXATION

No liability to taxation arises from any surpluses generated as the Society is entitled to relief under S642 of the Corporation Taxes Act 2010.

#### 7. AUDITOR'S REMUNERATION

	2017	2016
	£	£
Fees payable for the audit of the financial statements	<u>5,950</u>	<u>5,950</u>

#### 8. TANGIBLE FIXED ASSETS

Housing properties – freehold	2017	2016
	£	£
Gross cost		
At 1 February	3,471,965	3,952,378
Additions	20,795	2,100
Disposals	<u>(216,416)</u>	<u>(482,513)</u>
At 31 January	<u>3,276,344</u>	<u>3,471,965</u>
Depreciation		
At 1 February	1,590,079	1,763,234
Charge	69,648	74,449
On disposals	<u>(198,768)</u>	<u>(247,604)</u>
At 31 January	<u>1,460,959</u>	<u>1,590,079</u>
Net book value 31 January	<u>1,815,385</u>	<u>1,881,886</u>

# THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JANUARY 2017

#### 9. FIXTURES, FITTINGS AND EQUIPMENT

	2017 £	2016 £
Cost		
At 1 February 2016	436,865	426,018
Additions	31,528	21,454
Disposals	(11,385)	(10,607)
At 31 January 2017	457,008	436,865
Depreciation		
At 1 February 2016	371,363	367,081
Charge	14,554	11,753
On disposals	(7,316)	(7,471)
At 31 January 2017	378,601	371,363
<b>Net book value 31 January</b>	<b>78,407</b>	<b>65,502</b>

#### 10. INVESTMENTS

	2017	2016
(a) Fair value		
At 1 February	541,619	573,877
Additions	544,707	135,156
Disposals at opening market value	(509,445)	(141,435)
Unrealised gain / (loss) in period	67,652	(28,546)
Movement on cash account	(28,842)	2,567
At 31 January	615,691	541,619
UK Equities	612,359	302,460
Non UK Equities	-	146,412
UK Bonds	-	24,691
Non UK Bonds	-	4,793
Hedge Funds	-	15,814
Property	-	15,275
Bank Account	3,332	32,174
	615,691	541,619
(b) Historic cost		
At 1 February	496,251	478,060
Additions	544,707	135,156
Disposals	(464,077)	(119,532)
Cash movement	(28,842)	2,567
At 31 January	548,039	496,251

# THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JANUARY 2017

#### 10. INVESTMENTS *(continued)*

	2017	2016
<b>(c) Realised gain / (losses)</b>		
Opening market value of investments disposed	509,445	141,435
Less: Proceeds	(517,025)	(138,058)
(Gains) / losses realised	<u>(7,580)</u>	<u>3,377</u>
<b>(d) Unrealised gain / (loss) on fair value</b>		
Opening market value of investments	541,619	573,877
Closing market value of investments	(615,691)	(541,619)
	(74,072)	32,258
Gain / (loss) realised (above)	7,580	(3,377)
Other movements	<u>(1,160)</u>	
Unrealised (gain) / loss per Statement of Comprehensive Income	<u>(67,652)</u>	<u>28,881</u>

#### 11. DEBTORS

	2017	2016
	£	£
Charges due and unpaid	5,641	5,478
Prepayments and accrued income	26,975	21,781
	<u>32,616</u>	<u>27,259</u>

#### 12. HOUSING PROPERTY AND FIXTURES, FITTINGS AND EQUIPMENT

Prior to the year end, the decision was made to put one of the properties held by the Society on the market. As it is anticipated that the sale is likely to take place within the next accounting period, the property along with its associated fixtures and fittings have been reclassified from fixed to current assets at net book value after a full years depreciation has been charged for the 2017 year end.

#### 13. CREDITORS: Amounts falling due within one year

	2017	2016
	£	£
Bank overdraft	-	5,754
Trade creditors	20,216	13,817
Accruals and deferred income	59,017	51,265
Other creditors	21,510	17,773
Redundancy costs provision	16,844	-
	<u>117,587</u>	<u>88,609</u>

# THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JANUARY 2017

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

	2017	2016
	£	£
Other Capital Grants	6,194	7,287
Social Housing Grant (amortised cost)	351,360	365,804
	<u>357,554</u>	<u>373,091</u>

The Other Capital Grants relate to grant funding received from Newcastle City Council in 2008 in respect of two of the houses. These grants are to be written off at 15% reducing balance in line with the depreciation policy for fixtures, fittings and equipment.

The Social Housing Grant is amortised in line with the life of the 'structure' component, at a rate of 2%, and released as 'income' to the Statement of Comprehensive Income on that basis.

#### SOCIAL HOUSING GRANT

	2017	2016
	£	£
Amounts received		
At 1 February	<u>722,215</u>	<u>722,215</u>
Amortisation		
At 1 February	(356,411)	(341,967)
Released during year	<u>(14,444)</u>	<u>(14,444)</u>
At 31 January	<u>(370,855)</u>	<u>(356,411)</u>
Carrying value		
At 31 January	<u>351,360</u>	<u>365,804</u>

#### 15. FINANCIAL INSTRUMENTS

The RSHP considers that its financial instruments comprise of the Social Housing Grant (SHG) and Other Capital Grant, as both are included as liabilities within the financial statements. As the RSHP has no intention to dispose of its housing properties or contents, to which the grants relate, the grants will not become repayable. As a result the total balance of the grant creditors is presented as falling due in five years or more. The financial instruments are repayable as follows:

	2017	2016
	£	£
In five years or more	<u>357,554</u>	<u>373,091</u>

#### 16. OPERATING LEASES

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

	2017	2016
	£	£
Not later than 1 year	3,989	-
Between 2 and 5 years	12,964	-
More than 5 years	<u>-</u>	<u>-</u>

# THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JANUARY 2017

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#### 17. COMPANY LIMITED BY GUARANTEE

Each member of the Society undertakes to contribute to the assets of the Society in the event of it being wound up while he / she is a member, or within one year after he / she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he / she ceases to be a member.

#### 18. CONTINGENT LIABILITIES

By a Deed of Declaration of Trust dated 14 April 1981 made by the Abbeyfield Newcastle upon Tyne Society Limited (the Society) (and registered with the Charity Commission under reference SEW – 227870 – A1 – L1) the Society declared inter alia that if it for any reason ceased to maintain the Doctor H.M. Gurney Wing at The Grove or if the wing ceased to be known as the Doctor H.M. Gurney Wing the Society would either sell the building of which the said wing forms part or have the building valued by a competent valuer and shall hold the proportion of the proceeds of sale or of the amount of the valuation attributable to the said wing for the general purposes of some other Charity having for its object the provision of after care benefit for elderly gentlewomen.

#### 19. ULTIMATE CONTROLLING PARTY

The ultimate controlling party of the Society is considered to be the Executive Committee.

#### 20. CASH FLOW FROM OPERATING ACTIVITIES

	2017	2016
<b>Cash flow from operating activities</b>		
Surplus / (deficit) for the year	<b>3,147</b>	(4,950)
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	<b>84,202</b>	86,202
(Increase) / decrease in trade and other debtors	<b>(5,357)</b>	130,919
Increase / (decrease) in trade and other creditors	<b>34,732</b>	(5,513)
Government grants utilised in year	<b>(1,093)</b>	(1,286)
Social Housing Grants utilised in year	<b>(14,444)</b>	(14,444)
<b>Net cash generated from operating activities</b>	<b>101,187</b>	190,928

#### 21. PENSIONS

The Society operates a defined contribution pension plan for its employees. The amount recognised as an expense in the period was £14,098 (2016: £14,021). At the year end £Nil (2016: £Nil) was owed to the pension provider and included within creditors at the year end.

# THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 JANUARY 2017

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#### 22. RESERVES

Revaluation reserve – This reserve represents the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Restricted reserve – This reserve represents the unexpended balances of legacies and donations received specifically relating to the appropriate house.

Unrestricted reserve – This reserve represents retained earnings for which there is no restriction as to how they can be utilised.

	Revaluation Reserve £	Restricted Reserve £	Unrestricted Reserve £	Total £
Balance brought forward	69,838	72,308	3,259,318	3,401,464
Unrealised surplus on investments	(2,186)			(2,186)
The Grove garden development expenditure		(4,370)		(4,370)
Castle Farm – Donation received for resident event		2,000		2,000
Unrestricted profit			111,815	111,815
Balance carried forward	<u>67,652</u>	<u>69,938</u>	<u>3,371,133</u>	<u>3,508,723</u>

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

The Grove	£53,195 (2016 - £57,565)
Castle Farm	<u>£16,743</u> (2016 - <u>£14,743</u> )
Total	<u>£69,938</u> (2016 - <u>£72,308</u> )