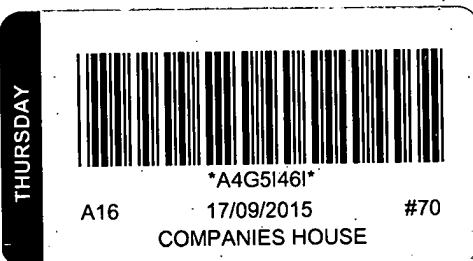


**THE ABBEYFIELD NEWCASTLE UPON TYNE  
SOCIETY LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**for the year ended  
31 January 2015**

**Company Number: 00702983  
Charity Number: 222742  
Registered Provider Number: H0560**



**THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED**  
**A COMPANY LIMITED BY GUARANTEE NOT HAVING A SHARE CAPITAL**  
**FINANCIAL STATEMENTS**  
**for the year ended 31 January 2015**

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**THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED**  
**A COMPANY LIMITED BY GUARANTEE NOT HAVING A SHARE CAPITAL**

**STRATEGIC REPORT**  
**for the year ended 31 January 2015**

A significant change this year was the appointment of our first CEO, with a view to stabilising our current performance and provide strategic leadership and planning with the creation of a viable and sustainable strategic business plan to safeguard our future.

The Quantum Meruit claim as outlined in last years' report was eventually successful in that we obtained fee arrears from Newcastle City Council and an award for the reimbursement of our costs which we have now received and is reflected in our accounts. At this point I would like to pay due respect to the efforts of our outgoing Chair, John Kilner, who was determined to see justice done and worked tirelessly in ensuring that we were successful in our case in what proved to be a ground breaking piece of case law. We now need to rebuild and strengthen our working relationship with the City Council, and efforts are ongoing to do just that with continuing negotiations around this year's fees and maintaining our status as an approved provider.

Our two Care Homes ended the year full with an average occupancy over the year of 99.2%. This is testament to all the hard work shown by our two managers and all support staff in maintaining a focus on the reduction of vacancies and providing a high standard of service. Both homes reported a good financial performance creating a healthy surplus with growth on last year.

Our two supported houses had more mixed fortunes. Linden Road, mainly due to one consistent vacancy, reported a deficit against budget, however on a positive note that deficit was reduced by 75% from the previous year. Sadly the decision was taken to close Thorney Close in December, our three remaining residents relocated with one staying with us moving to Linden Road. Thorney Close is currently on the open market and thus far has stimulated some serious interest.

We have recently been updating our website to reflect our recent changes and make it more user – friendly as well as providing more information and up to date visuals and testimonials, which reflect the real level of excellent service and standards one can expect at Abbeyfield Newcastle.

Castle Farm had a very good visit from the CQC last year and the report issued in March gave us a rating of Good in every category, with some extremely positive statements about the quality of our care and levels of service. The report reflects the excellent work carried out by Chris and the team at Castle Farm.

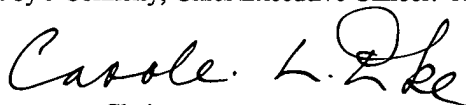
Our policy of maintaining and improving our properties has not changed and we are continuing to look at what needs to be done to ensure that our premises remain at a high standard and continue to provide an enriched, caring and comfortable environment for our residents.

During the year we saw John Forrest stand down as Chair of the Finance Committee after 20 years' service. John's contribution and commitment to Abbeyfield has been outstanding for which we are very grateful. However, I am happy to report that John is still with us, but now as a resident at Castle Farm, proving that his commitment to Abbeyfield is as strong as ever. Peter Fryer stood down from the Executive Committee but remains on the Finance Committee, and it is well worth noting that Peter has been volunteering with us since 1966, and is still going strong – an incredible achievement.

Last year the Admin Team effectively completed the Auto-enrolment into the People's Pension scheme for all staff who qualified for the scheme. This was a significant piece of work and I thank them for the hard work and diligence in getting this completed on time.

Upon reflection, last year was a very positive one and has provided the foundation for us to build a sustainable future. Yes there will be challenges, but I do believe that we are in a strong position to meet those challenges and create that sustainable future by ensuring that we focus on our key strengths, build on our reputation and have a business plan which we can all own and deliver.

Report prepared by J Connelly, Chief Executive Officer. Approved by the Executive Committee on 20 May 2015 and signed on its behalf by



Mrs C L EKE

Chairperson

**THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED**  
**A COMPANY LIMITED BY GUARANTEE NOT HAVING A SHARE CAPITAL**  
**OFFICERS, PROFESSIONAL ADVISERS AND REGISTERED OFFICE**

<b>REGISTERED ADDRESS:</b>	Administrator's Office 40A The Grove Gosforth Newcastle upon Tyne NE3 1NH										
<b>VICE-PRESIDENT:</b>	The Right Rev. The Lord Bishop of Newcastle										
<b>EXECUTIVE COMMITTEE:</b>	<table border="0" style="width: 100%;"> <tr> <td>Mrs C L Eke</td> <td style="text-align: right;">Chairperson</td> </tr> <tr> <td>Mrs V R Wilkinson</td> <td></td> </tr> <tr> <td>A W Kay</td> <td></td> </tr> <tr> <td>B Duell</td> <td></td> </tr> <tr> <td>Miss Z Stanton</td> <td></td> </tr> </table> <p>The Executive Committee are the Directors for the purposes of company law and also the Trustees.</p>	Mrs C L Eke	Chairperson	Mrs V R Wilkinson		A W Kay		B Duell		Miss Z Stanton	
Mrs C L Eke	Chairperson										
Mrs V R Wilkinson											
A W Kay											
B Duell											
Miss Z Stanton											
<b>CHIEF EXECUTIVE OFFICER:</b>	J Connelly										
<b>BANKERS:</b>	Barclays Bank plc 59 High Street Gosforth Newcastle upon Tyne NE3 4AA										
<b>AUDITOR:</b>	Baker Tilly UK Audit LLP 1 St James' Gate Newcastle upon Tyne NE1 4AD										
<b>COMPANY SECRETARY:</b>	W K Parrish										
<b>REGISTERED:</b>	<p>In England as a Company No. 00702983</p> <p>As a Charity No. 222742</p> <p>As a Registered Provider No. H0560</p>										

**THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED**  
**A COMPANY LIMITED BY GUARANTEE NOT HAVING A SHARE CAPITAL**  
**HOUSE COMMITTEES**

**REGISTERED CARE HOMES:**

**THE GROVE:**

Representative:	Mrs P Porter
	Mrs A Smith
	Miss H M Tulloh
	Mrs A Wake
Manager:	Mrs K Brown
Administrative Secretary:	Mrs P Johnston
Finance Officer:	Mrs P Johnston

**CASTLE FARM:**

Chairman:	Mrs J Beall
	Mrs D Flanagan
	Mrs K C Macfarlane
	Mrs A Thom
	Mrs S Finkill
	Mrs R Rowe
Manager:	Mrs C A Major
Administrative Secretary:	W K Parrish
Finance Officer:	Mrs P Johnston

**SUPPORTED SHELTERED HOUSE:**

**GOSFORTH COMMITTEE - LINDEN ROAD:**

	Mrs M Anderson
	Mrs E Inglis
	Mrs A Archibald
	Mrs A Young
	Mrs D Matthews
House Manager: 16 Linden Road	Mrs J Hornsby
Finance Officer:	Mrs P Johnston

**THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED**  
**A COMPANY LIMITED BY GUARANTEE NOT HAVING A SHARE CAPITAL**  
**REPORT OF THE EXECUTIVE COMMITTEE**  
**for the year ended 31 January 2015**

The Executive Committee presents its report and financial statements for the year ended 31 January 2015.

### **Constitution**

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.

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

The Executive Committee members (who are directors for the purposes of company law) are responsible for preparing the Strategic Report and the Report of the Executive Committee and the financial statements in accordance with applicable law and regulations.

Company law and registered social housing legislation require the Executive Committee to prepare financial statements for each financial year. Under that law the directors 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 company and of the surplus or deficit of the company for that period.

In preparing those financial statements, the Executive Committee are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **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.

### **Activities**

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.

During the year the Society achieved an occupancy level of 99.2% at its Registered Care Homes, whilst the occupancy level at the Society's Supported Sheltered Homes was 71.2%.

### **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.

**THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED**  
**A COMPANY LIMITED BY GUARANTEE NOT HAVING A SHARE CAPITAL**

**REPORT OF THE EXECUTIVE COMMITTEE**  
**for the year ended 31 January 2015**  
**(continued)**

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 all resources
- Better engagement of our staff with appraisals, training and internal development

The Executive Committee are committed to ensuring 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.

**Status**

The Society is:

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

**Fixed Assets**

Note 5 summarises the changes to the amounts of cost and depreciation on housing land and buildings and note 6 summarises the changes to the amounts for fixtures, fittings and equipment.

**THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED**  
**A COMPANY LIMITED BY GUARANTEE NOT HAVING A SHARE CAPITAL**  
**REPORT OF THE EXECUTIVE COMMITTEE**  
**for the year ended 31 January 2015**  
**(continued)**

**Investments and treasury management**

Listed investments are stated at market value.

The trustees intend that the real value of their investments be maintained and enhanced over the long term by investment in a portfolio comprised of equities, fixed income stocks and cash.

In order to meet these objectives the trustees have appointed agents to manage a diversified portfolio of suitable investments on a discretionary basis. The proportions invested in equities, fixed income stocks and cash are reviewed from time to time and guidance is provided on the ongoing suitability of that element of investment policy.

**Key strategies**

***Residential fees and rents***

The strategy in place for setting these fees is to enable operating costs to be met and provide sufficient resources to maintain properties.

***Repairs and maintenance***

The strategy's key aim is continually to maintain properties at a standard to provide high quality care for residents.

**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.

**Governance and Internal Control**

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.

**Executive Committee**

The members of the Executive Committee who served during the year were:

Mrs C L Eke	Chairperson
Mrs V R Wilkinson	
A W Kay	
B Duell	
J K Kilner	Chairman (retired 17 September 2014)
P M Fryer	Hon Company Secretary (retired 16 July 2014)
Miss Z Stanton	(resigned 27 May 2014 – reappointed 3 November 2014)

Mrs V R Wilkinson and B Duell retire by rotation at the Annual General Meeting and, being eligible, offer themselves and are recommended for re-election.

During the year Miss Z Stanton joined the Committee and is recommended for re-election.



**THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED**  
**A COMPANY LIMITED BY GUARANTEE NOT HAVING A SHARE CAPITAL**

**REPORT OF THE EXECUTIVE COMMITTEE**  
**for the year ended 31 January 2015**  
**(continued)**

Applications for membership of the 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.

The Finance Committee operates under specific terms of reference which delegate certain functions from the Executive Committee. The Members of the Finance Committee serving during the year were: J C G Forrest (resigned 31 October 2014), J K Kilner, P M Fryer, Mrs V R Wilkinson (appointed 4 November 2014), Mrs C L Eke (appointed 4 November 2014) and Mr J Connelly (appointed 4 November 2014).

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

#### **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 controls which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Society is exposed.

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

- **Identification and Evaluation of Key Risks**

This process is set out in the Society's Risk Management Strategy. The Executive Committee has identified the significant strategic risks facing the Society and these are reviewed annually by the Executive Committee.

- **Monitoring and Corrective Action**

The Society's Risk Management Strategy includes a procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the financial statements.

- **Control Environment and Control Procedures**

The Executive Committee retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues in accordance with the relevant Abbeyfield Standard.

- **Information and Financial Reporting Systems**

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

The internal control and risk assessment framework is subject to regular review 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.

**THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED**  
**A COMPANY LIMITED BY GUARANTEE NOT HAVING A SHARE CAPITAL**

**REPORT OF THE EXECUTIVE COMMITTEE**  
**for the year ended 31 January 2015**  
**(continued)**

**Going concern**

The Executive Committee has a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

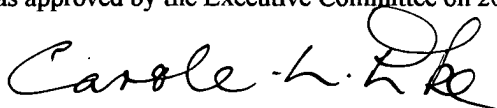
**Statement as to disclosure of information to auditor**

The Executive Committee have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Executive Committee have confirmed that they have taken all the steps that they ought to have taken as Executive Committee Members, in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

**Auditor**

On 3 March 2015 Tait Walker was appointed auditor for the year ending 31 January 2016.

This report was approved by the Executive Committee on 20 May 2015 and signed on its behalf by



Mrs C L EKE  
Chairperson

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

We have audited the financial statements of The Abbeyfield Newcastle upon Tyne Society Limited for the year ended 31 January 2015 ("the financial statements") on pages 10 to 23. 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).

This report is made solely to the company'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 company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of the Executive Committee's Responsibilities on page 4, the Executive Committee (who are also the trustees, and are the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. We have been appointed auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2015 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 Direction for Private Registered Providers of Social Housing 2012.

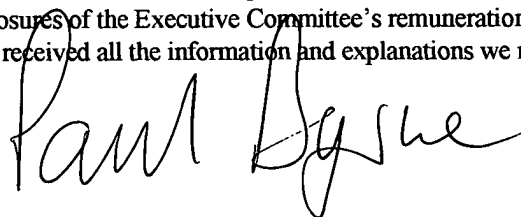
### **Opinion on other requirements of the Companies Act 2006**

In our opinion the information in the Strategic Report and the Report of the Executive Committee for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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:

- the company has not kept adequate accounting records, or the 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 the Executive Committee's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



PAUL BYRNE BSc, FCA, MBA (Senior Statutory Auditor)  
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
1 St James' Gate  
Newcastle upon Tyne  
NE1 4AD

16/6/15

**THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED**  
**A COMPANY LIMITED BY GUARANTEE NOT HAVING A SHARE CAPITAL**

**INCOME AND EXPENDITURE ACCOUNT**  
**for the year ended 31 January 2015**

	Note	2015 £	2014 £
Turnover	4	1,687,538	1,556,758
Less: Operating Costs		(1,539,876)	(1,749,133)
Operating surplus/ (deficit)	3	147,662	(192,375)
Loss on disposal of fixed assets		-	(1,084)
Interest receivable and other income	15	28,605	29,399
Surplus/ (deficit) on ordinary activities for the year		176,267	(164,060)
Transfer to restricted reserves	10	(273)	(2,125)
Total net surplus/ (deficit) for the year		175,994	(166,185)
Revenue reserve brought forward	10	3,529,203	3,695,388
Revenue reserve carried forward	10	3,705,197	3,529,203

No operations have been discontinued or acquired during the year, and the amounts above relate entirely to continuing operations.

Approved on 20 May 2015 and signed on behalf of the Executive Committee by:

Mrs C L EKE

Chairperson

*Carole - L - Eke*

**THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED**  
**A COMPANY LIMITED BY GUARANTEE NOT HAVING A SHARE CAPITAL**  
**STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS**  
**for the year ended 31 January 2015**

	2015 £	2014 £
Surplus/ (deficit) on ordinary activities for the year	176,267	(164,060)
Unrealised surplus on investments	22,249	26,875
	<hr/>	<hr/>
Total recognised surplus/ (deficit) for the year	198,516 <hr/> <hr/>	(137,185) <hr/> <hr/>

**THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED**  
**A COMPANY LIMITED BY GUARANTEE NOT HAVING A SHARE CAPITAL**  
**BALANCE SHEET (COMPANY NUMBER 00702983)**  
**as at 31 January 2015**

	Note	£	2015 £	£	2014 £
<b>Tangible Fixed Assets</b>					
Housing properties - gross cost less depreciation	5	3,340,296		3,370,933	
Less: Social Housing Grants	5	(662,517)		(662,517)	
Other capital grants		(8,573)		(10,086)	
			2,669,206		2,698,330
Other fixed assets	6		93,100		102,247
			2,762,306		2,800,577
<b>Current Assets</b>					
Debtors and Prepayments	8	158,178		63,925	
Investments	7	629,848		603,530	
Cash at bank and in hand		468,438		350,219	
			1,256,464		1,017,674
<b>Creditors: Amounts falling due within one year</b>	9	(150,259)		(148,256)	
<b>Net current assets</b>			1,106,205		869,418
<b>Net assets</b>			3,868,511		3,669,995
<b>Capital and Reserves</b>					
Revaluation reserve	10		95,817		73,568
Restricted reserves	10		67,497		67,224
Revenue reserve	10		3,705,197		3,529,203
			3,868,511		3,669,995

The financial statements on pages 10 to 23 were approved and authorised for issue on 20 May 2015 and signed on behalf of the Executive Committee by:

*Carole L. Eke*

Mrs C L EKE

Chairperson

**THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED**  
**A COMPANY LIMITED BY GUARANTEE NOT HAVING A SHARE CAPITAL**

**CASH FLOW STATEMENT**  
**for the year ended 31 January 2015**

	2015	2014
	£	£
Net Cash inflow/ (outflow) from operating activities (Note 1)	112,247	(141,796)
Returns on investments and servicing of finance:		
Interest received and other income	20,745	17,795
	<hr/>	<hr/>
Net Cash inflow from returns on investment and servicing of finance	20,745	17,795
Capital expenditure and financial investment		
Purchase of other fixed assets	(7,284)	(12,808)
Capital grants received		
	<hr/>	<hr/>
Net Cash outflow from capital expenditure	(7,284)	(12,808)
Management of liquid resources		
Purchase of short term investments	(84)	(1,032)
Proceeds on sale of short term investments	810	300,809
	<hr/>	<hr/>
Net Cash inflow from management of liquid resources	726	299,777
	<hr/>	<hr/>
Increase in cash in the period	126,434	162,968
	<hr/> <hr/>	<hr/> <hr/>

**THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED**  
**A COMPANY LIMITED BY GUARANTEE NOT HAVING A SHARE CAPITAL**

**NOTES TO THE CASH FLOW STATEMENT**  
**for the year ended 31 January 2015**

**1 Reconciliation of Operating Surplus to Net Cash**  
**Inflow/ (Outflow) from Operating Activities**

	2015 £	2014 £
Surplus/ (deficit) on ordinary activities	176,267	(164,060)
Loss on disposal of fixed assets	-	1,084
Depreciation	47,068	48,682
Capital grant release	(1,513)	(1,780)
Interest receivable	(20,745)	(17,795)
Surplus on sale of listed investments	(4,795)	(5,209)
Movement in debtors	(94,253)	2,932
Movement in creditors	10,218	(5,650)
	<hr/>	<hr/>
Net Cash Inflow/ (Outflow) from Operating Activities	112,247	(141,796)
	<hr/> <hr/>	<hr/> <hr/>

**2 Analysis of changes in Cash and Cash Equivalents**  
**during the Year**

	£
Balance at 31 January 2014	943,341
Net movement on cash and cash equivalents	152,752
	<hr/>
Balance at 31 January 2015	1,096,093
	<hr/> <hr/>

**3 Analysis of the Balances of Cash and Cash Equivalents**  
**as shown in the Balance Sheet**

	2015 £	2014 £	Change in Year £
Cash at bank and in hand (net of overdrafts included in creditors)	466,245	339,811	126,434
Investments at market value	629,848	603,530	26,318
	<hr/>	<hr/>	<hr/>
	1,096,093	943,341	152,752
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



**THE ABBEYFIELD NEWCASTLE UPON TYNE SOCIETY LIMITED**  
**A COMPANY LIMITED BY GUARANTEE NOT HAVING A SHARE CAPITAL**

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 January 2015**

**1 Status of Society**

The Society is registered under the:

Companies Act (registered number 702983) and the Housing and Regeneration Act 2008 (Homes and Communities Agency registered number H0560) and is a registered charity (number 222742).

**2 Accounting Policies**

**2.1 General**

The principal accounting policies of the Society are set out in the following sub-paragraphs.

**2.2 Accounting basis**

These accounts are prepared under the historical cost convention, as amended by the revaluation of investments, in accordance with applicable accounting standards in the United Kingdom and in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers Update 2010 (the SORP). The accounts have also been prepared in accordance with the Housing And Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012. Details of departures from the provisions of the Companies Act in order for the Financial Statements to give a true and fair view of the Society's position are given in note 2.6.

**2.3 Turnover**

Turnover comprises rental income receivable in respect of the year, net of losses from voids.

**2.4 Fixed assets - Housing land and buildings**

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.

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**2.5 Depreciation**

**2.5.1 Housing land and buildings Social Housing Grant assisted schemes**

- (i) Depreciation is provided on the cost of freehold and long-term leasehold buildings;
- (ii) Depreciation is not charged on land or on that portion of the cost which has qualified, or which will qualify, for Social Housing Grant;
- (iii) For that portion of the cost financed by borrowings or from the Society's own or other charitable resources, a charge is made for depreciation on buildings at 1% per annum on such cost.

**2.5.2 Fixtures, fittings and equipment**

Depreciation is charged on the reducing balance method at 15% per annum.

**2.6 Social housing grant**

Where developments have been financed wholly or partly, by Social Housing Grant (SHG), the net book value of those developments has been reduced by the amount of the grant receivable which is shown separately in the balance sheet. Provision is made for repayment of SHG where the property is expected to be sold in the foreseeable future, unless permission has been received for the SHG to be recycled at the balance sheet date. SHG in respect of housing properties in the course of construction received in advance of expenditure is shown as a current liability.

The treatment of SHG as a deduction from the net book value of developments represents a departure from the provisions of the Companies Act which would require the amount of the grant to be treated as deferred income and credited to the income and expenditure account by instalments over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

In the opinion of the Executive Committee this departure is justified as they believe that the treatment as a deduction from fixed assets contributes towards the financial statements giving a true and fair view of the results of the society – this treatment is also a requirement of the SORP.

**2.7 Fixed assets**

Assets purchased by the Society are included in the balance sheet at cost. 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.

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**2.8 Monetary donations and legacies**

Monetary donations and legacies to the Society are credited to the income and expenditure account on a receivable basis.

**2.9 Corporation tax and VAT**

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.

**2.10 Pensions**

The Society makes contributions to a number of defined contribution pensions of eligible employees. The staging date for automatic enrolment was 1 July 2014. The Society's total pension costs for the year amounted to £10,528 (2014: £9,306).

**2.11 Fund Accounting**

General Funds are available for use at the discretion of the Executive Committee in furtherance of the general objectives of the Charity.

Restricted funds are funds subject to restrictive conditions imposed by donors or by the purpose of the appeal. The purpose and use of restricted funds is set out in the notes to the financial statements.

**2.12 Works to Existing Housing Properties**

Works to properties which result in an enhancement of the economic benefit of the asset to the Society are treated as improvements and capitalised. The costs of other works are charged to the income and expenditure account.

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**2.13 Investments**

Listed investments are stated at market value.

The trustees intend that the real value of their investments be maintained and enhanced over the long term by investment in a portfolio comprised of equities, fixed income stocks and cash.

In order to meet these objectives the trustees have appointed agents to manage a diversified portfolio of suitable investments on a discretionary basis. The proportions invested in equities, fixed income stocks and cash are reviewed from time to time and guidance is provided on the ongoing suitability of that element of investment policy.

**2.14 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.

**3 Operating surplus/ (deficit)**

	2015 £	2014 £
Operating surplus/ (deficit) is stated after charging:		
Depreciation of fixed assets	47,068	48,682
Loss on disposal of fixed assets	-	1,084
Auditors remuneration - audit fees (inclusive of VAT)	6,900	6,900
	=====	=====

**4 Social Housing Income and Expenditure**

	2015 £	2014 £
Rents receivable from social housing lettings	1,745,664	1,703,118
Less: Rent loss from voids	(69,280)	(146,758)
	-----	-----
	1,676,384	1,556,360
Residential care charges shortfall	11,154	398
	-----	-----
	1,687,538	1,556,758
Operating costs for social housing lettings	(1,539,876)	(1,749,133)
	-----	-----
Operating surplus/ (deficit) for social housing	147,662	(192,375)
	=====	=====

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<b>5</b>	<b>Housing Properties held for Letting</b>	<b>2015</b>	<b>2014</b>
		<b>£</b>	<b>£</b>
<b>a)</b>	<b>Cost - Completed Schemes</b>		
	At start and end of year	3,869,657	3,869,657
		=====	=====
	<b>Depreciation</b>		
	At start of year	498,724	468,087
	Charge for year	30,637	30,637
		-----	-----
	At end of year	529,361	498,724
		=====	=====
	<b>Net Book Value</b>		
	At end of year	3,340,296	3,370,933
		=====	=====
		<b>2015</b>	<b>2014</b>
		<b>£</b>	<b>£</b>
<b>b)</b>	<b>Social Housing Grants -</b>		
	At start and end of year	662,517	662,517
		=====	=====

Expenditure on works to existing properties during the year amounted to £52,612 (2014: £87,604).

Of the above amount, no sum has been capitalised (2014: £Nil) and the sum of £52,612 (2014: £87,604) general repairs has been charged to the Income and Expenditure Account.

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**5 Housing Properties (Continued)**

**c) Cost of Housing Land and Buildings is analysed as follows:**

	2015 £	2014 £
Freehold	2,527,899	2,527,899
Long Leasehold	1,341,758	1,341,758
	<u>3,869,657</u>	<u>3,869,657</u>

**6 Fixtures, Fittings and Equipment**

	2015 £	2014 £
<b>Cost</b>		
At start of year	501,455	493,301
Additions	7,284	12,808
Disposals	-	(4,654)
At end of year	<u>508,739</u>	<u>501,455</u>
<b>Depreciation</b>		
At start of year	399,208	384,733
Charge for year	16,431	18,045
Depreciation on disposals	-	(3,570)
At end of year	<u>415,639</u>	<u>399,208</u>
<b>Net book value</b>		
At end of year	<u>93,100</u>	<u>102,247</u>

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**7 Current Asset Investments**

	Value £	2015 Market Cost £	Value £	2014 Market Cost £
Deposit account (Santander)	55,971	55,971	55,887	55,887
Listed investments	543,105	450,878	487,854	414,923
Fixed interest investments	30,772	27,182	59,789	59,152
	<hr/>	<hr/>	<hr/>	<hr/>
Total investments	629,848	534,031	603,530	529,962
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**8 Debtors and Prepayments due within one year**

	2015 £	2014 £
Charges due and unpaid	21,530	37,025
Payments in advance and accrued income	136,648	26,900
	<hr/>	<hr/>
	158,178	63,925
	<hr/> <hr/>	<hr/> <hr/>

**9 Creditors: Amounts falling due within one year**

	2015 £	2014 £
Bank overdrafts	2,193	10,408
Trade Creditors	33,444	18,619
Other Taxes and Social Security	-	17,311
Accruals and Deferred Income	54,924	42,220
SHG repayable	59,698	59,698
	<hr/>	<hr/>
	150,259	148,256
	<hr/> <hr/>	<hr/> <hr/>

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**10 Capital and Reserves**

	Balance at 1 February 2014 £	Income £	Expenditure £	Balance at 31 January 2015 £
Unrestricted reserve funds				
General funds	3,529,203	1,715,808	(1,539,814)	3,705,197
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
Restricted reserve funds				
Gosforth RRC	52,492	262	-	52,754
Castle Farm RRC	14,670	73	-	14,743
Thorney Close	62	-	(62)	-
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
Total restricted reserve funds	67,224	335	(62)	67,497
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

The restricted reserve funds represent the unexpended balances of legacies received specifically relating to the appropriate House, and include investment income received on the individual balances.

**Revaluation reserve**

	Balance at 1 February 2014 £	Movement in the year £	Balance at 31 January 2015 £
Investment revaluation reserve	73,568	22,249	95,817
	<u>=====</u>	<u>=====</u>	<u>=====</u>

**11 Share Capital**

There is no authorised share capital and the liability of each member is limited to £1.

**12 Employees**

	2015 £	2014 £
Salaries and wages	1,120,822	1,092,351
Social Security costs	73,752	74,687
Pension costs	10,528	9,306
	<u>=====</u>	<u>=====</u>
	1,205,102	1,176,344
	<u>=====</u>	<u>=====</u>
Average weekly number of persons employed during year - House staff	57	56
- Administration staff	3	3
	<u>=====</u>	<u>=====</u>
	60	59
	<u>=====</u>	<u>=====</u>



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**13 Emoluments of Executive Committee Members**

The members of the Executive Committee received emoluments and other remuneration from the Society during the year totalling £nil (2014: £nil).

Expenses reimbursed to members of the Executive Committee totalled £14 (2014: £nil)

**14 Housing Stock**

	Units under Development		Units under Management	
	2015	2014	2015	2014
At 31 January				
Number of Bedspaces	-	-	62	68
	====	====	====	====

**15 Interest Receivable and Other Income**

	2015	2014
	£	£
Legacies and donations received	3,065	6,395
Listed investment income gross	11,978	11,201
Bank and short term deposit interest gross	4,004	6,594
Other interest received	4,763	-
Surplus on sale of listed investments	4,795	5,209
	=====	=====
	28,605	29,399
	=====	=====

**16 Controlling Party**

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

**17 Contingent Liabilities**

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