

**Charity Registration No. 216779**

**Company Registration No. 00736150 (England and Wales)**

**Homes and Communities Agency Registration No. H0375**

**ABBEYFIELD SOUTH DOWNS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

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## **ABBNEYFIELD SOUTH DOWNS LIMITED**

### **LEGAL AND ADMINISTRATIVE INFORMATION**

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<b>Board of Trustees</b>	Mr D Byrne FCII (Chairman) Mrs L Phair MA, BSc (Hons) Nursing (Appointed 19 October 2015) (Deputy Chairman) Mr C Allanson (Finance Director) (Appointed 19 October 2015) Mr M Paris MBE (Property Director) Mr C Attwood FCA (Secretary) (Appointed 1 April 2016) Mr I Thomas BSc (Hons) Civil Eng, (Appointed 19 October 2015) MRICS Mr R Woolley FCA
<b>Secretary</b>	Mr C Attwood
<b>Charity number</b>	216779
<b>Company number</b>	00736150
<b>Principal address</b>	Holdenhurst Mill Road Heathfield East Sussex TN21 0XD
<b>Registered office</b>	Holdenhurst Mill Road Heathfield East Sussex TN21 0XD
<b>Auditor</b>	Price & Company 30-32 Gildredge Road Eastbourne East Sussex BN21 4SH
<b>Bankers</b>	Barclays Bank plc 63/67 Terminus Road Eastbourne East Sussex BN21 3NE

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**ABBNEYFIELD SOUTH DOWNS LIMITED**

**LEGAL AND ADMINISTRATIVE INFORMATION**

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<b>Solicitors</b>	Messrs Gaby Hardwicke 33 The Avenue Eastbourne East Sussex BN21 3YD
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## **ABBNEYFIELD SOUTH DOWNS LIMITED**

### **REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2016**

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The Board of Trustees present their report and the audited financial statements for the year ended 31 March 2016.

#### **Structure, governance and management**

The Charity is registered under the Companies Act as a company limited by guarantee (Company no. 00736150) and is registered with the Charity Commission (Registered Charity no. 216779). The Charity is wholly engaged in housing activities as defined by the Housing and Regeneration Act 2008 and is registered with the Homes and Communities Agency (formerly the Housing Corporation) (Registered no. H0375).

Details of the registered office, professional advisers and bankers are given in the Legal and Administrative Information title page.

The Board of Trustees, who are also the directors for the purpose of company law, and who served during the year were:

Mr D Byrne FCII (Chairman)	
Mrs L Phair MA, BSc (Hons) Nursing (Deputy Chairman)	(Appointed 19 October 2015)
Mr C Allanson (Finance Director)	(Appointed 19 October 2015)
Mr M Paris MBE (Property Director)	
Mr C Attwood FCA (Secretary)	(Appointed 1 April 2016)
Mr I Thomas BSc (Hons) Civil Eng, MRICS	(Appointed 19 October 2015)
Mr R Woolley FCA	
Mr M Staff MBE	(Resigned 28 July 2016)
Mr S Carter	(Resigned 28 July 2016)
Mr B Flint	(Resigned 11 July 2015)
Mrs J Beeching	(Resigned 27 January 2016)
Mr D Budd MBE	(Resigned 28 July 2016)
Mrs J Foot	(Resigned 28 July 2016)
Ms M Grange	(Resigned 27 January 2016)
Mrs H Palmer	(Resigned 27 April 2015)
Miss B Sproat	(Resigned 28 July 2016)
Mr N Waterson	(Resigned 19 October 2015)

Members of the Board of Trustees are elected at the Annual General Meeting with co-option permitted prior to election. They are recruited by invitation and by advertisement. Those with regular access to residents are subject to DBS (Disclosure and Barring Service) checks plus two other references.

None of the Board of Trustees has any beneficial interest in the company. All of the Board of Trustees are members of the company.

## **ABBNEYFIELD SOUTH DOWNS LIMITED**

### **REPORT OF THE BOARD (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016**

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Each member of the Board of Trustees is recruited for his/her relevant experience and skills. A number of Trustees assume responsibility for executive functions in support of management. The Board of Trustees meets quarterly to review performance and ensure that the Charity is being managed in accordance with established policies. The Board approves any changes in operating policy when deemed necessary and is responsible for approving and monitoring all major expenditure. The Board of Trustees is supported in each town by an area committee made up of volunteers. The area committee provides valuable support to residents, staff and management in the running of the house(s) in their town.

The Charity is a member of the National Abbeyfield Society. The National Society confers affiliation benefits to member societies. These include providing relevant information on national developments in the charitable housing sector and professional services in support of the affiliated member societies. The Charity pays an annual fee to the National Society.

#### **Objectives and activities**

The Charity's principal activity during the year continued to be that of providing supported sheltered accommodation for older people. At 31 March 2016, the Charity had 54 residential units in seven houses as well as 3 flats and 5 bungalows, which are let on a commercial basis.

The Charity's principal objective is to continue to provide comfortable housing in a safe environment complemented by good nutrition and companionship for lonely older people. In achieving these objectives, the Charity aims to create a surplus of income over expenditure which is sufficient to maintain properties and services to a high standard. The Charity's ongoing aim is to ensure that these standards are maintained and improved wherever possible and that the Charity adheres to all current legislation governing the services it offers.

When reviewing the Charity's aims and objectives, and planning its activities, the members of the Board of Trustees have due regard to the Charity Commission's public benefit guidance, including its guidance on fee-charging, and that the Charity complies with all current legislation.

#### **Achievements and performance**

The year has built upon the progress achieved since appointing Nolan Taylor as CEO in 2013 and Nikki Moss as Operations Manager in 2014. The central operating team has been reinforced in 2015 by the appointment of a financial administrator.

The Charity relies heavily on its willing house staff who provide the support and efficiencies necessary to provide a happy and well run house environment. The Charity values its staff and is committed to paying the living wage.

Feedback from residents and relatives continues to show satisfaction. In providing a safe environment, particular effort has been made to meet the evolving requirements of health and safety and fire regulation. Support is provided to residents, by directing them to services appropriate to their needs. Every effort has been made to provide excellent meals that the residents enjoy.

## **ABBNEYFIELD SOUTH DOWNS LIMITED**

### **REPORT OF THE BOARD (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016**

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#### **Financial review**

This year's accounts reflect the out-turn from the fourth full year's trading of the enlarged Charity, since the mergers of prior years. As in 2015, only one mortgage remained outstanding. The liability was reduced by £21,714 during the year. This mortgage has been cleared during the current year together with all outstanding security charges held by the Charity's bankers.

The annual accounts reflect an operating deficit for the year, after depreciation, of £13,841 (against an operating deficit of £31,821 in the prior year and an operating deficit of £65,988 in 2014.) Pre-depreciation operating surplus was £48,142, and net cash generated amounted to £60,439. Whilst this is an improvement on the prior year, and there was a cash surplus, the results do reflect the impact of poor occupancy levels at the start of the year, predominantly in Norfolk House, Hove, and significantly increased maintenance expenditure on improving residential accommodation and, as a result, to improve occupancy.

As advised in the last annual report, the Trustees decided that Norfolk House could not be managed at break even level and this house was closed, and is currently being sold on the open market. Most residents were re-housed at our other properties.

Considerable progress was recorded during the second half of the year in raising occupancy levels in each house. In spite of the difficulties in the first half of the year, turnover was only 1% below the prior year at £770,285 (2015 - £778,920). Operating expenses of £800,759 were 2% lower than the prior year (2015 - £817,053).

The Board is conscious that there should be an ongoing plan to maintain and improve all houses which remain capable of producing a surplus. Excluding major capital items approximately 15% of all expenditure is committed to routine maintenance and improvements.

In addition to recurring depreciation on properties and fixtures and fittings, pre-construction expenditure of £51,747 was incurred during the year. This relates to the proposed development of a new house of 48 units on the Heathfield site which will incorporate a domiciliary care service. All planning costs and professional fees incurred will be capitalised once the project goes ahead.

The Charity's reserves now total £3,054,795. The depreciated book value for land and buildings excludes a value for the former Hastings & St Leonard's Society property, Ridge House. This property was transferred from the National Society to Abbeyfield South Downs Limited at Nil cost.

It is the policy of the Charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to at least three month's operating expenditure. The Board of Trustees considers that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the Charity's current activities while consideration is given to ways in which additional funds may be raised or alternative options explored. This level of reserves has been maintained throughout the year.

## **ABBNEYFIELD SOUTH DOWNS LIMITED**

### **REPORT OF THE BOARD (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016**

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The main risks to which the Charity is exposed are its financial viability, the preservation of good management and sound governance. Financial viability depends on ensuring that income covers expenditure, plus any perceived need to augment reserves. Good management and sound governance depend on recruiting experienced trustees and management backed by structured planning and adequate resources.

Operating expenditure is carefully monitored and controlled. All budget planning and capital expenditure is subject to approval by the Board. The Charity strives to maintain a full residential occupancy level by sustaining local awareness as to the benefits which the Charity has to offer those in need.

In the current year occupancy has improved significantly, largely as a result of extensive investment in maintenance and improvements, and is now exceeding 90%.

Whilst Norfolk House has had to be closed, improvement work has now commenced on the two adjoining properties in Aymer Road, Hove which will result in enlarged and enhanced accommodation, with improved fire safety and communal facilities, plus two additional units capable of housing two more older people in need and generating further income.

The revised planning application for the Heathfield site is being considered by Wealden District Council and a decision is expected by 20 October 2016. The Charity now owns all property on the Heathfield development site having acquired the empty Gray Court building from the Abbeyfield National Society in June 2016.

The Trustees are committed to expanding the Charity's presence in the South Downs and Weald area. Agreement was reached in April 2016 for the Abbeyfield Tunbridge Wells Society to merge into Abbeyfield South Downs. This has resulted in an increase in the number of available rooms in the enlarged Charity as well as additional financial resources. Abbeyfield Tunbridge Wells performance and contribution to the Charity will be reflected in the 2017 report.

There have been several changes to the Board of Trustees in the year under review and in the current year. The considerable contribution made by the retiring Trustees has been significant and is gratefully acknowledged by the Board and, none more so than that of Michael Staff, who has retired after six years as Chairman of the Charity.

#### **Code of Governance**

The Charity complies with the principal recommendations of the 2015 NHF Code of Governance.

#### **Value for Money**

Value for Money is about being effective in how we plan, manage and operate the Charity, it means making the best use of the resources available to us to provide quality homes to improve the quality of life of our residents, together with high quality services and support. In seeking to improve commercial and governance efficiencies, the Charity has been graded as core standard by the National Society in its most recent audit inspection.



## **ABBNEYFIELD SOUTH DOWNS LIMITED**

### **REPORT OF THE BOARD (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016**

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#### **Statement of Board of Trustees' responsibilities**

The Board of Trustees, who are also the directors of Abbeyfield South Downs Limited for the purpose of company law, are responsible for preparing the Board of Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law and social housing legislation requires the Board of Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the Board of Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice "Accounting by Registered Social Housing Providers 2014" and the FRS 102 have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Board of Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the accounts comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for registered providers of social housing in England 2015. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Auditor**

A resolution proposing that Price & Company be reappointed as auditor of the company will be put at a General Meeting.

**ABBNEYFIELD SOUTH DOWNS LIMITED**

**REPORT OF THE BOARD (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2016**


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**Disclosure of information to auditor**

Each member of the Board of Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor are aware of such information.

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

The Report of the Board was approved by the Board of Trustees.



**Mr D Byrne FCI (Chairman)**

**Dated:** 21.9.2016

## **ABBNEYFIELD SOUTH DOWNS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABBNEYFIELD SOUTH DOWNS LIMITED**

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We have audited the financial statements of Abbeyfield South Downs Limited for the year ended 31 March 2016 set out on pages 9 to 31. 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 Financial Reporting Standard 102.

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

#### **Respective responsibilities of Board of Trustees and auditor**

As explained more fully in the statement of Board of Trustees' responsibilities set out on pages 1 - 6, the Board of Trustees, who are also the directors of Abbeyfield South Downs Limited for the purposes of company law are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts 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 Ethical Standards for Auditors, including "APB Ethical Standard – Provisions Available for Small Entities (Revised)", in the circumstances set out in note 27 to the financial statements.

#### **Scope of the audit of the accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Board of Trustees' Annual Report to identify material inconsistencies with the audited accounts 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 accounts.**

In our opinion the accounts:

- give a true and fair view of the state of the Charity's affairs as at 31 March 2016 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2015.

**ABBNEYFIELD SOUTH DOWNS LIMITED**

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)  
TO THE MEMBERS OF ABBNEYFIELD SOUTH DOWNS LIMITED**

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**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Board of Trustees' Report for the financial year for which the accounts are prepared is consistent with the accounts.

**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:

- 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 accounts 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 in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

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



**Mr Malcolm Preece BA FCA DChA (Senior Statutory Auditor)  
for and on behalf of Price & Company**

22 September 2016

**Chartered Accountants  
Statutory Auditor**

30-32 Gildredge Road  
Eastbourne  
East Sussex  
BN21 4SH

**ABBNEYFIELD SOUTH DOWNS LIMITED**

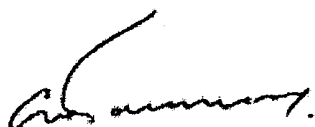
**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	2016 £	2015 £
Turnover	3	770,285	778,920
Operating expenditure	3	(800,759)	(817,053)
Other operating income	3	16,633	6,312
Operating surplus/ (deficit)	6	(13,841)	(31,821)
Interest receivable	7	370	325
Movement in fair value of Investment properties	15	511,198	-
Other income	8	100	320
Total comprehensive income for the year		<u>497,827</u>	<u>(31,176)</u>

The accounts were approved by the Board of Trustees on 21. 9. 2016



Mr D Byrne FCI (Chairman)



Mr C Allanson (Finance Director)

**ABBNEYFIELD SOUTH DOWNS LIMITED****STATEMENT OF CHANGES IN RESERVES  
FOR THE YEAR ENDED 31 MARCH 2016**

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	Income and expenditure reserve £	Endowment reserve £	Total £
Balance as at 1 April 2014	1,958,531	629,613	2,588,144
Total comprehensive income for the year	(31,176)	-	(31,176)
Transfer from endowment reserve	17,296	(17,296)	-
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2015	1,944,651	612,317	2,556,968
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	497,827	-	497,827
Transfer from endowment reserve	17,297	(17,297)	-
	<hr/>	<hr/>	<hr/>
Balance as at 31 March 2016	<u>2,459,775</u>	<u>595,020</u>	<u>3,054,795</u>

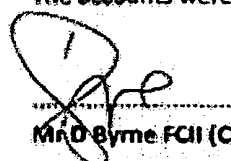
**ABBNEYFIELD SOUTH DOWNS LIMITED**

**BALANCE SHEET  
AS AT 31 MARCH 2016**

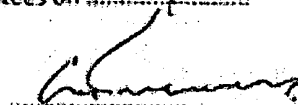
	Notes	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	13	1,762,239	2,653,873
<b>Current assets</b>			
Debtors	16	13,671	22,143
Investments	17	1,400,000	-
Cash at bank and in hand		179,139	198,725
		<u>1,592,810</u>	<u>220,868</u>
Creditors: amounts falling due within one year	18	(300,254)	(127,873)
<b>Net current assets</b>		<u>1,292,556</u>	<u>92,995</u>
<b>Total assets less current liabilities</b>		<u>3,054,795</u>	<u>2,746,868</u>
Creditors: amounts falling due after more than one year	19	-	(189,900)
<b>Net assets</b>		<u><u>3,054,795</u></u>	<u><u>2,556,968</u></u>
<b>Reserves</b>			
Income and expenditure reserve		2,459,775	1,944,651
Endowment reserve	25	595,020	612,317
		<u><u>3,054,795</u></u>	<u><u>2,556,968</u></u>

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

The accounts were approved by the Board of Trustees on 31.9.2016



Mr D Byrne FCI (Chairman)



Mr C Allanson (Finance Director)

Company Registration No. 00736150

**ABBNEYFIELD SOUTH DOWNS LIMITED****STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2016**

		2016		2015	
	Notes	£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	27		60,439		22,216
<b>Investing activities</b>					
Purchase of tangible fixed assets		(58,681)		(20,550)	
Proceeds on disposal of tangible fixed assets		-		250	
Interest received		370		325	
<b>Net cash used in investing activities</b>			(58,311)		(19,975)
<b>Financing activities</b>					
Repayment of bank loans		(21,714)		(21,341)	
<b>Net cash used in financing activities</b>			(21,714)		(21,341)
<b>Net decrease in cash and cash equivalents</b>			(19,586)		(19,100)
Cash and cash equivalents at beginning of year			198,725		217,825
<b>Cash and cash equivalents at end of year</b>			179,139		198,725



## **ABBNEYFIELD SOUTH DOWNS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

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#### **1 Accounting policies**

##### **Legal status**

Abbeyfield South Downs Limited is a private company limited by guarantee incorporated in England and Wales and is a registered housing provider. The registered office is Holdenhurst, Mill Road, Heathfield, East Sussex, TN21 0XD.

##### **1.1 Accounting convention**

The financial statements of the Association are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for private registered providers of social housing in England 2015. The Charity is a Public Benefit Entity as defined by FRS 102.

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

The accounts have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

These accounts for the year ended 31 March 2016 are the first accounts of Abbeyfield South Downs Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

##### **1.2 Going concern**

At the time of approving the accounts, the Board of Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Board of Trustees' continue to adopt the going concern basis of accounting in preparing the accounts.

##### **1.3 Charitable funds**

Endowment reserves are those reserves which are only expendable in accordance with the wishes of the funder or regulatory body. The endowment reserve represents the funds held by the former Abbeyfield (Eastbourne) Society Limited for capital purposes. The assets comprised in the reserve represent the book value of the remaining freehold properties formerly held by that Society, less capital grants received and loans outstanding (which have now been repaid).

Revenue and expenditure cannot be directly set against endowment reserves but is taken through the Statement of Comprehensive Income and then a transfer to endowment reserves is made as appropriate.

##### **1.4 Turnover and revenue recognition**

Turnover represents rental income receivable in the year, income from other services included at the invoiced value of services supplied and grants receivable in the year.

## **ABBNEYFIELD SOUTH DOWNS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016**

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#### **1 Accounting policies (Continued)**

Rental income is recognised when the Charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received. These receipts are used to cover the day to day running of the facilities provided.

#### **1.5 Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under the headings that classify all costs related to the category. Expenditure is inclusive of VAT.

#### **1.6 Tangible fixed assets**

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

Assets donated to the Charity such as fittings or equipment, are not included in the accounts.

##### **Housing properties**

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses. Costs include the cost of acquiring land and buildings, development costs, interest charges incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Grants related to capital costs are deducted from the cost of the properties involved, but are shown separately as deferred income in creditors.

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

Freehold buildings	2% per annum on cost
Fixtures, fittings and equipment	10% per annum on cost

Freehold land and assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

#### **1.7 Investment properties**

Investment properties consist of properties not held for the social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in fair value recognised in income and expenditure.

## **ABBNEYFIELD SOUTH DOWNS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016**

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#### **1 Accounting policies (Continued)**

##### **1.8 Finance**

The accounts have been prepared on the basis that the Charity's capital expenditure will be funded by loans or from the Charity's own or other charitable resources. Grants receivable towards capital projects are treated as stated in the notes above.

##### **1.9 Impairment of fixed assets**

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. Where indicators are identified an assessment for impairment is undertaken comparing the carrying amount to its recoverable amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in expenditure through the Statement of Comprehensive Income.

##### **1.10 Cash and cash equivalents**

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

##### **1.11 Financial instruments**

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

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

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

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

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

## **ABBNEYFIELD SOUTH DOWNS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016**

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#### **1 Accounting policies (Continued)**

##### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the Charity's contractual obligations expire or are discharged or cancelled.

#### **1.12 Employee benefits**

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

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

#### **1.13 Retirement benefits**

The Charity operates a defined contributions pension scheme. Contributions are charged in the accounts as they become payable in accordance with the rules of the Scheme.

#### **1.14 Government grants**

Government grants include grants receivable from the Homes and Communities Agency (the HCA), local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model.

**ABBNEYFIELD SOUTH DOWNS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2016**

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**2 Critical accounting estimates and judgements**

In the application of the Charity's accounting policies, the Board of Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**ABBNEYFIELD SOUTH DOWNS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**3 Particulars of turnover, cost of sales, operating costs and operating surplus**

	Note	Turnover	Cost of sales	2016 Operating expenditure	Operating surplus/ (deficit)
		£	£	£	£
<b>Social housing lettings</b>	<b>4</b>	770,285	(649,325)	(151,434)	(30,474)
<b>Other social housing activities</b>					
Other		16,633	-	-	16,633
		<u>786,918</u>	<u>(649,325)</u>	<u>(151,434)</u>	<u>(13,841)</u>
<b>Activities other than social housing</b>		-	-	-	-
		<u>786,918</u>	<u>(649,325)</u>	<u>(151,434)</u>	<u>(13,841)</u>

**ABBNEYFIELD SOUTH DOWNS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**3 Particulars of turnover, cost of sales, operating costs and operating surplus (Continued)**

	Note	Turnover	Cost of sales	2015 Operating expenditure	Operating surplus/ (deficit)
		£	£	£	£
<b>Social housing lettings</b>	<b>4</b>	<b>778,920</b>	<b>(655,162)</b>	<b>(161,891)</b>	<b>(38,133)</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Other social housing activities</b>					
Other		6,312	-	-	6,312
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
		<b>785,232</b>	<b>(655,162)</b>	<b>(161,891)</b>	<b>(31,821)</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Activities other than social housing</b>		-	-	-	-
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
		<b>785,232</b>	<b>(655,162)</b>	<b>(161,891)</b>	<b>(31,821)</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**ABBNEYFIELD SOUTH DOWNS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**4 Particulars of income and expenditure from social housing lettings**

	Supported housing and housing for older people £	2016 £	2015 £
Rent receivable net of identifiable service charges	770,285	770,285	778,920
<b>Administrative expenses</b>			
Management (see note 9)	476,361	476,361	527,531
Routine maintenance	120,191	120,191	74,858
Depreciation of housing properties	52,773	52,773	52,773
Other costs (see note 10)	151,434	151,434	161,891
Operating expenditure on social housing lettings	800,759	800,759	817,053
<b>Operating surplus/(deficit) on social housing lettings</b>	<b>(30,474)</b>	<b>(30,474)</b>	<b>(38,133)</b>
<b>Void losses</b>	<b>169,842</b>	<b>169,842</b>	<b>212,365</b>



**ABBNEYFIELD SOUTH DOWNS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2016**

**5 Accommodation owned and in management**

	<b>2016 No of properties</b>	<b>2015 No of properties</b>
<b>Social housing</b>		
General housing:		
- social rent	8	8
Supported housing	54	60
<b>Total owned</b>	<u>62</u>	<u>68</u>
<b>Future planned accommodation in development at the year end</b>	<u>48</u>	<u>-</u>

**6 Operating surplus/(deficit)**

	<b>2016 £</b>	<b>2015 £</b>
The operating surplus/ (deficit) is arrived at after charging/ (crediting):		
Depreciation of housing properties	52,773	52,773
Depreciation of other tangible assets	7,671	7,167
Auditors' remuneration for audit	4,200	4,200
Auditors' remuneration for non-audit services	5,414	3,750
Profit on fair value movement of investment property	(511,198)	-

**7 Interest receivable and other income**

	<b>2016 £</b>	<b>2015 £</b>
Interest receivable	<u>370</u>	<u>325</u>

**ABBNEYFIELD SOUTH DOWNS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2016****8 Other income**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Net gain on disposal of tangible fixed assets	-	250
Other income	100	70
	<u>100</u>	<u>320</u>

**9 Administrative expenses - management**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Staff costs	251,210	255,316
Staff training	1,968	1,803
Food and other household costs	85,999	95,844
Water rates	15,808	16,370
Council tax	1,172	18,210
Electricity	25,890	33,712
Gas	29,151	45,419
Insurance	17,226	14,733
Cleaning	5,416	4,981
Motor expenses	-	305
Advertising	5,757	5,367
Lifeline	7,776	8,850
Telephone	16,911	14,525
Television licence	885	955
Subscriptions	-	79
Mortgage interest	3,521	3,895
Depreciation of fixtures and fittings	7,671	7,167
	<u>476,361</u>	<u>527,531</u>

**ABBNEYFIELD SOUTH DOWNS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2016**

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**10 Administrative expenses - other costs**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Staff costs	104,237	115,244
Depreciation	1,069	880
Printing, postage and stationery	3,349	3,722
Travelling expenses	2,864	2,038
Legal and professional fees	9,978	5,829
Auditors' non-audit fees	5,414	3,750
Affiliation fees	15,029	15,292
Bank charges	115	14
Sundry expenses	5,179	10,922
Audit fees	4,200	4,200
	<u>151,434</u>	<u>161,891</u>

**11 Board and key management personnel remuneration**

None of the Board of Trustees (or any persons connected with them) received any remuneration during the year, but were reimbursed a total of £716 for expenses (2015- £3,204).

The total remuneration for key management personnel amounted to £82,315.

**ABBNEYFIELD SOUTH DOWNS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2016**

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**12 Employees**

**Number of employees**

The average monthly number employees during the year was: 27

	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
Housekeeping	23	23
Administration	4	3
	<u>27</u>	<u>26</u>

**Employment costs**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	331,088	347,069
Social security costs	17,462	18,867
Other pension costs	6,897	4,624
	<u>355,447</u>	<u>370,560</u>

There were no employees whose annual remuneration was £60,000 or more.

**ABBNEYFIELD SOUTH DOWNS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**13 Tangible fixed assets**

	Freehold buildings	Assets under development	Fixtures, fittings and equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 April 2015	3,294,940	-	118,566	3,413,506
Additions	-	51,747	6,934	58,681
Transfer to investment property	(1,046,516)	-	-	(1,046,516)
At 31 March 2016	2,248,424	51,747	125,500	2,425,671
<b>Depreciation and impairment</b>				
At 1 April 2015	700,132	-	59,501	759,633
Depreciation charged in the year	52,773	-	8,740	61,513
Transfer to investment property	(157,714)	-	-	(157,714)
At 31 March 2016	595,191	-	68,241	663,432
<b>Carrying amount</b>				
At 31 March 2016	1,653,233	51,747	57,259	1,762,239
At 31 March 2015	2,594,808	-	59,065	2,653,873

**ABBNEYFIELD SOUTH DOWNS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2016**

**14 Tangible fixed assets - housing properties**

	Social housing properties for letting	Housing properties for lettings under construction	Total
	£	£	£
<b>Cost</b>			
At 1 April 2015	3,294,940	-	3,294,940
Additions: other	-	51,747	51,747
Transfer to investment property	(1,046,516)	-	(1,046,516)
	<u>2,248,424</u>	<u>51,747</u>	<u>2,300,171</u>
<b>At 31 March 2016</b>	<b>2,248,424</b>	<b>51,747</b>	<b>2,300,171</b>
<b>Depreciation and impairment</b>			
At 1 April 2015	700,132	-	700,132
Depreciation charged in the year	52,773	-	52,773
Transfer to investment property	(157,714)	-	(157,714)
	<u>595,191</u>	<u>-</u>	<u>595,191</u>
<b>At 31 March 2016</b>	<b>595,191</b>	<b>-</b>	<b>595,191</b>
<b>Carrying amount</b>			
At 31 March 2016	1,653,233	51,747	1,704,980
	<u>1,653,233</u>	<u>51,747</u>	<u>1,704,980</u>
At 31 March 2015	2,594,808	-	2,594,808
	<u>2,594,808</u>	<u>-</u>	<u>2,594,808</u>

The cost figure for land and buildings does not include a figure for the properties formerly held by the Hastings & St Leonards Society as these were transferred from the National Society at Nil cost. It is proposed that a value will be obtained for inclusion in the next annual accounts.

A 48 unit house at Gray Court, Holdenhurst, Heathfield is presently under development.

**15 Investment property**

	Notes	2016 £
<b>Fair value</b>		
Transfers from housing properties		888,802
Net gains or losses through fair value adjustments		511,198
Transfers to held for sale	17	(1,400,000)
		<u>-</u>
<b>At 31 March 2016</b>		<b>-</b>

**ABBNEYFIELD SOUTH DOWNS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2016**

**15 Investment property (Continued)**

Investment property comprises of Norfolk House, 2 Wilbury Gardens, Hove. The fair value of the investment property has been arrived at on an open market value basis by reference to market evidence of transaction prices for similar properties.

**16 Debtors**

	2016	2015
	£	£
<b>Amounts falling due within one year:</b>		
Rent and service charges receivable	7,536	9,321
Prepayments and accrued income	6,135	12,822
	<u>13,671</u>	<u>22,143</u>

**17 Current asset investments**

	2016	2015
	£	£
Investment properties held for sale	1,400,000	-
	<u>1,400,000</u>	<u>-</u>

**18 Creditors: amounts falling due within one year**

	2016	2015
	£	£
	Notes	
Loans and overdrafts	21	189,905
Government grants	22	21,719
Trade creditors		20,000
Rent and service charges received in advance		24,887
Accruals and deferred income		17,490
		41,474
		23,988
		32,195
		<u>300,254</u>
		<u>127,873</u>

**19 Creditors: amounts falling due after more than one year**

	2016	2015
	£	£
	Notes	
Loans and overdrafts	21	-
		189,900
		<u>-</u>
		<u>189,900</u>

**ABBNEYFIELD SOUTH DOWNS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2016**

<b>20</b>	<b>Financial instruments</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	<b>Carrying amount of financial assets</b>		
	Debt instruments measured at amortised cost	7,536	9,321
		<u>          </u>	<u>          </u>
	<b>Carrying amount of financial liabilities</b>		
	Measured at amortised cost	280,254	297,773
		<u>          </u>	<u>          </u>
<b>21</b>	<b>Loans and overdrafts</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	Bank loans	189,905	211,619
		<u>          </u>	<u>          </u>
	Based upon the lender's earliest repayment date, borrowings are repayable as follows:		
	Within one year or on demand	189,905	21,719
	One year or more but less than two years	-	22,102
	Two years or more but less than five years	-	62,354
	Five years or more	-	105,444
		<u>          </u>	<u>          </u>
	Amounts included above which fall due after five years:		
	Payable by instalments	-	105,444
		<u>          </u>	<u>          </u>

The mortgage is secured by a fixed charge over the property and by a debenture giving a floating charge over the assets of the company.

The mortgage was repaid in monthly instalments with interest charged on a quarterly basis at an interest rate of 1.25% above the Bank of England Base Rate.

The mortgage was redeemed in full and the charges satisfied on 31 May 2016.



**ABBNEYFIELD SOUTH DOWNS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2016****22 Deferred grant income**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
At 1 April	20,000	20,000
Grant received in the year	-	-
Released to income in the year	-	-
	<u>20,000</u>	<u>20,000</u>
At 31 March	<u>20,000</u>	<u>20,000</u>

Deferred income is included in the financial statements as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Current liabilities	<u>20,000</u>	<u>20,000</u>

**23 Retirement benefit schemes**

The Charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Charity in an independently administered fund.

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Contributions payable for the year	<u>6,897</u>	<u>4,624</u>

**24 Share capital**

The Charity is a company limited by guarantee. There is no authorised share capital and the liability of each member is limited to £1. There are 7 members.

**ABBNEYFIELD SOUTH DOWNS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2016**

**25 Endowment reserve**

The endowment reserve represents the funds held by the former Abbeyfield (Eastbourne) Society Ltd for capital purposes. The assets comprised in the reserve represent the book value of the remaining freehold properties formerly held by that Society, less capital grants received and loans outstanding (which have now been repaid).

	Balance at 1 April 2015	Movement in reserve			Balance at 31 March 2016
	£	Income £	Expenditure £	Transfers £	£
<b>Expendable endowments</b>					
Eastbourne Society capital fund	612,317	-	-	(17,297)	595,020
	<u>612,317</u>	<u>-</u>	<u>-</u>	<u>(17,297)</u>	<u>595,020</u>
	<u><u>612,317</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(17,297)</u></u>	<u><u>595,020</u></u>

The Brighton & Hove, Sussex Weald, and Hastings & St Leonards societies did not hold any funds that were classed as endowment reserves.

**26 Financial commitments, guarantees and contingent liabilities**

Social Housing Grant was received in prior years totalling £40,129 in connection with work on improving one of the houses. This would be repayable if the relevant property was sold.

<b>27 Cash generated from operations</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Surplus/(deficit) for the year	497,827	(31,176)
Adjustments for:		
Investment income recognised in profit or loss	(370)	(325)
Gain on disposal of tangible fixed assets	-	(250)
Fair value gains and losses on investment properties	(511,198)	-
Depreciation and impairment of tangible fixed assets	61,513	60,820
Movements in working capital:		
Decrease/(increase) in debtors	8,472	(16,564)
Increase in creditors	4,195	12,411
(Decrease) in deferred income	-	(2,700)
<b>Cash generated from operations</b>	<u><u>60,439</u></u>	<u><u>22,216</u></u>

## **ABBNEYFIELD SOUTH DOWNS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016**

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#### **28 Auditors' Ethical Standards**

In common with many businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the accounts.

#### **29 Post Balance Sheet Event**

##### **Merger with Abbeyfield Tunbridge Wells**

In April 2016, the Charity took over the management of Abbeyfield Tunbridge Wells with the intention of the two organisations eventually merging. As a result, all the existing trustees of Abbeyfield Tunbridge Wells, with the exception of the Chairman, resigned and the Charity appointed four of its trustees to the Board of Abbeyfield Tunbridge Wells. Abbeyfield Tunbridge Wells has continued to operate as a separate corporate entity whilst formal approval for the merger is awaited from the Charity Commission. It is the intention that the completion of the merger will be finalised by October 2016.

##### **Sale of property**

During the year, the property at 2 Wilbury Gardens, Hove, known as Norfolk House, was closed and the residents re-housed. Subsequently the property was offered for sale on the open market. At present, the property is under offer and, while contracts have yet to be exchanged, it is hoped that the sale will be finalised in the near future.

#### **30 Related party transactions**

The Charity is a member of the National Abbeyfield Society. During the year, the Charity paid an affiliation fee of £15,029 (2015:15,292) to the National Society.