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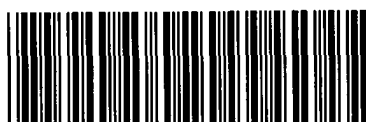
Charity number: 216779  
Company registered number: 00736150  
Homes and Communities Agency registered number H0375

**ABBNEYFIELD SOUTH DOWNS LIMITED**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 MARCH 2017**

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# **ABBNEYFIELD SOUTH DOWNS LIMITED**

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# **ABBNEYFIELD SOUTH DOWNS LIMITED**

## **LEGAL AND ADMINISTRATIVE INFORMATION FOR THE YEAR ENDED 31 MARCH 2017**

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<b>Trustees</b>	Mr D Byrne FCII (Chairman) Mrs L Phair MA, BSc (Hons) Nursing RMN RGN DPNS (Deputy Chairwoman and Quality and Services Director) Mr C Allanson (Finance Director) Mr M Paris MBE MCIOB (Property Director) Mr I Thomas BSc (Hons) CEng MRICS MStructE MCIOB (Development Director) Mr D Carver FCIS (Secretary) (Appointed 10 February 2017) Miss J Sorenson BA (Hons) PGDipM Chartered Marketer (Marketing Director) (Appointed 10 February 2017) Mr W Rendall ACII MA Oxon(Appointed 27 April 2017)
<b>Company registered number</b>	00736150
<b>Charity registered number</b>	216779
<b>Registered office and principal address</b>	Holdenhurst Mill Road Heathfield East Sussex TN21 0XD
<b>Company secretary</b>	Mr D Carver
<b>Independent auditors</b>	Lindeyer Francis Ferguson Limited Chartered Accountants Statutory Auditors North House 198 High Street Tonbridge Kent TN9 1BE
<b>Bankers</b>	Barclays Bank plc 63/67 Terminus Road Eastbourne East Sussex BN21 3NE
<b>Solicitors</b>	Messrs Gaby Hardwicke 33 The Avenue Eastbourne East Sussex BN21 3YD

# **ABBNEYFIELD SOUTH DOWNS LIMITED**

## **REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2017**

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The trustees (who are also directors of the charity for the purposes of the Companies Act 2006) present their annual report together with the audited financial statements of Abbeyfield South Downs Limited for the year ended 31 March 2017.

### **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 RMN RGN DPNS (Deputy Chairwoman and Quality and Services Director)  
Mr C Allanson (Finance Director)  
Mr M Paris MBE MCIOB (Property Director)  
Mr C Attwood FCA (Secretary) (Resigned 7 December 2016)  
Mr I Thomas BSc (Hons) CEng MRICS MStructE MCIOB (Development Director)  
Mr R Woolley FCA (Resigned 27 April 2017)  
Mr M Staff MBE (Resigned 28 July 2016)  
Mr S Carter (Resigned 28 July 2016)  
Mr D Budd MBE (Resigned 28 July 2016)  
Mrs J Foot (Resigned 28 July 2016)  
Miss B Sproat (Resigned 28 July 2016)  
Mr D Carver FCIS (Secretary) (Appointed 10 February 2017)  
Miss J Sorenson BA (Hons) PGDipM Chartered Marketer (Marketing Director) (Appointed 10 February 2017)  
Mr W Rendall ACII MA Oxon (Appointed 27 April 2017)

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

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.

# **ABBNEYFIELD SOUTH DOWNS LIMITED**

## **REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2017**

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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 objective is to continue to provide comfortable housing in a safe environment complemented by good nutrition and companionship for lonely older people. We do this through a dedicated and well trained workforce complemented by a committed and well-motivated group of volunteers. At 31 March 2017 we operated in the following areas:

- Eastbourne – we have two supported sheltered houses with a total of 16 units of accommodation. We also have one additional unit that is let out on a commercial basis outside the Abbeyfield model
- Brighton & Hove - we have three supported sheltered houses with a total of 24 units of accommodation. We also have one further unit which is let out on a commercial basis outside the Abbeyfield model
- Hastings - we have one supported sheltered house with a total of 7 units of accommodation.
- Heathfield - we have one supported sheltered house with a total of 7 units of accommodation. We also have additional buildings on the site, let out on a commercial basis outside the Abbeyfield model, providing 6 further units of accommodation
- Tunbridge Wells - we have one supported sheltered house with a total of 15 units of accommodation.
- Alfriston – we now have one supported sheltered house offering 9 units of accommodation.

In achieving our 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 last year has been a very exciting period in the life of Abbeyfield South Downs.

For many years we have had a vision of developing 'assisted living with care' (or 'extra care') facilities so that we can provide for the growing needs of older people in our area. In Holdenhurst, our Heathfield property, we have a site suitable for development. We devised a scheme and sought planning permission. At times the planning system seemed to work against us but despite the trauma of undergoing an appeal we achieved planning permission for a 48 apartment development. This was a great achievement down to some excellent professional help supplemented by the sterling efforts of our staff team, so ably led by Nolan Taylor, our CEO and the efforts of a number of our board members. I would like to thank them all for their efforts – the next challenge is to discharge the conditions linked to the consent, raise the finance and build the project!

Highlights during the year included:

- Re-organising our board to ensure best practice in the governance of our Society, this included setting up a new Operations Committee

# **ABBNEYFIELD SOUTH DOWNS LIMITED**

## **REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2017**

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- Welcoming both Tunbridge Wells & Alfriston Societies into the fold and successfully dealing with the operational and regulatory issues – again great credit is due to the staff and trustees from Tunbridge Wells, Alfriston and South Downs for the great effort put into ensuring a very smooth transfer.
- We held our first conference involving residents, staff and volunteers, aiming to share and celebrate best practice and to hear what others in our sector are doing. It was a great success and is likely to become an annual event
- We improved the reporting format of our management accounts to ensure good quality management information is provided every month enabling the trustees to ensure financial discipline
- We changed our house committees to residents' committees and ensured the emphasis is on ensuring our residents are empowered to make the decisions that affect their lives. This has included involving our residents in staff selection

The Charity relies heavily on its willing staff team to provide the support and efficiencies necessary to ensure our houses provide a happy and well run 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 and to involve them in all aspects of the day to day management of their homes.

### **Plans for the Future**

The Society is now focussed on bringing to completion the re-development of the Holdenhurst site. We are currently in the early stages of working with an Abbeyfield approved development contractor with the intention of working in partnership with them on the project. The crucial factor will be our ability to secure the funding needed to finance the development. We shall be appointing consultants to assist us in this task and I hope to be able to report on progress in our next annual report.

Whilst we are focussed on the Holdenhurst development and accept that extra care developments are the future, we continue to look to maintain and develop our existing services where we feel there is sufficient demand. Some of our properties enjoy very high occupancy levels and we can see the benefit provided by well-run supported sheltered houses which offer between 15 and 20 units. It seems to us that this model can continue to meet a need for many years to come. With this in mind we will be considering whether any of our existing housing stock can be developed in the way we have approached the linking of our two Aymer Road properties.

### **Financial review**

The year has seen the culmination of a number of factors, which have contributed to a very satisfying financial result. This result is due in no small part to the tremendous efforts of our staff team in ensuring voids were kept to a minimum. Financial highlights include:

- An operating surplus after depreciation of £66,978 or 7.1% (£19,961 deficit in 2016) on turnover of £940,097 (£770,285 in 2016)
- Total income of £3.026M including gifted assets of £2.22M from Abbeyfield Tunbridge Wells and £0.66M from Abbeyfield Alfriston
- Net cash generated of £166,637 up from £60,439 last year
- An increased level of reserves, amounting to £6.56m up from £3.5M last year

# **ABBNEYFIELD SOUTH DOWNS LIMITED**

## **REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2017**

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- Occupancy levels remained at 93% despite occupancy being reduced at Heathfield as potential residents were deterred because of the planned re-development
- Norfolk House, Hove which had been closed in 2016 was sold for £1.40M

These results were achieved despite necessarily high expenditure on building maintenance, including investment in two of our Hove houses. This saw us join our two Aymer Road houses together, upgrade facilities and increase the number of units and thus potential revenue. The investment made during this financial year should start to show real benefit during the coming years.

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. To help us meet this objective we put in hand a survey programme of all our properties to assess future maintenance costs over the next ten years. This survey was completed during the current financial year. The Charity's reserves now total £6.56M, including endowment funds of £0.25M and other unrestricted funds held as fixed assets of £4.25M, leaving free unrestricted reserves of £2.06M.

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 (currently about £240k). The Board of Trustees considers that reserves at this level will ensure that, in the event of a significant drop in income, the Charity will be able to continue its current activities while consideration is given to ways in which additional funds may be raised or alternative options explored. Free reserves currently exceed this level as funds have been accumulated in respect of proposed development projects.

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 are dependent upon recruiting experienced trustees and management backed by structured planning and adequate resources.

Operating expenditure is carefully monitored and controlled. All budget planning and major capital expenditure is subject to approval by the Board. The Charity strives to maintain high residential occupancy levels by sustaining local awareness as to the benefits which the Charity has to offer those in need, in the communities we serve.

There have been several changes to the Board of Trustees in the year under review. The considerable contribution made by the retiring Trustees has been significant and is gratefully acknowledged by the Board.

### **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 requires 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 awarded their 'Core Standard' by the National Society in its most recent audit inspection

# **ABBNEYFIELD SOUTH DOWNS LIMITED**

## **REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2017**

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### **Statement of board of trustees' responsibilities**

The trustees (who are also directors of the Abbeyfield South Downs Limited for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law and social housing legislation requires the trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Disclosure of information to auditor**

Each of the persons who are trustees at the time when this trustees' report is approved has confirmed that:

- so far as the trustees are aware, there is no relevant audit information of which the company's auditors are unaware, and
- the trustees have taken all reasonable steps that ought to have been taken as trustees in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

### **Auditor**

The trustees resolved to reappoint Lindeyer Francis Ferguson Limited as auditor of the company for the year ending 31st March 2018.

In preparing this report, the Trustees have taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Board of Trustees on .....20.9.2017..... and signed on their behalf by:



Mr D Byrne  
Chairman of trustees



# **ABBNEYFIELD SOUTH DOWNS LIMITED**

## **INDEPENDENT AUDITORS' 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 2017 which comprise the Statement of comprehensive income, the Statement of changes in reserves, the Balance sheet, the Statement of cash flows and the related notes. 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 the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 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 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 opinion we have formed.

### **Respective responsibilities of trustees and auditors**

As explained more fully in the Board of Trustees' responsibilities statement set out on pages 5 and 6, the trustees (who are also the directors of the charitable 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.

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 Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

# ABBNEYFIELD SOUTH DOWNS LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABBNEYFIELD SOUTH DOWNS LIMITED

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- 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.

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

In our opinion the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

### 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the trustees' report.



Jonathan Healey BA FCA (Senior statutory auditor)  
for and on behalf of

**Lindeyer Francis Ferguson Limited**  
Chartered Accountants  
Statutory Auditors  
North House  
198 High Street  
Tonbridge  
Kent TN9 1BE


Date: 26 September 2017

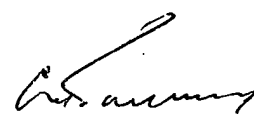
# ABBNEYFIELD SOUTH DOWNS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2016 £ <i>as restated</i>
Turnover	2	940,097	770,285
Operating expenditure	2	( 888,535)	( 806,879)
Other operating income	2	15,416	16,633
<b>Operating surplus/(deficit)</b>		<b>66,978</b>	<b>( 19,961)</b>
Interest receivable		778	370
Other income		534	100
Movement in fair value of investment properties	8	73,000	511,198
Gift of assets from merging societies	19	2,885,021	-
<b>Surplus on ordinary activities for the year and total comprehensive income</b>	<b>3</b>	<b>3,026,311</b>	<b>491,707</b>

The accounts were approved by the Board of Trustees on.....20.9.2017

  
.....  
Mr D Byrne  
Chairman

  
.....  
Mr C Allanson  
Finance Director

# **ABBNEYFIELD SOUTH DOWNS LIMITED**

## **STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2017**

	<i>Income and expenditure reserve</i>	<i>Endowment reserve</i>	<i>Total</i>
	£	£	£
Balance at 31 March 2015 as previously reported	1,944,651	612,317	2,556,968
Prior year adjustment	491,640	-	491,640
<b>Balance at 31 March 2015 as restated</b>	<b>2,436,291</b>	<b>612,317</b>	<b>3,048,608</b>
Total comprehensive income for the year			
As previously reported	497,827	-	497,827
Prior year adjustment - depreciation	(6,120)	-	(6,120)
As restated	491,707	-	491,707
Transfer from endowment reserve	17,297	(17,297)	-
<b>Balance at 31 March 2016 as restated</b>	<b>2,945,295</b>	<b>595,020</b>	<b>3,540,315</b>
Balance at 1 April 2016 as restated	2,945,295	595,020	3,540,315
Total comprehensive income for the year	3,026,311	-	3,026,311
Transfer from endowment reserves	337,979	(337,979)	-
<b>Balance at 31 March 2017</b>	<b>6,309,585</b>	<b>257,041</b>	<b>6,566,626</b>


# **ABBNEYFIELD SOUTH DOWNS LIMITED**

## **BALANCE SHEET** **AS AT 31 MARCH 2017**

	Notes	£	2017 £	£	2016 £ as restated
<b>Fixed assets</b>					
Tangible fixed assets	7		4,502,068		2,247,759
Investment property	8		-		-
Other investments			913		-
			<u>4,502,981</u>		<u>2,247,759</u>
<b>Current assets</b>					
Debtors	9	86,551		25,680	
Investments	10	573,000		1,400,000	
Cash at bank and in hand		1,530,307		179,139	
		<u>2,189,858</u>		<u>1,604,819</u>	
<b>Creditors: amounts falling due within one year</b>	11	( 126,213)		( 312,263)	
<b>Net current assets</b>			<u>2,063,645</u>		<u>1,292,556</u>
<b>Net assets</b>			<u><u>6,566,626</u></u>		<u><u>3,540,315</u></u>
<b>Reserves</b>					
Income and expenditure reserve			6,309,585		2,945,295
Endowment reserves			257,041		595,020
			<u><u>6,566,626</u></u>		<u><u>3,540,315</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 20.9.2017

  
.....  
Mr D Byrne  
Chairman

  
.....  
Mr C Allanson  
Finance Director

Company registration number: 00736150

# **ABBNEYFIELD SOUTH DOWNS LIMITED**

## **STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 MARCH 2017**

		2017 £	2016 £ <i>as restated</i>
<b>Net cash generated from operating activities</b>	<b>A</b>	166,637	60,439
<b>Cash flow from investing activities</b>			
Purchase of tangible fixed assets		( 634,020)	( 58,681)
Cash received from merging societies		607,678	-
Proceeds from sales of investment properties		1,400,000	-
Interest received		778	370
<b>Net cash provided by/(used in) investing activities</b>		1,374,436	( 58,311)
<b>Cash flow from financing activities</b>			
Repayment of bank loan		( 189,905)	( 21,714)
<b>Net cash used in financing activities</b>		( 189,905)	( 21,714)
<b>Net increase/(decrease) in cash and cash equivalents</b>		1,351,168	( 19,586)
Cash and cash equivalents at the beginning of the year		179,139	198,725
<b>Cash and cash equivalents at the end of the year</b>		1,530,307	179,139
<b>Cash and cash equivalents consists of:</b>			
Cash at bank and in hand		1,530,307	179,139
<b>A. Reconciliation of net cash generated from operating activities</b>			
		£	£
<b>Cash flow from operating activities</b>			
Surplus for the year		3,026,311	491,707
Adjustments for:			
Investment income recognised in profit or loss		( 778)	( 370)
Fair value gains and losses on investment properties		( 73,000)	( 511,198)
Gift of assets from merging societies		( 2,812,171)	-
Depreciation and loss on disposal of tangible fixed assets		76,359	67,633
Movements in working capital:			
(Increase)/decrease in debtors		( 60,871)	8,472
Increase in creditors		10,787	4,195
<b>Cash generated from operating activities</b>		166,637	60,439

# **ABBNEYFIELD SOUTH DOWNS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

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### **1 Accounting policies**

#### **1.1 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.

#### **1.2 Basis of preparation**

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 have been prepared on the historical cost convention, modified to include certain items at fair value. Transfers from other societies are accounted for on an acquisition basis as gifts and recognised in income at the fair value of the assets and liabilities of each society at the date of transfer.

##### *Prior year adjustment*

The accounting policy for housing properties and other fixed assets received as part of a transfer of undertakings is that they are initially recorded at fair value. In previous years it was noted that the cost figure for land and buildings did not include a figure for the properties formerly held by Hastings & St Leonards Society as these were transferred from the National Society at nil cost. A prior year adjustment has been made to include the property at a value of £510,000 at the date of transfer less cumulative depreciation of £18,760 at the start of the comparative period giving an adjustment of £491,240 at 1 April 2015. Depreciation in the comparative period has been increased by £6,120.

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.

The principal accounting policies adopted are set out below.

#### **1.3 Income**

Income is measured at the fair value of the consideration received or receivable net of VAT and trade discounts.

Turnover represents rental income receivable in the year net of losses from voids. Rental income is recognised in the period the rents fall due.

# ABBEYFIELD SOUTH DOWNS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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### 1 Accounting policies (continued)

#### 1.4 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.

#### 1.5 Charitable funds

Endowment reserves are those reserves which are only expendable in accordance with the wishes of the funder or regulatory body. 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.

#### 1.6 Tangible fixed assets and depreciation

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

Housing properties and other fixed assets received as part of a transfer of undertakings are initially recorded at fair value.

##### Housing Properties

Housing properties are 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, and 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.

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 on 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.



# **ABBEYFIELD SOUTH DOWNS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

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### **1 Accounting policies (continued)**

#### **1.7 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.

#### **1.8 Investment properties**

Investment properties consist of properties not held for the social benefit or for the 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.

#### **1.8 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.

#### **1.9 Financial instruments**

The society only has financial instruments which are classified as basic financial instruments.

Short-term debtors and creditors are measured at the settlement value. Any losses from impairment are recognised in income and expenditure.

Loans and borrowings are initially recorded at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method.

#### **1.10 Retirement benefits**

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

#### **1.11 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. In previous years amortised grants were deducted from the depreciation charge of the related assets. An adjustment has been made in the current year to show previously amortised grants of £6,932 as a deduction from deferred income.

# **ABBNEYFIELD SOUTH DOWNS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

### **2 Turnover and costs**

	2017 £	2016 £
Rent receivable		
Social housing	981,883	885,862
General housing	50,862	54,265
Void losses		
Social housing	( 91,748)	( 167,242)
General housing	( 1,300)	( 2,600)
Amortised government grants	400	-
Turnover from housing lettings	940,097	770,285
Income from other activities	15,416	16,633
Total	955,513	786,918
Operating costs from social housing activities:		
Management expenses	563,562	476,361
Property maintenance and refurbishment costs	97,649	120,191
Depreciation of housing properties	51,350	58,893
Other costs	175,974	151,434
Total	888,535	806,879
Net surplus /(deficit) from housing activities	66,978	( 19,961)

### **3 Surplus on ordinary activities**

	2017 £	2016 £
This is stated after charging/(crediting):		
Depreciation of housing properties	51,350	58,893
Depreciation of other tangible assets	15,659	8,740
Auditors' remuneration for audit	4,500	4,200
Auditors' remuneration for non-audit services	5,640	5,414
Movement in fair value of investment properties	( 73,000)	( 511,198)

# ABBEYFIELD SOUTH DOWNS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 4 Staff costs and key management personnel

	2017 £	2016 £
Wages and salaries	374,671	331,088
Social security costs	18,568	17,462
Other pension costs	3,845	6,897
	<u>397,084</u>	<u>355,447</u>

The weekly average number of employees was 34 (2016 - 27).

	2017 Number	2016 Number
Housekeeping	30	23
Administration	4	4
	<u>34</u>	<u>27</u>

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

### 5 Board and key management personnel remuneration

None of the Board of trustees (or any person connected with them) received any remuneration during the year, but 5 were reimbursed a total of £670 for expenses (2016: £716).

The total remuneration, including social security and pension costs, for key management personnel amounted to £97,714 (2016: £82,315). The highest paid employee received remuneration, excluding pension contributions of £53,000.

The Chief Executive is a member of the company's defined contribution pension scheme. Contributions payable for the year were £1,962.

### 6 Taxation

The Society, having exempt charitable status, is not liable to taxation.

# **ABBNEYFIELD SOUTH DOWNS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

### **7 Tangible fixed assets**

	<i>Freehold buildings</i>	<i>Assets under development</i>	<i>Fixtures, fittings and equipment</i>	<i>Total</i>
	£	£	£	£
<b>Cost</b>				
At 1 April 2016 (as restated)	2,758,424	51,747	125,500	2,935,671
Additions	-	599,637	34,383	634,020
Gift of assets from merging societies	1,600,000	-	103,580	1,703,580
Disposals	-	-	(14,226)	(14,226)
At 31 March 2017	4,358,424	651,384	249,237	5,259,045
<b>Depreciation</b>				
At 1 April 2016 (as restated)	619,671	-	68,241	687,912
Transfer from deferred grant income	6,932	-	-	6,932
Charge for the year	51,350	-	15,659	67,009
On disposals	-	-	(4,876)	(4,876)
At 31 March 2017	677,953	-	79,024	756,977
<b>Net book value</b>				
At 31 March 2017	3,680,471	651,384	170,213	4,502,068
At 31 March 2016	2,138,753	51,747	57,259	2,247,759

Housing properties include 27 Boscobel Road, St Leonards-on-Sea, net book value £479,400, which is subject to a legal mortgage charge by the Abbeyfield Society.

Assets under development include a proposed 48 unit house at Gray Court, Holdenhurst, Heathfield, and works to existing properties not yet completed.

### **8 Investment property**

2017  
£

#### **Fair value**

At 1 April 2016

-

Gift of assets from merging societies

500,000

Net gains or losses through fair value adjustments

73,000

Transfers to held for sale

(Note 10)

(573,000)

At 31 March 2017

-

# **ABBNEYFIELD SOUTH DOWNS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

### **9 Debtors: amounts falling due within one year**

	2017	2016
	£	£
Rent and service charges receivable	5,218	7,536
Prepayments and accrued income	23,044	18,144
Other debtors	58,289	-
	<u>86,551</u>	<u>25,680</u>

### **10 Current asset investments**

	2017	2016
	£	£
Investment properties held for sale	<u>573,000</u>	<u>1,400,000</u>

Investment properties held for sale consists of the property 8 Cadogan Gardens, Tunbridge Wells, which was acquired from the merger with Abbeyfield Tunbridge Wells. This property was sold in July 2017 for £573,000.

### **11 Creditors: amounts falling due within one year**

	2017	2016
	£	£
Bank loan	-	189,905
Government grants (Note 12)	12,668	20,000
Trade creditors	61,866	36,896
Rent and service charges received in advance	3,764	9,948
Accruals and deferred income	16,389	23,988
Other creditors	31,526	31,526
	<u>126,213</u>	<u>312,263</u>

The bank loan was redeemed in full and the charges satisfied on 31 May 2016. The loan was payable in monthly instalments with interest charged on a quarterly basis at an interest rate of 1.25% above the Bank of England Base Rate.

### **12 Deferred grant income**

	2017	2016
	£	£
At 1 April 2016	20,000	20,000
Transfer to fixed asset depreciation	(6,932)	-
Released to income in the year	(400)	-
At 31 March 2017	<u>12,668</u>	<u>20,000</u>

# **ABBNEYFIELD SOUTH DOWNS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

### **13 Financial instruments**

	2017 £	2016 £
<b>Carrying amount of financial assets</b>		
Investments measured at fair value through surplus	573,913	1,400,000
Debt instruments measured at amortised cost	5,218	7,536
	<u>579,131</u>	<u>1,407,536</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	113,545	280,254
	<u>113,545</u>	<u>280,254</u>

### **14 Housing stock**

	2017 £	2016 £
The number of units in management at the end of the year were:		
General housing - social rent	8	8
Supported housing	69	54
	<u>77</u>	<u>62</u>

### **15 Capital commitments**

At 31 March 2017 the charity had capital commitments as follows:

	2017 £	2016 £
Authorised but not contracted for	60,938	-
	<u>60,938</u>	<u>-</u>

### **16 Financial commitments**

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.

### **17 Retirement benefit schemes**

The charity operates a defined benefit 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.

	2017 £	2016 £
Contributions payable for the year	3,845	6,897
	<u>3,845</u>	<u>6,897</u>

# **ABBEYFIELD SOUTH DOWNS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

### **18 Endowment reserves**

	Balance at 1 April 2016 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2017 £
<b>Expendable endowments</b>					
Eastbourne Society capital fund	595,020	-	-	( 595,020)	-
<b>Permanent endowment</b>					
Angus Lodge endowment fund	-	-	-	257,041	257,041
	<u>595,020</u>	<u>-</u>	<u>-</u>	<u>( 337,979)</u>	<u>257,041</u>

The Eastbourne Society capital fund has in previous years been shown as an endowment reserve. However, the trustees have reviewed the origins of the fund and concluded that it should be classified as a designated reserve as it was created to designate funds held in housing properties rather than funds held by way of an endowment. It has therefore been transferred to the income and expenditure reserve. Designated reserves are not separately disclosed.

The Angus Lodge endowment fund has been created as a result of the merger during the year with the Abbeyfield Tunbridge Wells Society. The permanent endowment fund represents the funds of Angus Lodge Trust, a linked charity of the Abbeyfield Tunbridge Wells Society, that were applied in purchasing 28.2% of the freehold land and buildings at 3, 5 and 7 Cadogan Gardens Tunbridge (Abbeyfield House). A transfer is made to income and expenditure reserve, in respect of depreciation on the property. Transfers noted above include £258,733 transferred on merger less depreciation of £1,692.

### **19 Gifts of assets from merging societies**

	Abbeyfield Tunbridge Wells Society	Abbeyfield Alfriston Society	Total
Freehold properties	1,000,000	600,000	1,600,000
Other fixed assets	103,580	-	103,580
Investments	913	-	913
Investment properties	500,000	-	500,000
Cash	607,678	-	607,678
Other net assets	14,561	58,289	72,850
	<u>2,226,732</u>	<u>658,289</u>	<u>2,885,021</u>