

Company registered number: 00736150  
Charity number: 216779  
Regulator of Social Housing registered number H0375

**ABBNEYFIELD SOUTH DOWNS LIMITED**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 MARCH 2020**

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# **ABBNEYFIELD SOUTH DOWNS LIMITED**

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# ABBNEYFIELD SOUTH DOWNS LIMITED

## THE BOARD, EXECUTIVE OFFICERS, ADVISERS

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<b>The Board as at the date of approval of this Annual Report</b>	Mr D Byrne FCII (Chairman) Mrs L Phair MA, BSc (Hons) Nursing RMN RGN DPNS (Deputy Chairman) Mr M Paris MBE MCIOB Miss J Sorenson BA (Hons) PGDipM Chartered Marketer Mr W Rendall ACII MA Oxon Mr A T Davy BA(Hons) ACA Mr J Timbs Mr P Anderson LLB(Hons) MBA (appointed 25 May 2020)
<b>Note: all Board members are also trustees of the charity</b>	
<b>The following was also a Board member during part of the year covered by this Annual Report</b>	Mr D Carver (until 10 February 2020)
<b>Executive Officers as at the date of approval of this Annual Report</b>	Mr Nolan Taylor (Chief Executive Officer) Mr I Thomas (Development Director) Ms Nikki Moss (Operations Manager)
<b>Company secretary</b>	Mr P Anderson LLB(Hons) MBA
<b>Registered office and principal address</b>	Alfriston House North Road Alfriston East Sussex BN26 5XB
<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>Legal status</b>	
<b>Registered company limited by guarantee</b>	No. 00736150
<b>Registered with the Regulator of Social Housing</b>	No. H0375
<b>Registered with the Charity Commission</b>	No. 216779

# ABBNEYFIELD SOUTH DOWNS LIMITED

## REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2020

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 2020.

### 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 older people. We do this through a dedicated and well-trained workforce complemented by a committed and well-motivated group of volunteers. As at 31 March 2020 we operated in the following areas:

	No of sheltered houses	No of social housing units (Abbeyfield model)	No of non-social housing units	Changes since 31 March 2019
Eastbourne	2	16	1	
Brighton & Hove	1	17	1	
Heathfield	-	-	-	The house in Heathfield has been demolished and development of a 48 unit Extra Care residence is in progress and due for completion in 2021 (48 social housing units)
Hastings	1	7	1	
Tunbridge Wells	1	15	-	
Alfriston	1	9	-	

In achieving its objectives, the Charity aims to create a surplus of income over expenditure which is sufficient to maintain the 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 under review has been dominated by the effects of the Covid-19 pandemic and continuing activity to realise the Charity's long held vision of developing affordable 'extra care' facilities that meet the growing needs and expectations of older people.

### The Covid-19 pandemic

The management team and house staff acted swiftly to develop and implement procedures to protect residents, visitors and employees from the threat of Coronavirus. In addition to Health and Safety measures and PPE supplies

# **ABBNEYFIELD SOUTH DOWNS LIMITED**

## **REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2020**

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being introduced across the estate, access to communal areas was restricted and meals delivered to residents' rooms. Securing adequate and appropriate food and household supplies in the initial stages proved particularly problematic. The Board is grateful for the support of all concerned, including the families and friends of residents, for their cooperation in respecting the physical environment of vulnerable people.

Thanks to the magnificent efforts of everybody at Abbeyfield South Downs the organisation has managed to limit the physical and mental effects of the virus and avoided the need to place staff on furlough, other than those forced to self-isolate, following government guidance. The organisation has followed all the relevant Government advice and supported vulnerable individuals.

Although we could not welcome new residents or offer viewings after the start of the lockdown in March 2020 until early July 2020, Abbeyfield South Downs continued to use targeted social media based marketing to invite enquiries with a positive message. The Board believes demand will increase once the restrictions are eased as individuals and families seek the care and companionship offered within our houses. In the meantime, the effective measures put in place mean that occupancy, and hence the charity's income, has held up well without the need to use reserves to continue operations despite the inevitable increases in costs to fight the virus.

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 highly and is committed to paying the 'living wage'. The Charity and residents are also indebted to the teams of volunteers at each of the houses whose assistance and friendship improves the lives of the residents in their chosen communities.

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 regulations. Support is provided to residents, by directing them to services appropriate to their needs. Every effort is made to provide excellent meals for the residents to enjoy and to involve them in most aspects of the day to day management of their homes.

### **Holdenhurst redevelopment and plans for the Future**

The Holdenhurst development continues apace. Programme delays, which could have been expected due to the exceptionally wet weather at the beginning of 2020 and the Covid-19 pandemic, have been kept to a minimum. Our development partners, Castleoak, continued work on site throughout the pandemic lockdown whilst following all the relevant Government guidelines. Access to the site has been strictly controlled and the regular progress meetings held using conferencing technology.

Following business modelling and additional grant negotiations, the Board was delighted that the projected number of rental social housing units within the scheme increased to 36 (75%) from the original plan of 17 (35%). However, the Board continued to explore other options for the scheme and submitted a grant application to Homes England, supported by TAS and the banks funding the project, to convert the scheme to 48 units (100%) with rents based on Social Rent tenure. The Board believed this type of scheme would offer older people much needed, high quality community social housing which is in short supply in the South East. It would also provide a template and case study for future developments. Homes England advised Abbeyfield South Downs in October 2020 that it had facilitated the transfer of almost £2M recycled grant to the scheme. Whilst this is £1M less than Abbeyfield South Downs applied for so the scheme could operate on Social rents, it does mean the scheme can progress applying Affordable rent rules for 100% of the units, thereby removing the risks and operational inefficiencies associated with having to sell units.

# **ABBNEYFIELD SOUTH DOWNS LIMITED**

## **REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2020**

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The Board is of the opinion that extra care developments are the future in meeting the changing expectations and requirements of an ageing population and consequential policy realignments. We shall explore how this model can be best replicated across our geographical area of operation. Nevertheless, we continue to look to 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 as we created by linking of the two properties in Aymer Road, Hove.

### **Financial review**

These financial statements reflect the start of the development project and use of the Charity's accumulated cash reserves reported in March 2019. These financial statements have been prepared on the basis that all 48 units under construction at Holdenhurst will be retained in an all rental scheme.

It is also good to record that control of the Charity's core provision of housing and the Charity's assets remains well managed, particularly in light of the Covid-19 pandemic and the potential impact on income and inevitable additional costs which the Charity has sought to absorb rather than pass on to the residents. Turnover has fallen by 10% compared to 2019 due to lower than expected occupancy, particularly in Tunbridge Wells where TAS's Hale Court development has an impact, and being unable to fill voids generally during lockdown despite continuous effort by our staff team.

### **Financial highlights include:**

- An immaterial operating deficit after depreciation of £(5,650) or -0.6% (£98,604 or 9.9% in 2019) on turnover of £902,452 (£996,435 in 2019)
- Net cash generated from operating activities of £19,406 (£1,430,723 in 2019)
- As a result of the Board's decision to increase the number of units at Holdenhurst available for affordable rent rather than sale, further grant of £684,163 was received during the year. This brings the total of Government Recycled Capital Grant Funds and new grant committed to the Holdenhurst development, conditional on the start and completion of work on site, to £3.1M (see Note 11 to the accounts). In October 2020 Homes England confirmed that a further transfer of recycled grant for £1,973,773 had been secured to support the Board's vision to launch an all rental social housing scheme to address need in the South East. This brings the total of grant (new and recycled) paid and receivable to £5.08M.
- Cash at bank has reduced to £2.33M (£3.93M in 2019) as a result of the development project starting and the Charity's equity commitment being used before starting the drawdown of the agreed facility funds in May 2020.
- The level of reserves has remained stable, amounting to £8.08M up from £8.06M last year

### **Reserves policy**

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 £215,000). The Board 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. The Charity's reserves now total £8.08M, including endowment funds of £0.25M and other unrestricted funds held as fixed assets of £7.37M, leaving free unrestricted reserves of £0.46M.

# ABBEYFIELD SOUTH DOWNS LIMITED

## REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2020

### Risk management

The Board continues to strengthen the risk management process to ensure that it can adequately identify, monitor and control significant risks. The Board has established a Risk Committee comprising members from the Board and management which has reviewed in detail the risks facing the Charity and the controls in place. The Committee undertook a review specifically to consider the potential risks relating to the Covid-19 pandemic, the results of which have been incorporated in the Risk Register. Risk management has been adopted as a standing agenda item for Board meetings. A subsidiary risk register for the Heathfield development is maintained by the Development Director and reviewed by the Development Team of directors and management.

The key risks to which the Charity is exposed and their mitigations are noted below:

Risk	Mitigation
<b>Strategic</b> The Charity operates in a complex, fluid market dependent on numerous external factors, including regulation, competition, customer expectations and requirements and the economic environment.	<p>Operating expenditure is carefully monitored and controlled by the Operations Committee with regular reporting to the Board. 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.</p> <p>The Board works closely with its advisers and contractors to model both the development and future operation of the 'extra care' facility. A timeline including key decision points and milestones has been developed which identifies fall back risk management positions. The funding model provides for a minimum cash reserve position in accordance with or exceeding the Charity's reserves policy to safeguard operations.</p>
<b>Financial viability</b> Operations continue to generate sufficient funds to maintain high standard services and maintenance of the houses.	<p>Services are continually reviewed and monitored by the Senior Management Team with support and regular scrutiny by Board members. Operating Policies are developed, logged and implemented as required. Policies for residents, including a clear complaints procedure, are in place for use by residents.</p> <p>The Board agrees an annual financial budget on a timely basis and receives quarterly reports to monitor progress against expectations. The Senior Management Team receives monthly operations income and expenditure reports for review with the house staff.</p>

# **ABBNEYFIELD SOUTH DOWNS LIMITED**

## **REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2020**

<p>Adequate funding is available for the Holdenhurst development project.</p>	<p>The Board commissioned an independent maintenance survey of all houses and has adopted a 10 year planned maintenance programme to ensure compliance with accepted standards.</p> <p>The Board has a Facility Agreement (FA) with Charity Bank and Big Society Capital to fund the development and provide for residual debt following completion. This was secured following exhaustive modelling to 2060 by the Charity and its advisers, the results of which were made available to the Board. Performance against the covenants within the FA are monitored quarterly internally and externally.</p>
<p><b>Reputation</b> The Charity's reputation may be impacted by inadequate safeguarding of residents, a fall in service standards and deteriorating accommodation.</p>	<p>The Board, under guidance of the Quality and Services Director, has adopted a clear policy and process to safeguard all residents and staff.</p> <p>Members of the Board are actively engaged with The Abbeyfield Society, to which Abbeyfield South Downs is affiliated, and contribute to developments at a national level.</p> <p>The Board has adopted a 10 year planned maintenance programme across the housing stock to ensure compliance with accepted standards.</p>
<p><b>People</b> The success of the Charity is dependent on its staff and volunteers. The welfare of the staff and residents is of central importance to successful operations.</p> <p>The Board and management team must have an appropriate mix of skills to oversee existing operations and future plans.</p>	<p>The Board support the management team to ensure appropriate policies and procedures are in place to protect the health and safety of staff and residents at all times.</p> <p>The Charity is committed to being both a Living Wage and equal opportunities employer.</p> <p>The Board regularly assesses its own composition and diversity to ensure an adequate mix of skills and experience is present to direct the Charity and provide substantive support to the management team.</p>
<p><b>Covid-19 Pandemic</b> The virus poses a significant threat to the physical and mental wellbeing of residents and staff. It further poses threats to the continuing provision of quality services and the financial resilience of the Charity if income should fall and new residents cannot be welcomed in to the houses.</p>	<p>The Senior Management Team supported by the Board have swiftly drawn up and implemented policies following Government guidelines to manage the multiple risks. There has been clear communication to residents' families and friends regarding measures</p>



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## REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2020

<p>The consequences of the virus could result in delay to the Holdenhurst development project introducing financial and operational risks for the Charity.</p>	<p>introduced to protect the physical safety of everybody at the houses.</p> <p>The Board receives regular reports from the Management Team regarding the management and consequences of the virus across the houses.</p> <p>The ASD Development Director and CEO maintain close contact with Castleoak, the development partner, and the Charity's advisers and funders on progress. Formal virtual Project Team meetings (independently chaired and minuted) are held monthly and attended by representatives of the ASD Management Team and Board. The internal ASD Development Group also formally meets monthly to review all aspects of the project and records are disseminated to the Board forming the basis for the quarterly standing Board agenda item.</p>
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### 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.

The Regulator for Social Housing (RSH) issued a new Value for Money Standard in April 2017 and a Technical Note in April 2018. These identified 7 metrics which social housing providers are expected to report their performance against in the annual report. The latter document acknowledges that the metrics will not necessarily be appropriate for all providers and any influencing factors should be explained in the commentary.

Metric	2019/20	2018/19
1. Reinvestment %	1.9%	1.6%
2. New supply delivered		
- social housing units	0.0%	-10.9% <sup>A</sup>
- non-social housing units	33.3%	-75.0% <sup>A</sup>
3. Gearing %	N/A <sup>B</sup>	N/A <sup>B</sup>
4. EBITDA MRI interest cover %	N/A <sup>B</sup>	N/A <sup>B</sup>
5. Headline social cost per unit	£14,189	£14,132
6. Operating margin %		
- social housing lettings only	-3.2%	6.3%
- overall	-0.6%	9.4%
7. Return on capital employed	-0.07%	1.2%

The basis for the metrics is as follows:

1. Reinvestment % – the investment in properties (existing stock and new supply) as a percentage of the value of total properties held.
2. New supply delivered (social housing units) % – the number of new social housing units delivered as a proportion of total social housing units owned.
3. Gearing % – net debt as a percentage of the value of total properties held.

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## REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2020

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4. *EBITDA MRI Interest cover % – the level of surplus generated compared to the interest payable.*
5. *Headline social housing cost per unit – social housing costs (as defined by the regulator) divided by total units owned and / or managed.*
6. *6A. Operating margin (social housing lettings only) % – operating surplus/(deficit) from social housing lettings divided by turnover from social housing lettings.*
- 6B. *Operating margin (overall) % – overall operating surplus/(deficit) divided by overall turnover.*
7. *Return on capital employed (ROCE) % – compares the overall operating surplus to total assets less current liabilities.*

- A. The fall in supply is due to the demolition of the Holdenhurst properties currently being redeveloped to provide 48 new units from 2021
- B. These metrics do not apply as the Charity had no short or long term borrowings during the years under review.

Scrutiny of VFM is provided by the Board through the receipt of management accounts with KPIs considered appropriate for the management of the Charity and a report from the Management Committee which meets weekly to oversee operations. In particular the Board are aware that the headline social cost per unit metric as reported at 5 above is high for the sector. This is due to the Charity following the Abbeyfield service model which incorporates at its heart the provision of nutritious meals for residents. The cost of preparing and providing food are not factors highlighted by the Regulator for Social Housing in its analysis of additional costs which may influence the calculation of unit cost.

### Governance

The Board of Trustees, who are also the directors for the purpose of company law, and who served during the year are set out on page 1. Each member is recruited for his/her relevant experience and skills to provide substantive support to the management team. The Charity is managed by the directors in accordance with the company's Memorandum and Articles of Association dated 25 July 2016. None of the Board of Trustees has any beneficial interest in the company. All members of the Board of Trustees are members of the company.

Appointments to the Board of Trustees are proposed and ratified by the Board at their regular meetings. Co-option is permitted prior to ratification. 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. New trustees are given an induction in accordance with the Charity's Trustee Induction Process which not only covers governance and operational issues but also a briefing on the Abbeyfield ethos. Trustees are given access to the comprehensive Directors' Information folder in the Charity's shared cloud storage. Trustee training is available on request and where a subject of mutual interest is identified, for example GDPR, Board training is provided. The Board continues to develop an appropriate method for Appraisal of Board Skills and Diversity.

The Board of Trustees meets quarterly to review performance and ensure that the Charity operations and development are 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.

It is an objective of the Board that staff should feel valued and be appropriately rewarded. To further this objective the Society has adopted the voluntary 'living wage'. Overall pay awards are approved by the Board as part of the annual budget setting process. The salaries of senior staff are considered by an ad-hoc Remuneration Committee which is chaired by the Chairman and includes the trustee responsible for finance. The committee considers:

- The overall performance of the management team and the financial position of the Society
- The benchmarking of salaries against similar roles in comparable charities and organisations operating in the sector and the same geographical area
- The salaries paid within the Abbeyfield movement for comparable roles.

# **ABBNEYFIELD SOUTH DOWNS LIMITED**

## **REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2020**

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- Recommending discretionary bonus awards, although no formal method or basis for performance related pay has been adopted.

The recommendations from the Remuneration Committee are approved by the Board.

The Charity is a member of The Abbeyfield Society (TAS). The benefits offered to member societies include providing relevant information on national developments in the charitable housing sector and professional services in support of the affiliates. The Charity pays an annual fee to TAS.

The Charity complies with the Governance and Financial Viability Standard (April 2015) issued by the Regulator for Social Housing and principal recommendations of the 2015 National Housing Federation Code of Governance. The Charity also adheres to the principles of the Code of Governance for Smaller Charities.

### **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.

### **Statement of disclosure 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.

# **ABBNEYFIELD SOUTH DOWNS LIMITED**

## **REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2020**

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### **Auditor**

The Trustees resolved to reappoint Lindeyer Francis Ferguson Limited as auditor of the company for the year ended 31 March 2021.

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 [ 23rd October 2020 ] and signed on their behalf by:



**Mr D Byrne**  
**Chairman of trustees**

# **ABBEYFIELD SOUTH DOWNS LIMITED**

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

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### **Opinion**

We have audited the financial statements of Abbeyfield South Downs Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, the statement of changes in reserves, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020, 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
- 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 2019.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The board is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

# **ABBNEYFIELD SOUTH DOWNS LIMITED**

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

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

We have nothing to report in this regard.

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

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

- the information given in the report of the board of trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the report of the board of trustees has been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the report of the board of trustees.

We have nothing to report in respect of the following matters in relation to which 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the board was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

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.

### **Responsibilities of the board**

As explained more fully in the board's responsibilities statement, the board members (who are also the directors of the association 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, and for such internal control as the board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

# ABBEYFIELD SOUTH DOWNS LIMITED

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

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In preparing the financial statements, the board is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

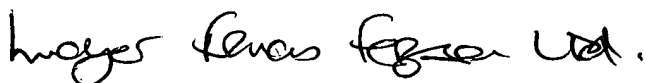
### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

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



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

Date: 19 January 2021

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

# ABBEYFIELD SOUTH DOWNS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover	2	902,452	996,435
Operating expenditure	2	( 908,102)	( 899,600)
Other operating income	2	-	1,769
Operating (deficit)/surplus		( 5,650)	98,604
Gain on disposal of housing property		-	1,348,412
Development property costs expensed		( 422)	( 41,705)
Interest receivable		25,433	23,638
Other income		45	1,774
Surplus on ordinary activities for the year and total comprehensive income		19,406	1,430,723

The accounts were approved by the Board of Trustees on 23rd October 2020



Mr D Byrne  
Chairman



Mr A Davy  
Finance Director



# ABBNEYFIELD SOUTH DOWNS LIMITED

## STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2020

	<i>Income and expenditure reserve</i>	<i>Endowment reserve</i>	<i>Total</i>
	£	£	£
<b>Balance at 1 April 2018</b>	6,380,936	253,657	6,634,593
Total comprehensive income for the year	1,430,723	-	1,430,723
Transfer from endowment reserves	3,384	(3,384)	-
<b>Balance at 31 March 2019 and 1 April 2019</b>	<u>7,815,043</u>	<u>250,273</u>	<u>8,065,316</u>
Total comprehensive income for the year	19,406	-	19,406
Transfer from endowment reserves	3,384	(3,384)	-
<b>Balance at 31 March 2020</b>	<u><u>7,837,833</u></u>	<u><u>246,889</u></u>	<u><u>8,084,722</u></u>

# **ABBNEYFIELD SOUTH DOWNS LIMITED**


## **BALANCE SHEET**

**AS AT 31 MARCH 2020**

	Notes	£	2020 £	£	2019 £
<b>Fixed assets</b>					
Tangible fixed assets	7		8,930,027		5,009,310
			<u>8,930,027</u>		<u>5,009,310</u>
<b>Current assets</b>					
Debtors	8	11,409		1,221,182	
Cash at bank and in hand		2,329,658		3,929,011	
		<u>2,341,067</u>		<u>5,150,193</u>	
<b>Creditors: amounts falling due within one year</b>	9	( 602,309)		( 194,687)	
<b>Net current assets</b>			<u>1,738,758</u>		<u>4,955,506</u>
<b>Total assets less current liabilities</b>			<u>10,668,785</u>		<u>9,964,816</u>
<b>Creditors: amounts falling due after one year</b>	11		( 2,584,063)		( 1,899,500)
<b>Net assets</b>			<u><u>8,084,722</u></u>		<u><u>8,065,316</u></u>
<b>Reserves</b>					
Income and expenditure reserve			7,837,833		7,815,043
Endowment reserves	18		246,889		250,273
			<u><u>8,084,722</u></u>		<u><u>8,065,316</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 23rd October 2020

  
Mr D Byrne  
Chairman

  
Mr A Davy  
Finance Director

Company registration number: 00736150

# **ABBNEYFIELD SOUTH DOWNS LIMITED**

## **STATEMENT OF CASH FLOWS** **FOR THE YEAR ENDED 31 MARCH 2020**

		2020 £	2019 £
<b>Net cash generated from operating activities</b>	<b>A</b>	<b>1,698,268</b>	<b>( 969,081)</b>
<b>Cash flow from investing activities</b>			
Purchase of tangible fixed assets		( 4,007,217)	( 759,262)
Proceeds from sales of housing properties		-	1,629,696
Interest received		25,433	23,638
<b>Net cash (used in)/provided by investing activities</b>		<b>( 3,981,784)</b>	<b>894,072</b>
<b>Cash flow from investing activities</b>			
Grants received		684,163	1,899,900
<b>Net cash provided by investing activities</b>		<b>684,163</b>	<b>1,899,900</b>
<b>Net (decrease)/increase in cash and cash equivalents and change in net funds</b>		<b>( 1,599,353)</b>	<b>1,824,891</b>
Cash and cash equivalents at the beginning of the year		3,929,011	2,104,120
<b>Cash and cash equivalents at the end of the year</b>		<b>2,329,658</b>	<b>3,929,011</b>
<b>Cash and cash equivalents consists of:</b>			
Cash at bank and in hand		2,329,658	3,929,011
<b>A. Reconciliation of net cash generated from operating activities</b>			
		£	£
<b>Cash flow from operating activities</b>			
Surplus for the year		19,406	1,430,723
Adjustments for non cash items:			
Depreciation and loss on disposals		86,500	82,821
Decrease / (increase) in debtors		1,209,773	( 1,135,921)
Increase in creditors		408,022	25,346
Adjustments for investing or financing activities:			
Interest receivable		( 25,433)	( 23,638)
Profit on disposal of housing property		-	( 1,348,412)
<b>Cash generated from operating activities</b>		<b>1,698,268</b>	<b>( 969,081)</b>

# **ABBNEYFIELD SOUTH DOWNS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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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 Abbeyfield House, North Road, Alfriston, East Sussex, BN26 5XB.

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

The financial statements of the charity are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for private registered providers of social housing in England 2019. 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.

Since the end of the financial year, the global pandemic Covid-19 has had an impact on the charity's operations. The charity has however retained tenants during the lockdown period and with residents also receiving housing benefits from local authorities, income was largely unaffected by the pandemic. The Trustees do not believe the charity has been significantly impacted by Covid-19 so as to lead to the accounts not being prepared on a going concern basis.

The financial statements are presented in pounds sterling and rounded to the nearest pound.

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.

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

#### **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.

# ABBNEYFIELD SOUTH DOWNS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies (continued)

#### 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

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.

Depreciation is provided on housing properties, excluding land, so as to write off the net cost less estimated residual value of each asset over its remaining estimated useful life. Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter, as follows:

Freehold buildings	-	50 years straight line
Roofs	-	40 years straight line
Windows	-	25 years straight line
Kitchens	-	10 years straight line
Lifts	-	15 years straight line

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

##### Other fixed assets

Depreciation is provided on other fixed assets, so as to write off the net cost less estimated residual value of each asset over its remaining estimated useful life as follows:

Fixtures, fittings and equipment	-	10 years straight line
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# **ABBNEYFIELD SOUTH DOWNS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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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 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 charity 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 Stocks**

Stocks, including property developed for outright sale is stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition.

Properties under construction are recognised as stock on the basis that the property is expected to be sold.

#### **1.12 Government grants**

Government grants include grants receivable from Homes England (HE), 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 FOR THE YEAR ENDED 31 MARCH 2020**

### **2 Turnover and costs**

	2020 £	2019 £
Rent receivable		
Social housing	1,064,343	1,120,142
General housing	22,474	31,501
Void losses		
Social housing	( 184,765)	( 155,608)
Amortised government grants	400	400
Turnover from housing lettings	902,452	996,435
Income from other activities	-	1,769
Total	902,452	998,204
Operating costs from social housing activities:		
Management expenses	564,807	574,880
Property maintenance and refurbishment costs	101,491	81,318
Depreciation of housing properties and losses on disposal	56,289	59,557
Other costs	185,515	183,845
Total	908,102	899,600
Net (deficit) / surplus from housing activities	( 5,650)	98,604

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

	2020 £	2019 £
This is stated after charging:		
Depreciation of housing properties and losses on disposal	56,289	59,557
Depreciation of other tangible assets	30,211	23,264
Auditors' remuneration for audit	5,800	5,700
Auditors' remuneration for non-audit services	7,000	4,898

# ABBEYFIELD SOUTH DOWNS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 4 Staff costs and key management personnel

	2020 £	2019 £
Wages and salaries	382,648	391,200
Social security costs	19,145	19,085
Other pension costs	8,119	5,857
	<u>409,912</u>	<u>416,142</u>

The weekly average number of employees was 30 (2019 - 31).

	2020 Number	2019 Number
Housekeeping	26	27
Administration	4	4
	<u>30</u>	<u>31</u>

### 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 one (2019: three) was reimbursed a total of £194 for travel and advertising expenses (2019: £427).

The total remuneration, including social security and pension costs, for key management personnel amounted to £108,808 (2019: £100,888). One person received remuneration over £60,000 during the year (2019: one person).

The Chief Executive is a member of the company's defined contribution pension scheme. Contributions payable for the year were £2,879 (2019: £2,799).

### 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 2020**

### **7 Tangible fixed assets**

	<i>Housing Properties</i>	<i>Housing Properties under development</i>	<i>Fixtures, fittings and equipment</i>	<i>Total</i>
	£	£	£	£
<b>Cost</b>				
At 1 April 2019	3,620,747	1,717,776	314,903	5,653,426
Additions	-	3,946,667	60,550	4,007,217
Disposals	-	-	-	-
At 31 March 2020	3,620,747	5,664,443	375,453	9,660,643
<b>Depreciation</b>				
At 1 April 2019	519,759	-	124,357	644,116
Charge for the year	56,289	-	30,211	86,500
Elimination on disposal	-	-	-	-
At 31 March 2020	576,048	-	154,568	730,616
<b>Net book value</b>				
At 31 March 2020	3,044,699	5,664,443	220,885	8,930,027
At 31 March 2019	3,100,988	1,717,776	190,546	5,009,310

Housing properties include 27 Boscobel Road, St Leonards-on-Sea, which was subject to a legal charge by the Abbeyfield Society. The legal charge was satisfied on 1 July 2019.

Housing properties under development carried forward include the sites at Gray Court and Holdenhurst, Heathfield, which are being developed into new housing (see note 14). An impairment review was carried out and no change to the carrying value was required.

# **ABBNEYFIELD SOUTH DOWNS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

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

	2020	2019
	£	£
Rent and service charges receivable	10,030	8,501
Grants receivable	-	1,200,000
Prepayments and accrued income	1,379	12,681
	<u>11,409</u>	<u>1,221,182</u>

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

	2020	2019
	£	£
Government grants (Note 10)	11,468	11,868
Trade creditors	555,140	124,121
Other taxation and social security	-	6,549
Rent and service charges received in advance	6,681	6,621
Accruals and deferred income	16,570	35,830
Other creditors	12,450	9,698
	<u>602,309</u>	<u>194,687</u>

### **10 Deferred grant income**

	2020	2019
	£	£
At 1 April 2019	11,868	12,268
Released to income in the year	( 400)	( 400)
	<u>11,468</u>	<u>11,868</u>

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

	2020	2019
	£	£
Government grants	<u>2,584,063</u>	<u>1,899,500</u>

Grants due in more than one year relate to housing properties under development and include a grant of £2.25m Recycled Capital Grant Funds received via the Abbeyfield Society and £749,063 being the first and second stages of a grant of £954,563 from Homes England. See Note 14 in relation to the development.

# ABBNEYFIELD SOUTH DOWNS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 12 Financial instruments

	2020	2019
	£	£
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	10,030	8,501
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	590,841	176,270

### 13 Housing stock

	2020	2019
	£	£
The number of units in management at the end of the year were:		
General housing - social rent	3	2
Supported housing	64	64
	67	66

### 14 Capital commitments and post balance sheet events

At 31 March 2020 the charity had capital commitments as follows:

	2020	2019
	£	£
Contracted for but not provided for in the financial statements	7,956,086	-

On 26 July 2019, the charity's Board approved and signed a JCT Design and Build Contract with Castleoak Care Partnerships Limited for £11,764,547. During the year the development began and the above commitment is the remaining outstanding from the contract value. Also, on this date the charity's Board approved and signed a Facility Agreement for £7.6M with Charity Bank and Big Society Capital, the first draw down took place in May 2020.

Additionally, since the year end the charity has been awarded a recycled grant from Homes England totalling £1,973,773. This will be used towards the above project.

### 15 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.

# **ABBNEYFIELD SOUTH DOWNS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020**

### **16 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. Contributions payable for the year were £20,989 (2019: £14,122)

### **17 Endowment reserves**

<i>Current year</i>	<i>Balance at 1 April 2019 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers £</i>	<i>Balance at 31 March 2020 £</i>
<b>Permanent endowment</b>					
Angus Lodge endowment fund	250,273	-	-	(3,384)	246,889
<i>Prior year</i>	<i>Balance at 1 April 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers £</i>	<i>Balance at 31 March 2019 £</i>
<b>Permanent endowment</b>					
Angus Lodge endowment	253,657	-	-	(3,384)	250,273
	253,657	-	-	(3,384)	250,273

The permanent endowment fund represents the funds of Angus Lodge Trust, a linked charity of the Abbeyfield South Downs Limited, that were applied in purchasing 28.2% of the freehold land and buildings at 3, 5 and 7 Cadogan Gardens Tunbridge Wells (Abbeyfield House). A transfer is made to income and expenditure reserve, in respect of depreciation on the property.

# **ABBEYFIELD SOUTH DOWNS LIMITED**

## **DETAILED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2020**

	2020 £	2020 £	2019 £	2019 £
<b>Turnover</b>				
Social housing lettings		879,578		964,984
General needs rent		22,474		31,501
Other social housing		-		1,769
Amortised government grants		400		400
		<u>902,452</u>		<u>998,654</u>
<b>Administrative expenses - management</b>				
House staff costs	300,580		316,978	
Staff training	4,504		2,593	
Food and other household costs	96,337		107,154	
Water rates	17,546		11,772	
Council tax	12,946		15,093	
Electricity	19,385		21,514	
Gas	23,075		21,764	
Insurance	10,840		14,079	
Cleaning	7,742		5,012	
Advertising	11,739		4,774	
Lifeline	15,820		15,948	
Telephone	13,131		14,239	
Television licence	951		696	
Depreciation of fixtures and fittings	30,211		23,264	
		<u>( 564,807)</u>		<u>( 574,880)</u>
<b>Administrative expenses - other</b>				
Administrative staff costs	125,347		125,446	
Printing, postage and stationery	9,519		10,768	
Travelling expenses	6,348		1,803	
Legal and professional fees	7,298		6,409	
Auditors' non-audit fees	7,000		4,898	
Audit fees	5,800		5,700	
Affiliation fees	17,541		17,130	
Bank charges	319		123	
Bad debts	-		2,245	
Sundry expenses	6,343		9,323	
		<u>( 185,515)</u>		<u>( 183,845)</u>
<b>Repairs and maintenance</b>				
Routine maintenance		( 101,491)		( 81,318)
Depreciation of housing properties		( 56,289)		( 56,555)
Loss on disposal of housing components		-		( 3,002)
Profit on disposal of housing property		-		1,348,412
<b>Interest receivable</b>	25,433		23,638	
Gray Court costs	( 422)		( 41,705)	
Other income	45		1,774	
		<u>25,056</u>		<u>( 16,293)</u>
<b>Surplus for the year</b>		<u>19,406</u>		<u>1,431,173</u>