

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 2021**

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ABBNEYFIELD SOUTH DOWNS LIMITED

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ABBNEYFIELD SOUTH DOWNS LIMITED

THE BOARD, EXECUTIVE OFFICERS, ADVISERS

The Board as at the date of approval of this Annual Report

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 J Timbs
Mr P Anderson LLB(Hons) MBA

Note: all Board members are also trustees of the charity

The following was also a Board member during part of the year covered by this Annual Report

Mr A T Davy BA(Hons) ACA (Resigned 9/2/2021)

Executive Officers as at the date of approval of this Annual Report

Mr N Taylor (Chief Executive Officer)
Mr A T Davy (Chief Financial Officer)
Mr I Thomas (Development Director)
Ms N Moss (Operations Manager)

Company secretary

Mr P Anderson LLB(Hons) MBA

Registered office and principal address

Alfriston House
North Road
Alfriston
East Sussex BN26 5XB

Independent auditors

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

Bankers

Barclays Bank plc
63/67 Terminus Road
Eastbourne
East Sussex BN21 3NE

Legal status

Registered company limited by guarantee

No. 00736150

Registered with the Regulator of Social Housing

No. H0375

Registered with the Charity Commission

No. 216779

ABBEYFIELD SOUTH DOWNS LIMITED

REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2021

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 2021.

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 2021 we operated in the following areas:

	No of sheltered houses	No of social housing units	No of non-social housing units	Changes since 31 March 2020
Eastbourne	2	16	1	
Brighton & Hove	1	17	1	
Heathfield	-	-	-	The house in Heathfield has been demolished and development of a 48 unit social housing Extra Care residence is in progress
Hastings	1	7	1	
Tunbridge Wells	1	14	-	2 small units have been merged together
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 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 continued to be dominated by two key influences: the effects of the Covid-19 pandemic and 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.

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The Covid-19 pandemic

The management team and house staff have continued to monitor, develop and implement procedures to protect residents, visitors and employees from the threat of Coronavirus against a background of everchanging circumstances, advice and regulation. Health and Safety measures and PPE supplies have been maintained across the estate, with access to communal areas being restricted as necessary in accordance with government guidelines and meals delivered to residents' rooms where appropriate. Difficulties in securing adequate and appropriate food and household supplies, which proved particularly problematic in the first phase of the pandemic, have been overcome. 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. The Charity has avoided the need to place staff on furlough, other than those required to self-isolate in accordance with 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 until the restrictions were eased in July 2020, Abbeyfield South Downs continued to use targeted social media based marketing to invite enquiries and convey a positive message. 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, particularly over this difficult year, 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 nutritious, home cooked 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 but is subject to frustrating delays which have yet to be resolved satisfactorily. Our development partners, CastleOak Care Partnerships, continued work on site throughout the pandemic lockdowns following all the relevant government guidelines. Access to the site has been strictly controlled and the regular progress meetings held using conferencing technology. However, problems with the construction of the roof resulted in a significant, unchecked ingress of water over a period during the winter which has contributed to the programme slipping by several weeks.

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Furthermore, difficulties experienced by the development partner since the third quarter of 2020 to secure adequate labour, sub-contractors and materials mean that the development is now running some 6 months behind schedule and the property remains incomplete and uninhabitable. Apart from requiring considerable extra management time to monitor build activity and the financial implications of the delay, it has been very frustrating for the Abbeyfield South Downs team who have been working hard to prepare and market Holdenhurst in addition to their other responsibilities. In common with the hospitality sector across the UK our team has found it hard to recruit a team for Holdenhurst and so it is disappointing that we have had to delay welcoming new residents and have had to absorb the associated, avoidable costs to keep the team in readiness.

The Board continued to explore options for the Holdenhurst scheme and are delighted that a successful grant application to Homes England, supported by TAS and the banks funding the project, has enabled the scheme to offer all 48 units (100% previously 75%) on an affordable rent basis with 17 units subject to a Nominations Agreement with Wealden District Council. This aids the Trustees to fulfil their charitable objects and strengthens their belief that this type of scheme will offer older people much needed, high quality community affordable housing which is in short supply in the South East. The response to initial marketing has been encouraging with to date over 240 enquiries and a higher than expected conversion rate to viewings (30%) and applications (15%). The ASD team have developed a comprehensive process to ensure applications are evaluated on a fair and transparent basis in accordance with the Charity's agreed criteria.



HOLDENHURST

The Board remains 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 are learning from the Holdenhurst experience and 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 within our identified geographical area and are seeking to resolve the paradox of competing Abbeyfield schemes in Tunbridge Wells and the confusion this creates for potential tenants and funders. Some of our properties enjoy very high occupancy levels and we can see the benefit provided by well-run supported sheltered schemes which are financially viable and integrate into the local community.

Financial review

These financial statements reflect the development project and have been prepared on the basis that all 48 units under construction will be retained in an all rental scheme.

It is also pleasing to record that control of the Charity's core provision of housing and the Charity's assets remain 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.

Financial highlights include:

- Turnover from housing lettings of £950,725 has increased by 5% compared to 2020 (£902,452) reflecting the success of maintaining online marketing and the easing of pandemic restrictions.

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- Overall operating administrative expenses have increased 4.7% to £785,459 (£750,322 in 2020). The majority of this increase is due to staff remuneration (£455,077 +6.8%) which reflects the increase in the living wage rate which has been adopted by the Charity, increased pension contributions and discretionary bonuses paid in recognition of exceptional service during the pandemic and development.
- Housing activities have generated an operating surplus after depreciation of £56,501 or 6% (£(5,650) or -0.6% in 2020).
- Net cash generated from operating activities of £57,274 (£19,406 in 2020).
- As a result of the Board's decision to adopt an all affordable rental scheme at Holdenhurst, Homes England confirmed in October 2020 a further transfer of recycled grant for £1,97M. This brings the total Government Recycled Capital Grant Funds and new grant committed to the Holdenhurst development paid and receivable to £5.08M. Grant of £2.32M was received during the year (see Note 11 to the accounts).
- Cash at bank has reduced to £1.24M (£2.33M in 2020) 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 Charity has been able to agree with Charity Bank and Big Society Capital a Commitment Reduction with effect from 22 April 2021 in the Facility Agreement from £6M to £5M due to the increased grant receivable.
- The level of reserves has increased to £8.14M up from £8.08M last year.

Reserves policy

It is the policy of the Charity that unrestricted cash funds which have not been designated for a specific use should be maintained at a level equivalent to at least three month's cash operating expenditure (currently approximately £206,000). 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.

Risk management

The Board operates a dynamic risk management process to ensure that it can identify, control and monitor significant risks in operations and development. The Board has a Risk Committee comprising members from the Board and management and risk management is a standing agenda item for consideration at quarterly 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.

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

Risk	Mitigation
<p>Strategic</p> <p>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>	<p>The Charity adopted a 5 year strategic plan 2016-2021 which was prepared based on sector research, analysis of changes in the Charity's defined area of operation and the relevant experience of the trustees and management team, particularly knowledge of The Abbeyfield Society and its strategic plan. The Charity is currently preparing a Strategic Plan covering 2021-2026 for consideration and adoption by the Board.</p> <p>The Board has approved a joint project, proposed by the Deputy Chairman, with the Association for Dementia Studies at the University of Worcester, to develop and publish new models to support independence and combat loneliness and isolation for older people.</p>
<p>Financial viability</p> <p>Operations continue to generate sufficient funds to provide high standard services and maintenance of the houses.</p> <p>Adequate funding is available for the Holdenhurst development project.</p>	<p>The Board agrees an annual financial budget on a timely basis and receives quarterly reports to monitor progress against expectations. All budget planning and major capital expenditure is subject to approval by the Board. The Senior Management Team receives monthly operations income and expenditure reports for review with the house staff.</p> <p>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. Occupancy levels have been adopted as the primary KPI and as such are regularly reported to management and the Board.</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>

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	<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>
<p>Reputation</p> <p>The Charity's reputation may be impacted by inadequate safeguarding of residents, a fall in service standards and deteriorating accommodation.</p>	<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, 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 commissioned an independent maintenance survey of all houses and has adopted a 10 year planned maintenance programme to ensure compliance with accepted standards.</p>

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<p>People</p> <p>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. Experience is present to direct the Charity and provide substantive support to the management team.</p>
<p>Covid-19 Pandemic</p> <p>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 consequences of the virus could impact the project plan for the Holdenhurst development project introducing financial and operational risks for the Charity.</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 introduced to protect the physical safety of everybody at the houses.</p> <p>The Management Team monitor the changing rules and regulations to ensure compliance is maintained at all times.</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 Care Partnerships, 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	2020/21	2019/20
1. Reinvestment %	1.0% ^A	1.9% ^A
2. New supply delivered		
- social housing units	-1.6%	0.0%
- non-social housing units	0.0%	33.3%
3. Gearing %	24.4%	N/A ^C
4. EBITDA MRI interest cover %	N/A ^B	N/A ^C
5. Headline social cost per unit	£14,486	£14,189
6. Operating margin %		
- social housing lettings only	6.0%	-3.2%
- overall	5.8%	-0.6%
7. Return on capital employed	1.35% ^A	-0.11% ^A

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.*
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 Excludes properties under development.

B All interest payable relates to housing under development and is being capitalised until the development is open and generating income.

C This metric does not apply as the Charity had no short or long term borrowings during the year 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

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REPORT OF THE BOARD OF TRUSTEES FOR THE YEAR ENDED 31 MARCH 2021

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. The committee considers:

- The overall performance of the management team and the financial position of the Society
- The bench marking 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.
- 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.

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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 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.

Auditor

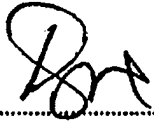
The Trustees resolved to reappoint Lindeyer Francis Ferguson Limited as auditor of the company for the year ended 31 March 2021.

ABBEYFIELD SOUTH DOWNS LIMITED

REPORT OF THE BOARD OF TRUSTEES 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 ^{22ND}..... October 2021 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

Opinion

We have audited the financial statements of Abbeyfield South Downs Limited (the 'company') for the year ended 31 March 2021 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 2021, 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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.

ABBEYFIELD SOUTH DOWNS LIMITED

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

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.

ABBEYFIELD SOUTH DOWNS LIMITED

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

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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined below, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

- We obtained an understanding of the legal and regulatory framework applying to the Charity, and the procedures that management adopt to ensure compliance, including those relating to the Charities SORP FRS 102;
- We assessed the susceptibility of the Charity's financial statement to material misstatement, including considering how fraud might occur;
- We obtained the Board of Trustees' assessment of fraud risk and enquired as to any known or suspected instances of fraud; and
- We designed and performed audit procedures to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations, including enquiry of the Board of Trustees, review of minutes and correspondence, and review of the completeness and accuracy of disclosures made in the financial statements.

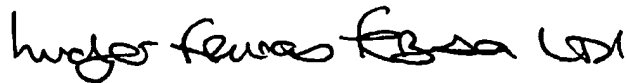
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

ABBNEYFIELD SOUTH DOWNS LIMITED

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

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: 26 October 2021

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

ABBNEYFIELD SOUTH DOWNS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Turnover	2	969,103	902,452
Operating expenditure	2	(912,602)	(908,102)
Operating surplus / (deficit)		56,501	(5,650)
Development property costs expensed		-	(422)
Interest receivable		773	25,433
Other income		-	45
Surplus on ordinary activities for the year and total comprehensive income		57,274	19,406

The accounts were approved by the Board of Trustees on22/10/2021.....



Mr D Byrne
Chairman



Peter Anderson
Company Secretary

ABBNEYFIELD SOUTH DOWNS LIMITED

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2021

	<i>Income and expenditure reserve</i>	<i>Endowment reserve</i>	<i>Total</i>
	£	£	£
Balance at 1 April 2019	7,815,043	250,273	8,065,316
Total comprehensive income for the year	19,406	-	19,406
Transfer from endowment reserves	3,384	(3,384)	-
Balance at 31 March 2020 and 1 April 2020	7,837,833	246,889	8,084,722
Total comprehensive income for the year	57,274	-	57,274
Transfer from endowment reserves	3,384	(3,384)	-
Balance at 31 March 2021	7,898,491	243,505	8,141,996

ABBNEYFIELD SOUTH DOWNS LIMITED

BALANCE SHEET **AS AT 31 MARCH 2021**

	Notes	£	2021 £	£	2020 £
Fixed assets					
Tangible fixed assets	7		15,894,077		8,930,027
			<u>15,894,077</u>		<u>8,930,027</u>
Current assets					
Debtors	8	14,813		11,409	
Cash at bank and in hand		1,242,811		2,329,658	
		<u>1,257,624</u>		<u>2,341,067</u>	
Creditors: amounts falling due within one year	9	(313,713)		(602,309)	
Net current assets			<u>943,911</u>		<u>1,738,758</u>
Total assets less current liabilities			<u>16,837,988</u>		<u>10,668,785</u>
Creditors: amounts falling due after one year	11		(8,695,992)		(2,584,063)
Net assets			<u><u>8,141,996</u></u>		<u><u>8,084,722</u></u>
Reserves					
Income and expenditure reserve			7,898,491		7,837,833
Endowment reserves	15	243,505		246,889	
			<u><u>8,141,996</u></u>		<u><u>8,084,722</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 22/10/2021


Mr D Byrne
Chairman


Peter Anderson
Company Secretary

Company registration number: 00736150

ABBNEYFIELD SOUTH DOWNS LIMITED

STATEMENT OF CASH FLOWS **FOR THE YEAR ENDED 31 MARCH 2021**

		2021 £	2020 £
Net cash (absorbed) / generated from operating activities	A	(145,556)	1,698,268
Cash flow from investing activities			
Purchase of tangible fixed assets		(7,053,993)	(4,007,217)
Interest received		773	25,433
Net cash used in investing activities		(7,053,220)	(3,981,784)
Cash flow from financing activities			
Grants received		2,317,267	684,163
Loans received		3,794,662	-
Net cash provided by investing activities		6,111,929	684,163
Net decrease in cash and cash equivalents and change in net funds		(1,086,847)	(1,599,353)
Cash and cash equivalents at the beginning of the year		2,329,658	3,929,011
Cash and cash equivalents at the end of the year		1,242,811	2,329,658
Cash and cash equivalents consists of:			
Cash at bank and in hand		1,242,811	2,329,658
A. Reconciliation of net cash generated from operating activities			
		£	£
Cash flow from operating activities			
Surplus for the year		57,274	19,406
Adjustments for non cash items:			
Depreciation		89,943	86,500
(Increase) / decrease in debtors		(3,404)	1,209,773
(Decrease) / increase in creditors		(288,596)	408,022
Adjustments for investing or financing activities:			
Interest receivable		(773)	(25,433)
Cash (absorbed) / generated from operating activities		(145,556)	1,698,268

ABBNEYFIELD SOUTH DOWNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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.

The global pandemic Covid-19 has had an impact on the charity's operations. The charity has however retained tenants during the various lockdown periods and with residents also receiving housing benefits from local authorities, income has been 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.

Income from government grants is recognised as turnover when the charity is entitled to the funds, the receipt is probable and the amount can be measured reliably. This is usually when a formal offer is made in writing.

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.

ABBEYFIELD SOUTH DOWNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (continued)

1.5 Charitable funds

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the Society and which have not been designated for other purposes.

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.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

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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ABBEYFIELD SOUTH DOWNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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 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 2021

2 Turnover and costs

	2021 £	2020 £
Rent receivable		
Social housing	1,076,114	1,064,343
General housing	23,568	22,474
Void losses		
Social housing	(149,357)	(184,765)
Amortised government grants	400	400
Turnover from housing lettings	950,725	902,452
Income from other activities		
Coronavirus Job Retention Scheme grants	11,178	-
Sundry	7,200	-
Total	969,103	902,452
Operating costs from social housing activities:		
Management expenses	586,250	564,807
Property maintenance and refurbishment costs	70,854	101,491
Depreciation of housing properties	56,289	56,289
Other costs	199,209	185,515
Total	912,602	908,102
Net deficit from housing activities	56,501	(5,650)

3 Surplus on ordinary activities

	2021 £	2020 £
This is stated after charging:		
Depreciation of housing properties and losses on disposal	56,289	56,289
Depreciation of other tangible assets	33,654	30,211
Auditors' remuneration for audit	7,800	7,620
Auditors' remuneration for non-audit services	7,030	5,180

ABBEYFIELD SOUTH DOWNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

4 Staff costs and key management personnel

	2021 £	2020 £
Wages and salaries	401,462	382,648
Social security costs	30,340	19,145
Other pension costs	9,595	8,119
	<u>441,397</u>	<u>409,912</u>

The weekly average number of employees was 31 (2020 - 30).

	2021 Number	2020 Number
Housekeeping	27	26
Administration	4	4
	<u>31</u>	<u>30</u>

5 Board and key management personnel remuneration

None (2020: one) of the trustees were reimbursed for any expenses (2020: £194 for travel and advertising).

The total remuneration, including social security and pension costs, for key management personnel amounted to £114,936 (2020: £108,808). One person received remuneration over £60,000 during the year (2020: one person).

The Chief Executive is a member of the company's defined contribution pension scheme. Contributions payable for the year were £2,980 (2020: £2,879).

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 2021

7 Tangible fixed assets

	<i>Housing Properties</i>	<i>Housing Properties under development</i>	<i>Fixtures, fittings and equipment</i>	<i>Total</i>
	£	£	£	£
Cost				
At 1 April 2020	3,620,747	5,664,443	375,453	9,660,643
Additions	-	7,023,260	30,733	7,053,993
At 31 March 2021	<u>3,620,747</u>	<u>12,687,703</u>	<u>406,186</u>	<u>16,714,636</u>
Depreciation				
At 1 April 2020	576,048	-	154,568	730,616
Charge for the year	56,289	-	33,654	89,943
At 31 March 2021	<u>632,337</u>	<u>-</u>	<u>188,222</u>	<u>820,559</u>
Net book value				
At 31 March 2021	<u>2,988,410</u>	<u>12,687,703</u>	<u>217,964</u>	<u>15,894,077</u>
At 31 March 2020	<u>3,044,699</u>	<u>5,664,443</u>	<u>220,885</u>	<u>8,930,027</u>

Housing properties under development include the sites at Holdenhurst and 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.

8 Debtors: amounts falling due within one year

	<i>2021</i>	<i>2020</i>
	£	£
Rent and service charges receivable	11,866	10,030
Prepayments and accrued income	2,947	1,379
	<u>14,813</u>	<u>11,409</u>

ABBNEYFIELD SOUTH DOWNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

9 Creditors: amounts falling due within one year

	2021	2020
	£	£
Government grants (Note 10)	11,068	11,468
Trade creditors	237,848	555,140
Rent and service charges received in advance	27,465	6,681
Accruals and deferred income	12,504	16,570
Bank loans	24,828	-
Other creditors	-	12,450
	<u>313,713</u>	<u>602,309</u>

10 Deferred grant income

	2021	2020
	£	£
At 1 April 2020	11,468	11,868
Released to income in the year	(400)	(400)
At 31 March 2021	<u>11,068</u>	<u>11,468</u>

11 Creditors: amounts falling due after one year

	2021	2020
	£	£
Bank loans	3,794,662	-
Government grants	4,901,330	2,584,063
At 31 March 2021	<u>8,695,992</u>	<u>2,584,063</u>

Grants due in more than one year relate to housing properties under development and include a grant of £2.3m 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.

The Charity holds two long term loans, with a maximum facility of £5m. At the year end £3,824,396 of this facility had been utilised.

12 Housing stock

	2021	2020
	£	£
The number of units in management at the end of the year were:		
General housing - social rent	3	3
Supported housing	63	64
	<u>66</u>	<u>67</u>

ABBNEYFIELD SOUTH DOWNS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

13 Capital commitments and post balance sheet events

At 31 March 2021 the charity had capital commitments as follows:

	2021	2020
	£	£
Contracted for but not provided for in the financial statements	999,187	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 continued and the above commitment is the remaining outstanding from the contract value.

14 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.

There is a fixed and floating charge on the properties and all assets held by Abbeyfield South Downs Limited, in relation to a long term third party loan. The amount owed under this guarantee at 31 March 2021 amounted to £3,753,129 (2020: £Nil).

15 Endowment reserves

<i>Current year</i>	<i>Balance at 1 April 2020</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers</i>	<i>Balance at 31 March 2021</i>
	£	£	£	£	£
Permanent endowment					
Angus Lodge endowment fund	246,889	-	-	(3,384)	243,505
	<u>246,889</u>	<u>-</u>	<u>-</u>	<u>(3,384)</u>	<u>243,505</u>
<i>Prior 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>
	£	£	£	£	£
Permanent endowment					
Angus Lodge endowment	250,273	-	-	(3,384)	246,889
	<u>250,273</u>	<u>-</u>	<u>-</u>	<u>(3,384)</u>	<u>246,889</u>

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.

ABBNEYFIELD SOUTH DOWNS LIMITED

DETAILED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2021 £	2020 £	2020 £
Turnover				
Social housing lettings		926,757		879,578
General needs rent		23,568		22,474
Amortised government grants		400		400
Coronavirus Job Retention Scheme grants		11,178		-
Sundry		7,200		-
		<u>969,103</u>		<u>902,452</u>
Administrative expenses - management				
House staff costs	316,887		300,580	
Staff training	2,609		4,504	
Food and other household costs	102,015		96,337	
Water rates	11,901		17,546	
Council tax	12,749		12,946	
Electricity	24,436		19,385	
Gas	20,292		23,075	
Insurance	9,605		10,840	
Cleaning	5,084		7,742	
Advertising	14,914		11,739	
Lifeline	15,777		15,820	
Telephone	15,334		13,131	
Television licence	993		951	
Depreciation of fixtures and fittings	33,654		30,211	
		<u>(586,250)</u>		<u>(564,807)</u>
Administrative expenses - other				
Administrative staff costs	138,190		125,347	
Printing, postage and stationery	8,955		9,519	
Travelling expenses	1,639		6,348	
Legal and professional fees	4,074		7,298	
Auditors' non-audit fees	7,030		5,180	
Audit fees	7,800		7,620	
Affiliation fees	17,804		17,541	
Bank charges and interest paid	100		319	
Sundry expenses	13,617		6,343	
		<u>(199,209)</u>		<u>(185,515)</u>
Repairs and maintenance				
Routine maintenance	70,854		101,491	
Depreciation of housing properties	56,289		56,289	
		<u>(127,143)</u>		<u>(157,780)</u>
Interest receivable	773		25,433	
Gray Court costs	-		(422)	
Other income	-		45	
		<u>773</u>		<u>25,056</u>
Surplus for the year		<u><u>57,274</u></u>		<u><u>19,406</u></u>