

Companies House

Company No 00737334  
Registered Charity No 230899  
Tenant Services Authority No H3295

**THE ABBEYFIELD (LANCASTER)  
SOCIETY LIMITED**

**FINANCIAL STATEMENTS  
For the year ended 31 March 2012**



# **THE ABBEYFIELD (LANCASTER) SOCIETY LIMITED**

## **FINANCIAL STATEMENTS**

**For the year ended 31 March 2012**

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## **THE ABBEYFIELD (LANCASTER) SOCIETY LIMITED**

### **Trustees' annual report for the purposes of Part 8 of the Charities Act 2011 and Directors' report for the purposes of section 417 of the Companies Act 2006 For the year ended 31 March 2012**

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The trustees present their annual report on the affairs of the society, together with the financial statements for the year ended 31 March 2012

#### **Reference and Administrative Details**

The full name of the charity is The Abbeyfield (Lancaster) Society Limited

The society's charity registration number is 230899 and its company registration number is 00737334. It is also a registered social landlord under the Housing Act 1996 (no H3295)

The trustees who served during the year were

##### **Executive committee**

The Lady Shuttleworth (President)  
Mr J Gilbert (Chairman)  
Mr P Rutherford (Treasurer)  
Mrs A K Howson (Secretary)  
Mrs E Cole  
Mrs P Gilbert JP  
Mr E Phillips – resigned 12 March 2012  
Mr B P Threlfall  
Mrs J E Threlfall JP

##### **Other committees**

Miss M Parker  
Mrs A Holmes  
Mrs H Worth

The directors of the company during the year were

Mr J Gilbert  
Mr P Rutherford  
Mrs A K Howson

The society's secretary is Mrs A K Howson

The registered office of the society is

Chirnside House  
Abbeyfield Close  
Lancaster  
LA1 4NL

Day to day management of the society is delegated to Mrs A K Howson, the society secretary and Mr C P Whytock, the bursar

Bankers	Royal Bank of Scotland plc, 2 New Street, Lancaster, LA1 1EG HSBC, 35 Market Street, Lancaster, LA1 1JQ
Auditors	CLB Coopers, Fleet House, New Road, Lancaster, LA1 1EZ
Solicitors	Blackhurst Swainson Goodier, 3 & 4 Aalborg Square, Lancaster, LA1 1GG
Architects	Harrison & Pitt, 29 Castle Hill, Lancaster, LA1 1YN
Investment Advisors	Independent Investment Associates Ltd, Cragdale House, Kents Bank Road Grange-over-Sands, LA11 7EY

## THE ABBEYFIELD (LANCASTER) SOCIETY LIMITED

**Trustees' annual report for the purposes of Part 8 of the Charities Act 2011 and Directors' report for the purposes of section 417 of the Companies Act 2006**  
**For the year ended 31 March 2012**

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### Structure, Governance & Management

#### Governing Document

The society is a company limited by guarantee under the Companies Act 2006, without share capital. Its operation is governed by its Memorandum & Articles of Association dated 8 October 1962 and amended on 31 October 2006.

#### Appointment of trustees

The appointment of trustees is governed by provisions contained within the society's Articles of Association. These are as follows:

- At each AGM one third of the members of the Executive Committee must retire and, if desired, stand for re-election. The trustees to retire are those longest in office since their last election.
- The society, at the AGM, may fill the positions vacated by the retiring trustees by electing any persons thereto, or by re-electing the retiring members.
- The Executive Committee has the power to appoint any person to be a trustee either to fill a casual vacancy or in order to increase the number of trustees. Any trustee appointed in this way must retire at the following AGM and stand for re-election, if desired, at that meeting.
- Any member of the society, qualified to attend and vote at the AGM, is entitled to propose the appointment of a person to act as a trustee.
- Appointments to the society's committees are made by the Executive Committee.

#### Trustee induction and training

Trustees are given induction and training by the society secretary together with the chairman and secretary of the relevant committee to which they belong.

#### Organisation

The society is governed by its Executive Committee, consisting of not less than three nor more than eighteen members, which meets six times per year. Certain detailed work is delegated as follows:

- A budget meeting prepares the annual budget for approval by the Executive Committee.
- The Chirnside House Committee monitors the day-to-day operation of the registered residential care home. The committee meets on a monthly basis.
- The Aldcliffe Road House Committee, which usually meets monthly except for August & December, monitors the operation of the Supported Sheltered House.
- The committees are assisted in their work by senior management, namely the bursar, the housekeeper of the sheltered home & the matron/manager of the residential care home.

#### Connected charities

The society is one of around 500 similar societies, which exist throughout the United Kingdom to provide assisted living for older people. Co-operation between these local societies is considerable although each retains its local autonomy. There is also an umbrella organisation, The Abbeyfield Society, of which this society is a member. The Abbeyfield Society is divided into sixteen administrative regions. Each has its own regional council composed of volunteers from societies in the region. The regional officers have regular meetings with each other, so that they can represent the views of their region through national committees.

The head office of the Abbeyfield Society is Abbeyfield House, 53 Victoria Street, St Albans, AL1 3UW. The staff at the Head Office provide support for member societies. During the year the society incurred fees of £6,355 (2011 - £6,099) in respect of its membership of, and affiliation to, The Abbeyfield Society.

## **THE ABBEYFIELD (LANCASTER) SOCIETY LIMITED**

**Trustees' annual report for the purposes of Part 8 of the Charities Act 2011 and Directors' report for the purposes of section 417 of the Companies Act 2006  
For the year ended 31 March 2012**

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### **Structure, Governance & Management (continued)**

#### Risk management

The trustees have assessed the major risks to which the society is exposed, in particular those related to the operations and finances of the society, and are satisfied that systems are in place to mitigate exposure to the major risks

#### **Objectives & Activities**

The society's principal objectives as set out in the Memorandum of Association are

- The relief of aged, impotent and poor people of all classes
- The advancement of religion and education
- The pursuit of charitable activities beneficial to the community

The society was established in 1962 and it has pursued the foregoing objects by establishing, managing and developing homes in the Lancaster district that cater for the needs of the elderly. Two types of home have been developed – the supported sheltered home and the registered residential care home.

The society has one supported sheltered home in Lancaster which caters for eight elderly residents. A resident Housekeeper provides day-to-day support for the residents as well as two cooked meals per day. Residents are expected to be reasonably fit and independent and to be able to look after their own rooms and laundry needs. In reality, however, the residents are becoming more frail, most employ domestic help and 'buy in' care.

The society has one registered residential care home, Chirnside House, catering for twenty nine residents. This home provides twenty-four hour care for the frail elderly. It was purpose built in 1994, extended in 2005 with further extensions and alterations in 2009.

Chirnside House is registered to cater for persons with dementia as well as the frail elderly.

The society depends considerably on the commitment and enthusiasm of its volunteers. All the management of the society, through the various committees, is undertaken by volunteers. Volunteers also provide significant time and effort in assisting with the day to day operation of the two homes.

Both houses have been approached by young people working towards their Duke of Edinburgh Award Scheme and the society has been pleased to be able to offer the opportunity for community service to these young people. The residents and staff greatly appreciate the input made by these volunteers.

#### **Achievements and Performance**

The occupancy level, a key indicator, averaged 86.0% (2011 – 85.2%). This comprised an occupancy level of 65.0% (2011 – 77.1%) at Aldcliffe Road and 88.5% (2011 – 86.1%) at Chirnside House. The society is pleased to report that the occupancy level at Aldcliffe Road has now improved.

The society has been working in conjunction with Lancaster University in providing training for first year medical students. This has proved to be a most successful and rewarding venture.

All staff, including catering & domestic staff, have been trained to at least NVQ level 2 and all undergo regular training updates.

Chirnside House is recognised as a Preferred Social Care Provider by Lancashire County Council and continues to be placed in Band 1.

Chirnside House has been awarded Three Star Status (the highest possible award) by the Care Quality Commission and retains its Investors in People status.

# THE ABBEYFIELD (LANCASTER) SOCIETY LIMITED

## Trustees' annual report for the purposes of Part 8 of the Charities Act 2011 and Directors' report for the purposes of section 417 of the Companies Act 2006 For the year ended 31 March 2012

### Public Benefit

Admission to both houses is assessed according to need. Equal & fair access is offered to all eligible older people regardless of gender, family or financial circumstances – some residents are self-funded whereas others are state funded, race, colour, religion or sexual orientation.

The Society's policy is to provide all residents with support, stimulation and encouragement to an appropriate level for their individual needs.

Residents are encouraged to follow their individual religious beliefs, should they wish to do so, and visiting clergy from various denominations visit individual residents at both houses.

Various activities are arranged at both houses in consultation with the residents. However, participation is a matter of individual choice.

Residents at both houses raise money for charitable causes. The choice of charities to benefit from these money raising activities is decided by the residents.

The Trustees of The Abbeyfield (Lancaster) Society Limited believe they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission.

### Financial Review

The financial results for the year are as set out in the income and expenditure account on page 8 and the position at the end of the year is shown in the balance sheet on page 9. The deficit for the year and its allocation are as follows:

	2012 £	2011 £
Operating deficit	(60,887)	(72,291)
Investment income, legacies and donations	4,864	5,003
Decrease in market value of investments below cost	(126)	(34)
<b>Deficit on ordinary activities for the financial year</b>	<b>(56,149)</b>	<b>(67,322)</b>
<b>Allocation:</b>		
Transfer to/(from) charitable capital expenditure reserve	15,074	(11,085)
Transfer (from)/to Swainson Bursary Fund	(6,012)	118
Transfer from future repairs reserve	(7,886)	-
Transfer (from)/to revenue reserve	(57,325)	(56,355)
	<b>(56,149)</b>	<b>(67,322)</b>

The main points arising from these accounts are as follows:

- A deficit of £60,887 (2011 - £72,291) arose in the year from the operation of the two homes.
- Residential charges received rose to £762,513 (2011 - £713,294), an increase of 6.9%.
- Operational costs, excluding property depreciation, rose to £771,160 (2011 - £735,510), an increase of 4.9%.
- The revenue reserves of the society decreased to £81,017 (2011 - £138,342).

The principal funding source is income from residential charges.

## **THE ABBEYFIELD (LANCASTER) SOCIETY LIMITED**

**Trustees' annual report for the purposes of Part 8 of the Charities Act 2011 and Directors' report for the purposes of section 417 of the Companies Act 2006**  
**For the year ended 31 March 2012**

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### **Financial Review (continued)**

Movements in fixed assets in the year are shown in notes 6 and 7 to the financial statements Capital expenditure of £29,367 was incurred during the year

The trustees consider the market value of the society's fixed assets to be in excess of their current book values

Indemnity insurance in respect of the trustees has been provided by way of a block arrangement within the overall insurance policies for the two houses and no separate premium is identifiable

### **Investment powers and policy**

The society is permitted by its Memorandum of Association to invest any funds not immediately required for its purposes in any investments, securities or property as may be thought fit Funds subject to the jurisdiction of the Charity Commissioners may only be invested in such securities and with such sanction as may for the time being be prescribed by law

The society's investment policy is a balance between long-term investment and some short-term investment to allow accessibility of some funds

The society's investments, as shown in note 10 to the financial statements comprise Bonds and Unit Trusts held at 1 April 2011 and additional units purchased during the year in accordance with the powers available to the trustees

### **Reserves Policy**

The current policy of the society is to maintain free reserves at a level that equates to between 3 and 6 months of operating expenditure The reserves policy is reviewed annually in order to take account of any changes in the environment in which the society operates

Total unrestricted reserves held at the year end amounted to £682,922 Included in unrestricted reserves are designated reserves totalling £601,905 and further details of these are given in note 14 to the financial statements The unrestricted revenue reserves, not committed or invested in tangible fixed assets ("free reserves") held by the society at 31 March 2012 amounted to £20,954 This equates to approximately 1.25 weeks of operating expenditure which is below the level as set by the trustees The trustees will take measures in future periods to increase the level of reserves held

### **Plans for future periods**

One of the society's main aims is to continue to provide high quality care and to obtain a successful Investors in People review, thus ensuring continued inclusion in Band 1 of Lancashire County Council's Preferred Providers Another aim is to ensure continued Three Star Status with the Care Quality Commission

The society also aims to provide the residents at the Aldcliffe Road House the opportunity to maintain, as far as is practicable, an active and independent lifestyle in a supportive environment

The society is committed to working to meet the challenges arising at both houses from the impact of Care in the Community

As well as providing high quality permanent care, Chirnside House is also committed to providing the same high quality respite care for which there is an increasing demand from the local community

The society is committed to ensuring that all staff at both houses receive on-going training to ensure that the residents continue to receive the high quality of care which the society prides itself in providing

## THE ABBEYFIELD (LANCASTER) SOCIETY LIMITED

**Trustees' annual report for the purposes of Part 8 of the Charities Act 2011 and Directors' report for the purposes of section 417 of the Companies Act 2006  
For the year ended 31 March 2012**

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### Plans for future periods (continued)

Chirnside House is working towards accreditation in the Gold Standard Framework

The society is working towards attaining the Abbeyfield Gold Star Award

### Trustees' responsibilities in relation to the financial statements

The trustees (three of whom are also directors of The Abbeyfield (Lancaster) Society Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the society and of the income and expenditure of the society for that period. In preparing these financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Registered Social Landlords SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the society will continue in operation

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the society and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the trustees are aware

- there is no relevant audit information of which the society's auditor is unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

### Auditors

A resolution will be proposed at the Annual General Meeting that CLB Coopers be re-appointed as auditors to the society for the ensuing year

### Statutory compliance

The trustees' report and the attached financial statements comply with the current statutory requirements, the Statement of Recommended Practice "Accounting by Registered Social Landlords 2010" and with the requirements of the Memorandum and Articles of Association

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

Approved by the Executive Committee on 9<sup>th</sup> July 2012  
*Acting*  
Mrs A K Howson  
Secretary and trustee



# THE ABBEYFIELD (LANCASTER) SOCIETY LIMITED

## Independent Auditor's Report to the members of The Abbeyfield (Lancaster) Society Limited

We have audited the financial statements of The Abbeyfield (Lancaster) Society Limited for the year ended 31 March 2012 on pages 8 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association'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 association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page 6, the trustees (three of whom are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

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

### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the association's affairs as at 31 March 2012, and of its income and expenditure for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been properly prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

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

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

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the trustees were not entitled to take advantage of the small companies exemption in preparing the Trustees' annual report.

Fleet House  
New Road  
Lancaster  
LA1 1EZ

Date

9th July 2012

Michael Garrett

Michael Garrett (Senior Statutory Auditor)  
for and on behalf of

CLB Coopers  
Statutory Auditors and Chartered Accountants

# THE ABBEYFIELD (LANCASTER) SOCIETY LIMITED

## INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2012

	Note	2012 £	2011 £
Turnover	1	762,513	713,294
Operating costs	2	(823,400)	(785,585)
<b>Operating deficit</b>		<b>(60,887)</b>	<b>(72,291)</b>
Other operating income	4	370	611
Other interest receivable and similar income	5	4,494	4,392
Amounts written off investments		(126)	(34)
<b>Deficit on ordinary activities for the financial year</b>		<b>(56,149)</b>	<b>(67,322)</b>
Transfers (to) / from designated reserves	14	(1,176)	10,967
<b>Net deficit transferred to revenue reserve</b>		<b>(57,325)</b>	<b>(56,355)</b>
Revenue reserve brought forward		138,342	194,697
<b>Revenue reserve carried forward</b>		<b>81,017</b>	<b>138,342</b>
<b>Continuing operations</b>			
None of the society's activities were acquired or discontinued during the above two financial years			
<b>Statement of total recognised gains and losses</b>			
<b>Deficit for the year</b>		<b>(56,149)</b>	<b>(67,322)</b>
<b>Total recognised deficits for the year</b>		<b>(56,149)</b>	<b>(67,322)</b>

Approved by the Executive Committee

*J. Gilbert*

J GILBERT

Director and chairman

*P. Rutherford*

P RUTHERFORD

Director and treasurer

*A K Howson*

A K HOWSON

Director and secretary

Date 09-07-2012

**THE ABBEYFIELD (LANCASTER) SOCIETY LIMITED**

Company number: 00737334

Charity number: 230899

**BALANCE SHEET**

As at 31 March 2012

	Note	2012 £	2011 £
<b>Tangible fixed assets</b>			
Housing properties - gross cost less depreciation		1,917,852	1,902,778
Social Housing Grant		(1,384,702)	(1,384,702)
Other public grants		(100,000)	(100,000)
Net book value of housing properties	6	433,150	418,076
Other fixed assets	7	60,063	73,530
Total fixed assets		493,213	491,606
<b>Current assets</b>			
Stocks	8	1,469	1,118
Debtors	9	14,678	10,670
Investments	10	76,297	72,991
Cash at bank and in hand	11	158,828	214,479
		251,272	299,258
Creditors, amounts falling due within one year	12	(61,563)	(51,793)
Net current assets		189,709	247,465
Total assets less current liabilities		682,922	739,071
<b>Capital and reserves</b>			
Designated reserves	14	601,905	600,729
Revenue reserve	13	81,017	138,342
		682,922	739,071

Approved by the Executive Committee



J GILBERT

Director and chairman



P RUTHERFORD

Director and treasurer



A K HOWSON

Director and secretary

Date 09-07-2012

# THE ABBEYFIELD (LANCASTER) SOCIETY LIMITED

## CASHFLOW STATEMENT

For the year ended 31 March 2012

	Note	2012 £	2011 £
<b>Reconciliation of operating profit to net cash outflow for operating activities</b>			
Operating deficit		(60,887)	(72,291)
Depreciation of tangible fixed assets		27,684	28,355
Loss on disposal of tangible fixed assets		76	-
(Increase) / decrease in stocks		(351)	476
(Increase) / decrease in debtors		(4,008)	7,650
Increase in creditors		9,770	6,835
<b>Net cash outflow for operating activities</b>		<b>(27,716)</b>	<b>(28,975)</b>
<b>Cash flow statement</b>			
Net cash outflow for operating activities		(27,716)	(28,975)
Returns on investment and servicing of finance	1	4,864	5,003
Capital expenditure and financial investment	2	(32,799)	(11,432)
<b>Decrease in cash at bank and in hand</b>	<b>3</b>	<b>(55,651)</b>	<b>(35,404)</b>

### NOTES TO THE CASH FLOW STATEMENT

#### 1 Returns on investments and servicing of finance

Interest received	4,494	4,392
Other operating income	370	611
	<b>4,864</b>	<b>5,003</b>

#### 2 Capital expenditure and financial investment

Acquisition and construction of properties	27,311	606
Purchase of other fixed assets	2,056	7,611
Purchase of current asset investments	3,432	3,215
	<b>32,799</b>	<b>11,432</b>

#### 3. Analysis of changes in net funds

	As at 1 April 2011 £	Cash flows £	As at 31 March 2012 £
<b>Net cash.</b>			
Cash at bank and in hand	214,479	(55,651)	158,828
<b>Net funds</b>	<b>214,479</b>	<b>(55,651)</b>	<b>158,828</b>

# **THE ABBEYFIELD (LANCASTER) SOCIETY LIMITED**

## **ACCOUNTING POLICIES**

**For the year ended 31 March 2012**

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### **Accounting basis**

These financial statements have been prepared under the historical cost convention and in accordance with

- (a) applicable financial reporting standards in the United Kingdom,
- (b) the statement of recommended practice - Accounting by Registered Social Landlords 2010,
- (c) the Accounting Requirements for Registered Social Landlords General Determination 2006

### **Turnover**

Turnover comprises rental and service income receivable

### **Monetary donations**

Monetary donations to the society are credited to the income and expenditure account on a receipts basis

### **Fixed assets, housing land and buildings**

- a) The cost of housing land and buildings includes the following
  - i) the cost of acquiring land and buildings,
  - ii) development expenditure,
  - iii) interest payable on the expenditure incurred up to the date of practical completion
- b) Schemes are classified in the relevant note as being 'completed' or 'under construction' Schemes are transferred to completed schemes at the time of completion

### **Social Housing Grants**

Social Housing Grant (SHG) is paid by the Tenant Services Authority to reduce the cost of developments and is shown as a deduction from the net book value of housing properties on the balance sheet SHG is repayable under certain circumstances, primarily following the sale of a property, but any repayment will normally be restricted to the net proceeds of sale of the property Any liability for the repayment of SHG is provided for where the property concerned is expected to be sold in the foreseeable future This treatment of SHG is in accordance with the Statement of Recommended Practice (the SORP) issued by the National Federation of Housing Associations but represents a departure from the requirement of the Companies Act 2006 that fixed assets are to be stated at purchase price or production cost SHG is paid to Registered Social Landlords (RSLs) to subsidise capital costs incurred in the provision of affordable housing and the resulting net cost is approximately equal to the economic value of the property in its designated use

In order to reflect this situation and present a true and fair view it is considered that the SORP treatment is more appropriate than that laid down by the Companies Act 2006

### **Other grants**

Local government grants received for the improvement of furnishings and Abbeyfield Society grants received for the alteration of property and additional furnishings are shown as a deduction from the net book value of fixtures and fittings and property on the balance sheet in accordance with the Statement of Recommended Practice (the SORP) issued by the National Federation of Housing Associations but represents a departure from the requirement of the Companies Act 2006 that fixed assets are to be stated at purchase price or production cost

### **Depreciation**

#### **1. Housing properties - SHG assisted schemes and non SHG assisted schemes.**

- i) Depreciation, as defined in ii) and iii) below, is provided on the cost of freehold buildings
- ii) Depreciation is not charged on that portion of the cost which has qualified, or which will qualify, for SHG
- iii) For that portion of the cost financed by borrowings or from the society's own or other charitable resources a charge is made to the income and expenditure account for depreciation on buildings at 2% per annum on such cost

# THE ABBEYFIELD (LANCASTER) SOCIETY LIMITED

## ACCOUNTING POLICIES

For the year ended 31 March 2012

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### Depreciation (continued)

#### 2. Other fixed assets

Depreciation of all other fixed assets has been calculated using the straight line method. The annual rates used are as follows:

Fixtures, fittings and equipment	10%
Office equipment	15%

### Designated reserves

Reserves which are earmarked for designated uses are included within these accounts. Further details are shown in note 14 to the financial statements.

### Corporation tax and value added tax

The society has charitable status and is exempt from corporation tax on the income it has received.

The society is not registered for VAT. Accordingly, no VAT is charged to residents and expenses in the income and expenditure account are inclusive of VAT.

### Pensions

The society contributes to defined contribution schemes for selected employees. The charge each year represents the contributions payable to the schemes in respect of the accounting year.

### Stocks

Stocks are valued at the lower of cost and net realisable value.

### Current asset investments

Investments held as current assets are revalued at their market value at the balance sheet date and the gain or loss is taken to the Statement of Total Recognised Gains and Losses.

### Liquid resources

The society considers its liquid resources to be cash at the society's bank and building society together with any cash in hand.

### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

### Operating leases

Rentals payable under operating leases are charged to the income and expenditure account on the straight line basis over the term of the lease.

# THE ABBEYFIELD (LANCASTER) SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

<b>1. Income from lettings</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Special needs accommodation - rents	<b>887,637</b>	837,509
Losses arising from vacancies	<b>(125,124)</b>	(124,215)
	<b>762,513</b>	713,294

<b>2 Operating costs</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Administrative costs	<b>40,003</b>	38,384
Costs attributable to properties	<b>783,397</b>	747,201
	<b>823,400</b>	785,585

Operating costs are inclusive of the following

Director's remuneration	<b>7,798</b>	7,758
Auditors' remuneration as auditors	<b>5,250</b>	5,010
Auditors' remuneration non-audit services	<b>2,073</b>	1,931
Depreciation of tangible fixed assets	<b>27,684</b>	28,355
Operating lease payments - equipment	<b>12,226</b>	11,112

<b>3 Staff costs and numbers</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Staff costs for the year were		
Wages and salaries	<b>537,622</b>	533,661
Social security costs	<b>36,836</b>	35,538
Other pension costs	<b>1,951</b>	2,721
	<b>576,409</b>	571,920

The average monthly number of employees during the year were -

	<b>2012</b>	<b>2011</b>
	<b>Number</b>	<b>Number</b>
Administration - part time	<b>3</b>	3
Hostel staff - full time and part time	<b>42</b>	39
	<b>45</b>	42

The average monthly number of full time equivalent employees during the year were

Administration	<b>2</b>	2
Hostel staff	<b>28</b>	26
	<b>30</b>	28

Remuneration of £7,797 (2011 - £7,758) in respect of secretarial services was paid to Mrs A K Howson, a director and trustee of the society, as permitted by the Memorandum and Articles of Association

No remuneration was paid to any other director or trustee in either of the two years

No employee earned over £60,000 in the year

# THE ABBEYFIELD (LANCASTER) SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

<b>4. Other operating income</b>	<b>2012</b>	<b>2011</b>
	£	£
Donations and legacies	170	211
Other income	200	400
	<b>370</b>	<b>611</b>
<b>5. Other interest receivable and similar income</b>	<b>2012</b>	<b>2011</b>
	£	£
Building society interest	10	9
Unit Trusts and Bonds interest (gross)	3,927	3,686
Bank interest (gross)	551	697
Interest on income tax reclaimed	6	-
	<b>4,494</b>	<b>4,392</b>
<b>6 Housing land and buildings</b>		
<b>SHG assisted schemes - freehold</b>	<b>2012</b>	<b>2011</b>
	£	£
<b>Cost - completed schemes</b>		
At 1 April 2011	606,807	606,201
Additions	27,311	606
<b>At 31 March 2012</b>	<b>634,118</b>	<b>606,807</b>
<b>Depreciation</b>		
At 1 April 2011	188,731	177,040
Charge for the year	12,237	11,691
<b>At 31 March 2012</b>	<b>200,968</b>	<b>188,731</b>
<b>Net book value</b>	<b>433,150</b>	<b>418,076</b>
<b>Cost at 31 March 2012 is represented by</b>		
Gross cost	2,118,820	2,091,509
Less Social Housing Grant	(1,384,702)	(1,384,702)
Abbeyfield Society grant	(100,000)	(100,000)
	<b>634,118</b>	<b>606,807</b>
<b>Improvements to freehold land and buildings - depreciated at 2% per annum</b>		
Installation of wiring	-	606
Installation of fire doors at Chirnside House	27,311	-
<b>Total expenditure on freehold land and buildings</b>		
Capital expenditure	27,311	606
Repairs charged to the Income and Expenditure Account	20,584	9,630
	<b>47,895</b>	<b>10,236</b>



# THE ABBEYFIELD (LANCASTER) SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

### 7 Other fixed assets

Fixtures, fittings & office equipment	2012 £	2011 £
<b>Cost</b>		
At 1 April 2011	237,310	237,289
Additions	2,056	7,611
Disposals	(76)	(7,590)
<b>At 31 March 2012</b>	<b>239,290</b>	<b>237,310</b>
<b>Depreciation</b>		
At 1 April 2011	163,780	154,706
Charge for the year	15,447	16,664
Disposals	-	(7,590)
<b>At 31 March 2012</b>	<b>179,227</b>	<b>163,780</b>
<b>Net book value</b>	<b>60,063</b>	<b>73,530</b>
<b>Cost at 31 March 2012 is represented by.</b>		
Gross cost	259,290	257,310
Less Lancashire County Council Grant	(10,000)	(10,000)
Abbeyfield Society grant	(10,000)	(10,000)
	<b>239,290</b>	<b>237,310</b>

### 8. Stocks

	2012 £	2011 £
Food	928	829
Cleaning materials	541	289
	<b>1,469</b>	<b>1,118</b>

### 9. Debtors

	2012 £	2011 £
Trade debtors	4,894	1,439
Other debtors	462	2,369
Prepayments	9,315	6,855
Accrued income	7	7
	<b>14,678</b>	<b>10,670</b>

Trade debtors comprise of amounts due in respect of residents' fees

**THE ABBEYFIELD (LANCASTER) SOCIETY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2012**

<b>10 Investments</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Investments listed on UK stock exchange		
Market value at 1 April 2011	<b>72,991</b>	69,810
Additions	<b>3,432</b>	3,215
Revaluation in the year	<b>(126)</b>	(34)
<b>Market value at 31 March 2012</b>	<b>76,297</b>	72,991
<b>Cost at 31 March 2012</b>	<b>96,269</b>	92,837

<b>11. Cash at bank and in hand</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Bank deposit accounts	<b>139,996</b>	183,445
Bank current accounts	<b>9,413</b>	21,533
Building society account	<b>9,171</b>	9,161
Cash in hand	<b>248</b>	340
	<b>158,828</b>	214,479

<b>12. Creditors Amounts falling due within one year</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Trade creditors	<b>13,831</b>	15,594
Other taxes and social security	<b>13,285</b>	9,519
Other creditors	<b>2,205</b>	1,386
Accruals and deferred income	<b>32,242</b>	25,294
	<b>61,563</b>	51,793

The average number of days between the receipt and payment of purchase invoices is 14 (2011 - 14)

Accruals and deferred income includes rent paid in advance amounting to £2,310 (2011 - £955)

<b>13 Revenue reserve</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Revenue reserve at 1 April 2011	<b>138,342</b>	194,697
Deficit for the year	<b>(56,149)</b>	(67,322)
	<b>82,193</b>	127,375
Transfers from designated reserves (note 14)	<b>(1,176)</b>	10,967
<b>Revenue reserve at 31 March 2012</b>	<b>81,017</b>	138,342

# THE ABBEYFIELD (LANCASTER) SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

### 14 Designated reserves

	Swainson Bursary Fund £	Repairs reserve £	Charitable capital expenditure reserve £	Total 2012 £	Total 2011 £
Balance at 1 April 2011	62,653	120,000	418,076	600,729	611,696
Transfers from / (to) revenue reserve	(6,012)	(7,886)	15,074	1,176	(10,967)
<b>Balance at 31 March 2012</b>	<b>56,641</b>	<b>112,114</b>	<b>433,150</b>	<b>601,905</b>	<b>600,729</b>

#### i) Swainson Bursary Fund

This reserve reflects donations and legacies received which will be used to assist residents who are unable to meet the full cost of their accommodation

The reserve balance at 31 March 2012 has been calculated as follows

	£
Reserve balance at 1 April 2011	62,653
Interest received - building society and bank	254
	<hr/>
	62,907
Less contributions to fees in the year	(6,266)
	<hr/>
<b>Reserve balance at 31 March 2012</b>	<b>56,641</b>

#### ii) Repairs reserve

This reserve represents an amount set aside to carry out future major repairs on completed housing properties. The level of the reserve has been assessed by the trustees in the light of the current condition of the properties, the probable expenditure required in the foreseeable future, and the availability of grants for such work.

#### iii) Charitable capital expenditure reserve

This represents that portion of the cost of the society's properties which has been financed by charitable donations

### 15 Members

	2012 Number	2011 Number
There is no authorised share capital and the number of members, each of whose liability is limited to £1, at the year end was	19	20

No one person has overall control

### 16 Operating costs from lettings

	2012 £	2011 £
Special needs accommodation - 37 units (2011 - 37 units)		
Services	739,651	712,874
Management	40,003	38,384
Routine maintenance	43,746	34,327
	<hr/>	<hr/>
	<b>823,400</b>	<b>785,585</b>

# THE ABBEYFIELD (LANCASTER) SOCIETY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

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<b>17. Payments to committee members</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Expenses paid to directors	-	112

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### 18 Pension costs

The society makes defined contributions to employees personal pension plans. The assets of the schemes are held in separately administered funds. The pension cost charge represents contributions payable by the society and amounted to £1,951 (2011 - £2,721). All amounts were paid during the year.

### 19. Operating lease commitments

The society has the following annual non-cancellable payments under operating leases expiring

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Equipment</b>		
After five years	<b>13,088</b>	<b>11,362</b>

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