

Company No. 00737334
Registered Charity No. 230899
Homes and Communities Agency No. H3295

**THE ABBEYFIELD LANCASTER
SOCIETY LIMITED**

FINANCIAL STATEMENTS
For the year ended 31 March 2017

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THE ABBEYFIELD LANCASTER SOCIETY LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2017

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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 2017

The trustees present their annual report on the affairs of the society, together with the financial statements for the year ended 31 March 2017.

The trustees' report also represents the directors' report as required by Company Law.

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 housing provider under the Housing Act 1996 (no. H3295).

The trustees who served during the year were:

Executive committee:

The Lady Shuttleworth (President)
Mr B P Threlfall (Chairman)
Mrs A K Howson (Secretary)
Mr J Gilbert
Mrs P R Gilbert
Mr N G Hall
Mr R N Kirkman
Mrs J E Threlfall
Mr C P Whytock (Treasurer)

Non-trustees who served on other committees during the year were:

Dr K Froggatt
Mr J Berry

The directors of the company during the year were:

Mr J Gilbert
Mrs A K Howson
Mr B P Threlfall
Mr C P Whytock

The society's secretary is Mrs A K Howson

The registered office of the society is:

Chirnside House
Abbeyfield Close
Lancaster
LA1 4NL

The website address of the charity is: <http://www.abbeyfieldlancaster.co.uk/>

Day to day management of the society is delegated to Mrs A K Howson, the society secretary and Mrs B A Gardner, the bursar.

Bankers HSBC, 35 Market Street, Lancaster, LA1 1JQ.

Independent examiner Mr P A Whiteway, CLB Coopers, Fleet House, New Road, Lancaster, LA1 1EZ.

Solicitors Holdens, 2 Castle Hill, Lancaster LA1 1YR.

Architects Harrison & Pitt Architects Limited, 29 Castle Hill, Lancaster, LA1 1YN.

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 2017

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.

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 committees are assisted in their work by senior management, namely the bursar and the manager of the residential care home.

Connected charities

The society is one of around 200 similar societies, which exist throughout the United Kingdom to provide assisted living for older people. Co-operation between local societies is considerable although each retains its autonomy. There is also an umbrella organisation, The Abbeyfield Society, of which this society is a member. The Abbeyfield Society is divided into six 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 St Peter's House, 2 Bricket Road, St Albans, AL1 3JW. The staff at Head Office provide support for member societies. During the year the society incurred fees of £8,653 (2016 - £8,516) in respect of its membership of, and affiliation to The Abbeyfield Society.

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.

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 2017

Structure, Governance & Management (continued)

Financial risk management objectives and policies

The society has various financial assets and liabilities such as trade debtors and trade creditors arising directly from the society's operations.

Transactions in financial instruments result in the society assuming or transferring to another party one or more of the financial risks described below.

Price risk

The society has sold all its investments, which comprised of Bonds and Unit Trusts, during the prior year.

Interest rate risk

The society is not exposed to fair value interest rate risk as it holds no bank overdrafts or loans.

Credit risk

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts whenever considered necessary.

Liquidity and cash flow risk

The society's has positive cash flows and the cash at bank and in hand is more than to sufficient to cover the needs of the society.

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 currently has one registered residential care home, Chirnside House, catering for thirty residents. This home provides twenty-four hour care for the frail elderly.

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. The day to day management of Chirnside House is undertaken by a manager employed by the society. The manager reports to a House Committee of volunteers and to the trustees. Volunteers also provide significant time and effort in assisting with the day to day operation of the home.

Chirnside House has 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 96.7% (2016 – 95.5%) at Chirnside House.

The society is working towards the Abbeyfield Quality Standard.

The society continued to work 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 most have been trained to NVQ level 3 whilst the remainder are receiving training for NVQ level 3. All staff 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.

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 2017

Public Benefit

Admission to Chirnside House is assessed according to need. Equal & fair access is offered to all eligible older people regardless of gender, family, race, colour, religion, sexual orientation or financial circumstances – some residents are self-funded whereas others are state funded. 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 clergy from various denominations visit individual residents as well as holding corporate acts of worship.

Various activities & outings are arranged in consultation with the residents. However, participation is a matter of individual choice.

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

Chirnside House has an active Residents' Circle which meets on a regular basis.

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 statement of financial activities on page 8 and the position at the end of the year is shown in the balance sheet on page 9. The surplus for the year and its allocation are as follows:

	2017 £	2016 £
Unrestricted operating surplus	35,785	24,526
Investment income, legacies, donations and sundry income	1,497	2,191
Loss on disposal of investments	-	(524)
Profit on disposal of property	-	263,353
Unrestricted surplus for the financial year	37,282	289,546
Allocation:		
Transfer to / (from) charitable capital expenditure reserve	30,962	(171,075)
Transfer to Swainson Bursary Fund	113	141
Transfer to revenue reserve	6,207	460,480
	37,282	289,546

The main points arising from these accounts are as follows:

- An unrestricted operating surplus of £35,785 (2016 – £24,526) arose in the year from the operation of Chirnside House (2016 - including costs associated with the supported sheltered house until its sale).
- Residential charges received rose to £861,460 (2016 - £800,824), an increase of 7.6 %.
- Unrestricted house operating costs, excluding property depreciation, rose to £784,326 (2016 - £735,406), an increase of 6.6%.
- The revenue reserves of the society increased to £556,798 (2016 – £550,591).

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 2017

Financial Review (continued)

Movements in fixed assets in the year are shown in note 8 to the financial statements. Capital expenditure of £55,710 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 policy for the house 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 11 to the financial statements and comprising of Bonds and Unit Trusts, were all sold during the prior 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 £987,397. Included in unrestricted reserves are designated reserves totalling £430,599 and further details of these are given in note 16 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 2017 amounted to £485,335. This equates to approximately seven months of expected operating expenditure for 2017-18 which is above the level as set by the trustees. The trustees will take measures in future periods to maintain 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 successful Investors in People review, thus ensuring continued inclusion in Band 1 of Lancashire County Council's Preferred Providers. Other aims are to ensure continued compliance in all areas of inspection with the Care Quality Commission.

The society recognises the fact that the kitchen needs extending and refurbishing. To this end building work has begun and it is hoped that this will finish by mid-summer 2017.

Chirnside House is committed to interacting with the local community as much as is practicable and to give young people the opportunity to understand and become involved with the elderly.

The society is committed to working to meet the challenges arising from the impact of the Care Act.

It is the intention of the society that staff training will be undertaken to initiate specialists in core areas to further improve the care provided to the residents.

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 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 2017

Independent examiner

A resolution will be proposed at the Annual General Meeting that Mr P A Whiteway of CLB Coopers be re-appointed as independent examiner to the society for the ensuing year.

Statutory compliance

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with requirements of the charity's Memorandum and Articles of Association, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014.

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 11 July 2017



Mrs A K Howson
Secretary and trustee

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

Independent Examiner's Unqualified Report

Independent Examiner's report to the Trustees of The Abbeyfield Lancaster Society Limited

I report on the financial statements of the charitable company for the year ended 31 March 2017 as set out on pages 8 to 21.

This report is made solely to the charity's trustees, as a body, in accordance with Section 145 of the Charities Act 2011. My work has been undertaken so that I might state to the charity's trustees those matters I am required to state to them in this report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for my work, for this report, or for the opinions I have formed.

Respective responsibilities of trustees and examiner

The society's trustees (4 of whom are also the directors of the society for the purposes of company law) are responsible for the preparation of financial statements. The trustees consider that an audit is not required for this year under Section 144(2) of the Charities Act 2011 (the '2011 Act') and that an independent examination is needed. The charity's gross income exceeded £250,000 and I am qualified to undertake the examination by being a qualified member of the ICAEW.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the financial statements under Section 145(5)(b) of the 2011 Act;
- to follow the procedures laid down in the General Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- to state where particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the financial statements present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- a) which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with section 386 of the Companies Act 2006; and
 - to prepare financial statements which accord with the accounting records and to comply with the accounting requirements of the section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities have not been met; or
- b) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.

CLB Coopers
Fleet House
New Road
Lancaster
LA1 1EZ



Philip Whiteway
ICAEW Chartered Accountant

Date

11 July 2017

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

Statement of Financial Activities (including Income and Expenditure Account) For the year ended 31 March 2017

		Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £	As restated Total Funds 2016 £
	Note				
Income and endowments from :					
Donations and legacies					
- Donations and legacies		745	-	745	541
Charitable activities					
- Residential care for the frail elderly	1	861,874	-	861,874	800,824
Investments	2	552	-	552	1,347
Other:					
- Sundry income		200	-	200	303
- Profit on sale of freehold property		-	-	-	263,353
Total income and endowments		863,371	-	863,371	1,066,368
Expenditure on :					
Charitable activities					
- Residential care for the frail elderly	3	(826,089)	(28,694)	(854,783)	(804,992)
Total expenditure		(826,089)	(28,694)	(854,783)	(804,992)
Net income and net movement in funds for the year		37,282	(28,694)	8,588	261,376
Reconciliation of funds:					
Total funds at 1 April 2016		950,115	974,470	1,924,585	1,663,733
Net losses on investments		-	-	-	(524)
Total funds at 31 March 2017		987,397	945,776	1,933,173	1,924,585

The statement of financial activities includes all gains and losses in the year.

All incoming resources and resources expended derive from continuing activities.

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

Company number: 00737334

Charity number: 230899

Balance Sheet

As at 31 March 2017

	Note	2017 £	As restated 2016 £
Fixed assets			
Tangible assets	8	1,177,148	1,166,883
Current assets			
Stocks	9	3,071	2,375
Debtors	10	8,960	10,872
Cash at bank and in hand	12	812,068	794,593
		824,099	807,840
Creditors: amounts falling due within one year	13	(68,074)	(50,138)
Net current assets		756,025	757,702
Total assets less current liabilities		1,933,173	1,924,585
Funds of the charity:			
Unrestricted funds			
- Designated reserves	16	430,599	399,524
- General revenue reserve	16	556,798	550,591
		987,397	950,115
Restricted funds	16	945,776	974,470
Total funds		1,933,173	1,924,585

The directors consider that the society is entitled to exemption from the requirement to have an audit under the provisions of section 477 the Companies Act 2006 ("the Act") and members have not required the society to obtain an audit for the year in question in accordance with section 476 of the Act. The directors acknowledge their responsibility for ensuring that the society keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the society as at 31 March 2017 and of its profit for the year then ended in accordance with the requirements of sections 394 and 395 of the Act and which otherwise comply with the requirements of the Companies Act 2006 relating to the financial statements so far as applicable to the society.

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

Company number: 00737334

Charity number: 230899

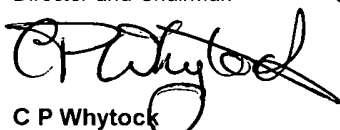
Balance Sheet

As at 31 March 2017

The financial statements on pages 8 to 21 were approved by the Board of Trustees on *11 July 2017*
and signed on its behalf by:



B Threlfall
Director and Chairman



C P Whytock
Director and Treasurer



A K Howson
Director and Secretary

The notes on pages 15 to 21 form part of these financial statements.

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

Statement of Cash Flows For the year ended 31 March 2017

	2017	As restated 2016
	£	£
Cash flows from operating activities:		
Net income for the year	8,588	261,376
Adjustments for:		
Depreciation of tangible fixed assets	45,168	42,852
Loss / (profit) on disposal of tangible fixed assets	277	(260,155)
Interest receivable	(552)	(1,347)
Increase in stocks	(696)	(24)
Decrease in debtors	1,844	4,010
Increase in creditors	4,266	2,770
Net cash provided by operating activities	58,895	49,482
	2017	2016
	£	£
Cash flows from investing activities:		
Interest received	620	1,346
Purchase of other fixed assets	(42,040)	(44,389)
Sale of property	-	583,188
Purchase of current asset investments	-	(663)
Redemption of investments	-	95,746
Net cash (used in) / provided by investing activities	(41,420)	635,228
Net increase in cash and cash equivalents	17,475	684,710
Cash and cash equivalents at the beginning of the year	794,593	109,883
Total cash and cash equivalents at the end of the year	812,068	794,593

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

Accounting Policies

For the year ended 31 March 2017

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

The society is a public benefit entity and the financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Going concern

The trustees have concluded that it is appropriate to prepare the accounts on a going concern basis as there are no material uncertainties regarding going concern.

Incoming resources

Income is recognised when the society has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Other trading income comprising rental income receivable is recognised on a receivable basis.

Other income is included in the SoFA in the year in which it is receivable.

Monetary donations to the society are included in the SoFA in the year in which they are receivable.

Social Housing Grants

Social Housing Grant (SHG) is paid by the Homes and Communities Agency to reduce the cost of developments. 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. SHG is paid to Registered Social Housing Providers (RSHPs) 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.

The grant is recognised in full as restricted income when the conditions described above are satisfied. Following the sale of a property, any social housing grant associated with that property which has not been recycled into a further property is recognised in restricted funds, until such time as it is recycled or becomes repayable.

Other grants

Other grants are recognised in full when the conditions described above are satisfied

Fixed assets

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.

Depreciation has been provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset evenly over its estimated useful life as follows:

Freehold buildings	2%
Fixtures, fittings and equipment	10%
Office equipment	15%

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

Accounting Policies

For the year ended 31 March 2017

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 SoFA.

Stocks

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

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Operating leases

Rentals payable under operating leases are charged to the SoFA on a straight line basis over the term of the lease.

Pension scheme

The society operates a defined contribution pension scheme for certain of its employees. Contributions paid are charged to the SoFA in the period to which they relate.

Creditors and provisions

Creditors and provisions are recognised where the society has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

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 SoFA are inclusive of VAT.

Fund accounting

Funds held by the society are either:-

Unrestricted general funds

- these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.

Designated funds

- these are funds set aside by the Trustees out of unrestricted general funds for specific future purposes or projects.

Restricted funds

- these are funds that can only be used for particular restricted purposes within the objects of the society. Restrictions arise when specified by the donor or when funds are raised for particular purposes.

Financial instruments

The society only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

Accounting Policies

For the year ended 31 March 2017

Related party transactions

The society discloses transactions with related parties. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the company financial statements.

Currency

The society's functional and presentational currency is GBP sterling.

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

	Unrestricted	Restricted	Total	As restated
	Funds	Funds	Funds	Total
	2017	2017	2017	2016
	£	£	£	£
1. Incoming resources from charitable activities				
<i>Residential care for the frail elderly</i>				
Residential care fees	861,460	-	861,460	800,824
Other sundry income	414	-	414	-
	861,874	-	861,874	800,824

In the prior year total incoming resources from charitable activities were £800,824, all of which was unrestricted.

	Unrestricted	Restricted	Total	Total
	Funds	Funds	Funds	Funds
	2017	2017	2017	2016
	£	£	£	£
2. Investment income				
Building society interest	9	-	9	9
Unit Trusts and Bonds interest	-	-	-	753
Bank interest	543	-	543	585
	552	-	552	1,347

	Unrestricted	Restricted	Total	Total
	Funds	Funds	Funds	Funds
	2017	2017	2017	2016
	£	£	£	£
3. Analysis of expenditure on charitable activities				
<i>Residential care for the frail elderly</i>				
Direct residential care costs				
Payroll and other staff costs	613,845	-	613,845	561,093
Food and catering	48,849	-	48,849	47,687
Council tax, utilities and insurance	41,108	-	41,108	49,335
Registration charges	4,875	-	4,875	4,382
Premises, garden and equipment maintenance	40,306	-	40,306	38,021
Postage, stationery, advertising and telephone	4,677	-	4,677	4,543
Other sundry expenses	18,609	-	18,609	16,774
Depreciation and loss on disposal of fixed assets	16,294	28,694	44,988	45,798
Administrative support costs				
Payroll costs	21,292	-	21,292	20,924
Abbeyfield Society affiliation	8,653	-	8,653	8,516
Other sundry expenses	1,729	-	1,729	2,570
Depreciation and loss on disposal of fixed assets	457	-	457	252
Governance costs				
Independent examination and accountancy	5,395	-	5,395	5,097
	826,089	28,694	854,783	804,992

In the prior year total resources expended were £804,992, of which £28,694 was restricted and £776,298 was unrestricted.

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2017

4. Net incoming resources	2017 £	2016 £
Net incoming resources is stated after charging :-		
Director's remuneration	8,241	8,022
Independent examiner's remuneration: as examiner	3,000	2,880
Independent examiner's remuneration: other services	1,427	1,352
Depreciation of tangible fixed assets	45,168	42,852
Operating lease payments - equipment	13,088	13,088

5. Staff costs and numbers	2017 £	2016 £
The aggregate payroll costs during the year amounted to :-		
Wages and salaries	587,604	540,778
Social security costs	36,372	31,316
Pension costs	4,229	2,929
	628,205	575,023

No employee received emoluments of more than £60,000 in either the current or previous year.

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 home.

The average monthly number of employees during the year were:-	2017 Number	2016 Number
Administration - part time	2	2
Hostel staff - full time and part time	36	37
	38	39

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

Administration	1	1
Hostel staff	26	27
	27	28

6. Trustees' remuneration

Remuneration of £8,241 (2016 - £8,022) 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.

7. 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 £4,229 (2016 - £2,929). An amount of £979 (2016: £624) was outstanding at the year end.

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

8. Tangible fixed assets

	Freehold land and buildings	Fixtures, fittings and equipment	Total
	£	£	£
Cost			
At 1 April 2016	1,651,351	234,046	1,885,397
Additions	35,199	20,511	55,710
Disposals	-	(2,923)	(2,923)
At 31 March 2017	1,686,550	251,634	1,938,184
Depreciation			
At 1 April 2016	550,934	167,580	718,514
Charge for the year	30,931	14,237	45,168
Disposals	-	(2,646)	(2,646)
At 31 March 2017	581,865	179,171	761,036
Net book value			
At 31 March 2017	1,104,685	72,463	1,177,148
At 31 March 2016	1,100,417	66,466	1,166,883

9. Stocks

	2017 £	2016 £
Food	1,363	1,287
Other sundry stocks	1,708	1,088
	3,071	2,375

10. Debtors

	2017 £	2016 £
Trade debtors	927	3,361
Other debtors	-	79
Prepayments	7,989	7,320
Accrued income	44	112
	8,960	10,872

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

11. Investments

	2017 £	2016 £
Investments listed on UK stock exchange		
Market value at 1 April 2016	-	95,607
Additions	-	663
Disposals	-	(96,270)
Market value at 31 March 2017	-	-
Cost at 31 March 2017	-	-

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

12. Cash at bank and in hand	2017	2016
	£	£
Bank deposit accounts	788,376	772,765
Bank current accounts	13,861	12,208
Building society account	9,216	9,207
Cash in hand	615	413
	812,068	794,593

13. Creditors: Amounts falling due within one year	2017	As restated 2016
	£	£
Trade creditors	19,813	7,188
Other taxes and social security	10,654	8,988
Other creditors	1,578	1,086
Accruals and deferred income	36,029	32,876
	68,074	50,138

The average number of days between the receipt and payment of purchase invoices is 14 (2016 - 14).

14. Analysis of net assets between funds	General Funds	Designated Funds	Restricted Funds	Total Funds
	£	£	£	£
Tangible fixed assets	71,463	309,909	795,776	1,177,148
Current assets	553,409	120,690	150,000	824,099
Current liabilities	(68,074)	-	-	(68,074)
	556,798	430,599	945,776	1,933,173

15. Members	2017 Number	2016 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:	11	11

No one person has overall control.

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2017

16. Movement in funds		As restated Balance at 1 April 2016 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2017 £
Unrestricted funds						
Designated reserves						
Swainson Bursary Fund	i)	35,577	-	-	113	35,690
Repairs reserve	ii)	85,000	-	-	-	85,000
Charitable capital expenditure reserve	iii)	278,947	-	-	30,962	309,909
Total designated funds		399,524	-	-	31,075	430,599
General funds		550,591	863,371	(826,089)	(31,075)	556,798
Total unrestricted funds		950,115	863,371	(826,089)	-	987,397
Restricted funds						
Fixed asset restricted fund	iv)	824,470	-	(28,694)	-	795,776
Disposals proceeds fund	v)	150,000	-	-	-	150,000
Total restricted funds		974,470	-	(28,694)	-	945,776

The Charitable Capital Expenditure Reserve represents the net cost of the society's property after the deduction of grants received and depreciation. The transfer of £30,962 to this reserve from the Revenue Reserve in the year ended 31 March 2017 represents the cost of additions and depreciation against unrestricted funds of Chirnside House property for the year.

Purposes of designated funds

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.

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 property, 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 property which has been financed by charitable donations.

Purposes of restricted funds

iv) Fixed asset restricted fund

This reserve relates capital expenditure by the charity funded from grants received for that purpose.

v) Disposal proceeds fund

This reserve represents Social Housing Grant received towards the cost of developments which have subsequently been sold. Such grants must either be recycled into further developments or repaid.

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

17. Financial instruments	2017	2016
	£	£
<i>Financial assets</i>		
Financial assets measured at amortised cost	812,995	797,954
<i>Financial liabilities</i>		
Financial liabilities measured at amortised cost	19,813	309,909

Financial assets measured at amortised cost comprise:

Trade debtors of £927 (2016: £3,361) incurred in the normal course of the charity's activities. The balances are recoverable within one year.

Cash balances of £812,068 (2016: £794,593).

Financial assets at fair value through profit or loss:

In the prior year a loss on disposal of the investments of £524 was recognised in the SoFA.

The fair value is determined by reference to the market value of the investments listed on the UK stock exchange.

Financial liabilities measured at amortised cost comprise:

Trade creditors of £19,813 (2016: £7,188) as detailed in note 13 to the financial statements. The balances are due within one year.

18. Operating lease commitments

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

	2017	2016
	£	£
Equipment		
Within one year	13,088	13,088
Between two to five years	19,632	32,720
After more than five years	-	-
	32,720	45,808

19. Capital commitments

At the balance sheet date the society has capital commitments amounting to £105,606 (2016 - £Nil).

20. Related party transactions

During the year the society reimbursed travel expenses incurred for the Abbeyfield National Conference and other Abbeyfield meetings to Mrs A K Howson, a director and trustee, amounting to £213 (2016 - £384). All amounts were paid during the year.

During the year the society paid £37,807 (2015 - £36,943) in remuneration to key management personnel.

21. Operating costs from lettings	2017	2016
	£	£
Special needs accommodation - 30 units (2016 - 30 units)		
Services	763,890	745,256
Management	37,526	37,359
Routine maintenance	24,673	22,377
	826,089	804,992

THE ABBEYFIELD LANCASTER SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

22. Transition to FRS 102

Under the Charities SORP (FRS 102), income from grants should be recognised once when there is evidence of entitlement, receipt is probable and its amount can be measured reliably.

In the prior year, Social Housing and other grants relating to assets were presented in deferred income and recognised in the SoFA over the asset's useful economic life. In the current and restated prior year, the entire grants have been recognised in restricted income the year of their receipt, with depreciation on the assets charged against restricted funds. The impact of this change in accounting policy is as follows:

Reconciliation of total funds as at 1 April 2015

	£
Total funds at 1 April 2015 under previous accounting policy	660,569
Adjustment for deferred grants not previously recognised	1,003,164
Total funds at 1 April 2015 under new accounting policy	<u>1,663,733</u>

Reconciliation of total funds as at 31 March 2016

	£
Total funds at 31 March 2016 under previous accounting policy	950,115
Adjustment for deferred grants not previously recognised	974,470
Total funds at 31 March 2016 under new accounting policy	<u>1,924,585</u>

Reconciliation of SoFA for the year ended 31 March 2016

	£
Surplus for the year under previous accounting policy	290,070
Adjustment for amortisation of deferred grant released to the SoFA	(28,694)
Surplus for the year ended 31 March 2016 under new accounting policy	<u>261,376</u>