

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 2014

WEDNESDAY



A3C9TC57

A22

16/07/2014

#40

COMPANIES HOUSE

THE ABBEYFIELD (LANCASTER) SOCIETY LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 2014

CONTENTS

	Page
Trustees' annual report	1 - 7
Independent auditor's report	8
Income and expenditure account	9
Balance sheet	10
Cash flow statement	11
Accounting policies	12 - 13
Notes to the financial statements	14 - 19

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 2014

The trustees present their annual report on the affairs of the society, together with the financial statements for the year ended 31 March 2014.

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 J Gilbert (Chairman)	
Mr P Rutherford (Treasurer)	resigned 31 July 2013
Mr B P Threlfall (Treasurer)	appointed treasurer 29 August 2013
Mrs A K Howson (Secretary)	
Mrs E Cole	resigned 31 July 2013
Mrs P Gilbert	
Mr R Kirkman	appointed 31 July 2013
Mrs J E Threlfall	

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

Miss M Parker
Mrs A Holmes
Mrs H Worth

The directors of the company during the year were:

Mr J Gilbert	
Mr P Rutherford	resigned 31 July 2013
Mrs A K Howson	
Mr B P Threlfall	appointed 29 August 2013

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	HSBC, 35 Market Street, Lancaster, LA1 1JQ.
Auditors	CLB Coopers, Fleet House, New Road, Lancaster, LA1 1EZ.
Solicitors	Blackhurst Swainson Goodier LLP, 3 & 4 Aalborg Square, Lancaster, LA1 1GG (until 20 March 2014) Holdens, 2 Castle Hill, Lancaster LA1 1YR (from 21 March 2014)
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 2014

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 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 £9,798 (2013 - £9,485) 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 2014**

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 had one supported sheltered home in Lancaster which catered for eight elderly residents. A resident Housekeeper provided day-to-day support for the residents as well as two cooked meals per day. Residents were expected to be reasonably fit and independent and to be able to look after their own rooms and laundry needs. Some residents had become more frail, employing domestic help or 'buying in' care. Resident numbers at the house had continued to fall until there were only three with none on the waiting list. At this point the decision was taken to close the house. Two of the residents transferred to Chirnside House which was much better suited to their needs and the other transferred to Abbeyfield House in Garstang which is a supported sheltered home managed by the National Abbeyfield Society.

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.

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 83.8% (2013 – 83.0%). This comprised an occupancy level of 46.9% (2013 – 75.6%) at Aldcliffe Road and 88.3% (2013 – 83.9%) at Chirnside House.

Mrs Sheila Swan, the house-keeper at the Aldcliffe Road House has received the prestigious Abbeyfield Royal Patron's Award.

The society has been awarded the Abbeyfield Gold Star Award.

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 90% have been trained to NVQ level 3. All staff undergo regular training updates.

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 2014

Achievements and Performance (continued)

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

During the year Chirnside House has been inspected by the Care Quality Commission and was found to be fully compliant in all five areas.

Following inspections by the Food Standards Authority, both houses have been placed in Category 5 – the highest category.

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, 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 visiting clergy from various denominations visit individual residents at both houses as well as holding corporate acts of worship.

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.

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 income and expenditure account on page 9 and the position at the end of the year is shown in the balance sheet on page 10. The deficit for the year and its allocation are as follows:

	2014 £	2013 £
Operating deficit	(36,335)	(61,774)
Investment income, legacies and donations	5,252	5,535
Increase / (decrease) in market value of investments below cost	910	4,006
Deficit on ordinary activities for the financial year	(30,173)	(52,233)
Allocation:		
Transfer from charitable capital expenditure reserve	(12,237)	(12,237)
Transfer from Swainson Bursary Fund	(7,740)	(13,628)
Transfer from future repairs reserve	(28,614)	1,500
Transfer to / (from) revenue reserve	18,418	(27,868)
	(30,173)	(52,233)

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 2014

Financial Review (continued)

The main points arising from these accounts are as follows:

- A deficit of £36,355 (2013 - £61,774) arose in the year from the operation of the two homes.
- Residential charges received rose to £782,634 (2013 - £769,786), an increase of 1.7 %.
- Operational costs, excluding property depreciation, fell to £763,974 (2013 - £776,501), a decrease of 1.6%.
- The revenue reserves of the society increased to £71,567 (2013 - £53,149).

The principal funding source is income from residential charges.

Movements in fixed assets in the year are shown in notes 6 and 7 to the financial statements. Capital expenditure of £13,364 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 2013 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 £600,516. Included in unrestricted reserves are designated reserves totalling £528,949 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 2014 amounted to £28,272. This equates to approximately two weeks of expected operating expenditure for 2015 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 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 compliance in all areas of inspection with the Care Quality Commission.

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 2014

Plans for future periods (continued)

The society will sell the property on Aldcliffe Road and is committed to considering ways in which the released funds can be used for the benefit of future residents.

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 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 receive on-going training to ensure that the residents continue to receive the high quality of care which the society prides itself in providing.

Chirnside House is working towards accreditation in the Gold Standard Framework.

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 Housing Providers 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.

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 2014

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 Housing Providers 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



10-07-14

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 2014 on pages 9 to 19. 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 2014, 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 Direction for Social Housing in England from April 2012.

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

10/07/14



Philip Whiteway (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 2014

	Note	2014 £	2013 £
Turnover	1	782,634	769,786
Operating costs	2	(818,969)	(831,560)
Operating deficit		(36,335)	(61,774)
Other operating income	4	1,714	1,505
Other interest receivable and similar income	5	3,538	4,030
Amounts written back to investments		910	4,006
Deficit on ordinary activities for the financial year		(30,173)	(52,233)
Transfers from designated reserves	14	48,591	24,365
Net surplus/(deficit) transferred to revenue reserve		18,418	(27,868)
Revenue reserve brought forward		53,149	81,017
Revenue reserve carried forward		71,567	53,149

Continuing operations

None of the society's activities were acquired or discontinued during the above two financial years.

Statement of total recognised gains and losses

Deficit for the year	(30,173)	(52,233)
Total recognised deficits for the year	(30,173)	(52,233)

Approved by the Executive Committee

J. Gilbert

J GILBERT

Director and chairman

B.P. Threlfall

B THRELFALL

Director and treasurer

A.K. Howson

A K HOWSON

Director and secretary

Date:

10-07-14

THE ABBEYFIELD (LANCASTER) SOCIETY LIMITED

Company number: 00737334

Charity number: 230899

BALANCE SHEET

As at 31 March 2014

	Note	2014 £	2013 £
Tangible fixed assets			
Housing properties - gross cost less depreciation		1,893,378	1,905,615
Social Housing Grant		(1,384,702)	(1,384,702)
Other public grants		(100,000)	(100,000)
Net book value of housing properties	6	408,676	420,913
Other fixed assets	7	43,295	46,594
Total fixed assets		451,971	467,507
Current assets			
Stocks	8	2,214	2,222
Debtors	9	15,912	9,379
Investments	10	87,423	83,559
Cash at bank and in hand	11	100,760	130,987
		206,309	226,147
Creditors: amounts falling due within one year	12	(57,764)	(62,965)
Net current assets		148,545	163,182
Total assets less current liabilities		600,516	630,689
Capital and reserves			
Designated reserves	14	528,949	577,540
Revenue reserve	13	71,567	53,149
		600,516	630,689

Approved by the Executive Committee

J Gilbert

J GILBERT

Director and chairman

B.P. Threlfall

B THRELFALL

Director and treasurer

A K Howson

A K HOWSON

Director and secretary

Date:

10-07-14

THE ABBEYFIELD (LANCASTER) SOCIETY LIMITED

CASHFLOW STATEMENT

For the year ended 31 March 2014

	Note	2014 £	2013 £
Reconciliation of operating profit to net cash outflow for operating activities			
Operating deficit		(36,335)	(61,774)
Depreciation of tangible fixed assets		28,895	27,725
Loss on disposal of tangible fixed assets		5	-
Increase in stocks		8	(753)
(Increase) / decrease in debtors		(6,533)	5,299
(Decrease) / increase in creditors		(5,201)	1,402
Net cash outflow for operating activities		(19,161)	(28,101)
Cash flow statement			
Net cash outflow for operating activities		(19,161)	(28,101)
Returns on investment and servicing of finance	1	5,252	5,535
Capital expenditure and financial investment	2	(16,318)	(5,275)
Decrease in cash at bank and in hand	3	(30,227)	(27,841)

NOTES TO THE CASH FLOW STATEMENT

1. Returns on investments and servicing of finance

Interest received	3,538	4,030
Other operating income	1,714	1,505
	5,252	5,535

2. Capital expenditure and financial investment

Purchase of other fixed assets	13,364	2,019
Purchase of current asset investments	2,954	3,256
	16,318	5,275

3. Analysis of changes in net funds

	As at 1 April 2013 £	Cash flows £	As at 31 March 2014 £
Net cash:			
Cash at bank and in hand	130,987	(30,227)	100,760
Net funds	130,987	(30,227)	100,760

THE ABBEYFIELD (LANCASTER) SOCIETY LIMITED

ACCOUNTING POLICIES

For the year ended 31 March 2014

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 Housing Providers 2010;
- (c) the Accounting Direction for Social Housing in England from April 2012.

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 Homes and Communities Agency 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 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.

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 2014

Depreciation (continued)

2. Other tangible 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 2014

1. Income from lettings	2014 £	2013 £
Special needs accommodation - rents	926,471	913,799
Losses arising from vacancies	(143,837)	(144,013)
	782,634	769,786

2. Operating costs	2014 £	2013 £
Administrative costs	42,758	42,822
Costs attributable to properties	776,211	788,738
	818,969	831,560

Operating costs are inclusive of the following:

Director's remuneration	7,943	7,835
Auditors' remuneration: as auditors	5,550	5,430
Auditors' remuneration: non-audit services	2,122	1,976
Depreciation of tangible fixed assets	28,895	27,725
Operating lease payments - equipment	13,090	13,090

3. Staff costs and numbers	2014 £	2013 £
Staff costs for the year were:		
Wages and salaries	551,331	562,678
Social security costs	32,723	32,682
Other pension costs	1,969	1,951
	586,023	597,311

The average monthly number of employees during the year were:-

	2014 Number	2013 Number
Administration - part time	2	3
Hostel staff - full time and part time	41	40
	43	43

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

Administration	1	2
Hostel staff	27	28
	28	30

Remuneration of £7,943 (2013 - £7,835) 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 2014

4. Other operating income	2014	2013
	£	£
Donations and legacies	1,314	1,305
Other income	400	200
	1,714	1,505
5. Other interest receivable and similar income	2014	2013
	£	£
Building society interest	9	9
Unit Trusts and Bonds interest (gross)	3,401	3,720
Bank interest (gross)	121	299
Interest on income tax reclaimed	7	2
	3,538	4,030
6. Housing land and buildings		
SHG assisted schemes - freehold	2014	2013
	£	£
Cost - completed schemes		
At 1 April 2013	634,118	634,118
At 31 March 2014	634,118	634,118
Depreciation		
At 1 April 2013	213,205	200,968
Charge for the year	12,237	12,237
At 31 March 2014	225,442	213,205
Net book value	408,676	420,913
Cost at 31 March 2014 is represented by:		
Gross cost	2,118,820	2,118,820
Less: Social Housing Grant	(1,384,702)	(1,384,702)
Abbeyfield Society grant	(100,000)	(100,000)
	634,118	634,118
Total expenditure on freehold land and buildings		
Repairs charged to the Income and Expenditure Account	7,769	8,813
	7,769	8,813

THE ABBEYFIELD (LANCASTER) SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

7. Other fixed assets

Fixtures, fittings & office equipment	2014 £	2013 £
Cost		
At 1 April 2013	241,309	239,290
Additions	13,364	2,019
Disposals	(26,204)	-
At 31 March 2014	228,469	241,309
Depreciation		
At 1 April 2013	194,715	179,227
Charge for the year	16,658	15,488
Disposals	(26,199)	-
At 31 March 2014	185,174	194,715
Net book value	43,295	46,594
Cost at 31 March 2014 is represented by:		
Gross cost	248,469	261,309
Less: Lancashire County Council Grant	(10,000)	(10,000)
Abbeyfield Society grant	(10,000)	(10,000)
	228,469	241,309

8. Stocks

	2014 £	2013 £
Food	1,212	1,140
Cleaning materials	1,002	1,082
	2,214	2,222

9. Debtors

	2014 £	2013 £
Trade debtors	7,595	3,520
Other debtors	443	432
Prepayments	7,867	5,420
Accrued income	7	7
	15,912	9,379

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 2014

10. Investments	2014	2013
	£	£
Investments listed on UK stock exchange		
Market value at 1 April 2013	83,559	76,297
Additions	2,954	3,256
Revaluation in the year	910	4,006
Market value at 31 March 2014	87,423	83,559
Cost at 31 March 2014	102,478	99,525
11. Cash at bank and in hand	2014	2013
	£	£
Bank deposit accounts	86,776	119,675
Bank current accounts	4,489	1,693
Building society account	9,189	9,180
Cash in hand	306	439
	100,760	130,987
12. Creditors: Amounts falling due within one year	2014	2013
	£	£
Trade creditors	22,412	17,126
Other taxes and social security	8,203	16,906
Other creditors	1,580	2,240
Accruals and deferred income	25,569	26,693
	57,764	62,965
The average number of days between the receipt and payment of purchase invoices is 14 (2013 - 14).		
Accruals and deferred income includes rent paid in advance amounting to £68 (2013 - £430).		
13. Revenue reserve	2014	2013
	£	£
Revenue reserve at 1 April 2013	53,149	81,017
Deficit for the year	(30,173)	(52,233)
	22,976	28,784
Transfers from designated reserves (note 14)	48,591	24,365
Revenue reserve at 31 March 2014	71,567	53,149

THE ABBEYFIELD (LANCASTER) SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

14. Designated reserves

	Swainson Bursary Fund £	Repairs reserve £	Charitable capital expenditure reserve £	Total 2014 £	Total 2013 £
Balance at 1 April 2013	43,013	113,614	420,913	577,540	601,905
Transfers to revenue reserve	(7,740)	(28,614)	(12,237)	(48,591)	(24,365)
Balance at 31 March 2014	35,273	85,000	408,676	528,949	577,540

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 2014 has been calculated as follows:

	£
Reserve balance at 1 April 2013	43,013
Interest received - building society and bank	60
	<hr/> 43,073
Less: contributions to fees in the year	(7,800)
Reserve balance at 31 March 2014	<hr/> 35,273 <hr/>

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

	2014 Number	2013 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:	15	15

No one person has overall control.

16. Operating costs from lettings

	2014 £	2013 £
Special needs accommodation - 37 units (2013 - 37 units)		
Services	745,587	756,099
Management	42,758	42,822
Routine maintenance	30,624	32,639
	<hr/> 818,969	<hr/> 831,560

THE ABBEYFIELD (LANCASTER) SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

17. Payments to committee members	2014 £	2013 £
Expenses paid to directors	194	100

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 (2013 - £1,951). All amounts were paid during the year.

19. Operating lease commitments

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

	2014 £	2013 £
Equipment After five years	13,090	13,090