

REGISTERED COMPANY NUMBER: 00754694 (England and Wales)
REGISTERED CHARITY NUMBER: 238168

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH 2017
FOR**

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED



Duncan & Toplis Limited
The Gables
Bishop Meadow Road
Loughborough
Leicestershire
LE11 5RE

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

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FOR THE YEAR ENDED 31ST MARCH 2017**

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THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31ST MARCH 2017**

TRUSTEES	Mr. B R Bunn – Chairman Mrs P C Dixon – Vice Chairman F Fay – Treasurer S Hale D C Hogg Mrs R Johnson A M McInnes Mrs E C Mitchell Mrs J Stephens R J Pearson (appointed 25.10.2016) Mrs P Lapworth (appointed 25.10.2016)
SECRETARY	D C Hogg
REGISTERED OFFICE	44 Westfield Drive Loughborough Leicestershire LE11 3QL
REGISTERED COMPANY NUMBER	00754694 (England and Wales)
REGISTERED CHARITY NUMBER	238168
SENIOR STATUTORY AUDITOR	Mr Martin Shannon F.C.C.A.
AUDITORS	Duncan & Toplis Limited The Gables Bishop Meadow Road Loughborough Leicestershire LE11 5RE
BANKERS	National Westminster Bank plc Market Place Loughborough Leicestershire LE11 3NZ
SOLICITORS	Moss Solicitors 80-81 Woodgate Loughborough Leicestershire LE11 2XE

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST MARCH 2017

The board of the trustees (who are also the directors of the Society for the purpose of company law) present their report, which incorporates the strategic report, and the financial statements for the year ended 31st March 2017.

STRATEGIC REPORT

Achievement and performance

Principal activities

The Society's principal activity for the year under review has been that of providing very sheltered and residential accommodation for the frail elderly and elderly residents with dementia.

The frail elderly are accommodated in one of two "sheltered houses" and those with dementia in a house (Westfield Drive) which is registered for dementia care.

The Board employs an Activities Organiser and Activities Worker, and provides a budget for activities. The Board regards this as an important aspect of the care that it provides because it wishes to provide an enjoyable and stimulating environment for the residents. Similarly great care is taken to ensure that residents, particularly at Westfield Drive, receive food and drink which is in accord with their dietary requirements.

All the houses receive high approval ratings from both the residents and their families. Additionally The Care Quality Commission has rated the Society as "Good", the Society has achieved Abbeyfield's "Core Standard" and the Local Authority has awarded the Society its "Gold" standard which incorporates the "Dignity" award. In order to maintain the high levels of care the Society's employees receive regular training for which there is a budget allocation and the buildings are maintained to a high standard.

Financial review

Review of the business

The Trustees can report an operating deficit for the year of £18,372 compared to a surplus of £105,010 for the previous year. This also contributes towards the total comprehensive income of £204,321. Last year the total was £275,093.

The reserves of the Society remain in a strong position with £3,617,123 in reserves, of which £627,695 is available in cash as indicated on the Statement of Cash Flows.

In order to fulfil its objective the Society needs a number of properties. Although these properties are unrestricted assets they cannot be realised without undermining the Society's work. The board of trustees therefore consider it appropriate to reflect the net investment in properties, after allowing for the deferred capital grant, of £1,757,179 by means of a designated fund.

Housing property repair and maintenance expenditure is charged to the Income and Expenditure account in the period in which it is incurred. As part of the reserves of the Society there exists a designated reserve for future significant expenditure of this nature. The Board of Trustees considers it prudent to allocate funds in this way so that such costs do not threaten the Society's free reserves position. The level of the reserve is calculated as a reasonable estimate of the level of expenditure which may arise and at 31 March 2017 was £100,000.

A capital expenditure reserve has been created to fund future expenditure on fixtures, fittings and equipment. The amount set aside at the year end is £30,000 and is based on the Society's obligations to replace assets of this type as they wear out.

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST MARCH 2017

STRATEGIC REPORT

A designated general charitable reserve represents the accumulated charitable donations received by the Society unexpended at the financial reporting date. There are no restrictions on the allocation of those receipts and at the year end the balance was £64,039.

After taking account of the designated funds described above the unrestricted funds at 31 March 2017 are £1,665,905. This allows the Society to continue with its objectives of enhancing the quality of care received by the residents.

Given the straight forward nature of the business, the Society's Trustees are of the opinion that analysis using KPIs is not necessary for understanding of the development, performance or position of the business.

The Abbeyfield Loughborough Society is committed to providing affordable, caring and sustainable solutions for older people through a range of high quality services. Our strength lies in professionally catering for the needs, wants and aspirations of our residents with dignity and compassion in a warm friendly family environment.

Demand from an aging population for accommodation offered is likely to be steady given our reputation for total quality care at competitive prices, and reflected in our low void levels and our positive inspection and assessment reports from CQC (Good), Abbeyfield's own Core standards award and the local authority (Gold QAF award) However, in the medium/longer term there is likely to be increased competition in the area of sheltered housing and dementia care.

We continue to investigate opportunities to provide a 'one-stop shop' approach to care by developing an opportunity for progression as care needs increase. It is anticipated that dementia care will remain a key priority.

We are currently investigating the feasibility of and subsequent development of the estate on the current site in liaison with architects, builders and local council planners.

We are also looking to increase liaison with the local council regarding the care needs and strategies (e.g. Fee Review) for older people in the county.

Budgetary considerations will form part of the above and will be reflected in our annual business plans. We are able to demonstrate sound finances with an overall surplus of £204,321 for the year and adequate reserves of over £1,000,000 to ensure long term viability. We also have an effective committee and management structure to support and inform business decisions.

We are fortunate to have dedicated and committed staff who undergo on-going and extensive training and development programmes to provide a wide range of skills. The budget includes a substantial amount to support this.

It is the Society's policy to pay our staff the "Living Wage", although the need to maintain differentials has meant that some roles currently receive slightly below this. However, all employees receive the "National Minimum Wage". With the creation of the "National Living Wage", the Society will need to be mindful of the impact this will have on our fees, and consequently the ability of potential residents to fund their own care in the future, or to access appropriate financial support from the County Council.

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST MARCH 2017

STRATEGIC REPORT

Although there is an element of uncertainty with the longer term future direction of care given concerns with funding reductions, declining assets held by residents and their families and the progress of medical science, we remain confident that there will be an on-going demand for care of the elderly.

Public benefit

The Society is run by a Board of Trustees comprised entirely of volunteers. It also relies on volunteers, who are recruited locally, throughout the Society to assist with fundraising, activities and events.

The Society currently budgets for £24,000 of unrecoverable residents' fees per annum and is very sympathetic to residents who become unable to pay their fees due to a change in their circumstances.

The fees are currently maintained at a level that is considered to be affordable to all and is competitive in the current market.

The Board of Trustees has paid due regard to guidance issued by the Charity Commission in deciding which activities it should undertake.

Investment policy and objectives

Bi-annual meetings take place with Barclays Wealth and they have assessed Abbeyfield's risk profile as being at the low end of medium. The basic mix of the portfolio is 60% stock market and 40% bank deposits. The Board is satisfied with the performance of its investments.

Reserves policy

It is proposed that the retained surplus of £204,321 is transferred to reserves.

The level of reserves remains high in order for the Society to guarantee the level of care they can provide to residents in the future.

As detailed in the report the Board of Trustees is aware of the changing needs of the people in society and recognises that these changes may require additional funding.

Principal risks and uncertainties

The Board of Trustees have assessed the major risks to which the charity is exposed. In particular those related to the operations and finances of the Society, and are satisfied that systems are in place to mitigate our exposure to the major risks.

We take advice from Barclays Wealth in relation to our investments and the Board, advised by the Treasurer, has savings in recognised financial institutions all covered by the Financial Services Compensation Scheme (as per its Savings and Investment Policy)

Market value of land and buildings

The Board of Trustees is of the opinion that the market value for the existing use of the land and buildings is £6,687,754 (2016: £6,621,651). This is based upon insurance valuations and has not been incorporated in the financial statements.

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST MARCH 2017

STRATEGIC REPORT

Value for money

Our definition of value for money is: we aim to deliver our social objectives in the most cost effective way possible by: Providing quality sheltered housing and providing the best service possible.

For us therefore, achieving value for money is about making the biggest difference that we can with limited resources available.

Future developments

The objectives of the Society are to continue to provide a high level of care and support both in the care home and the two sheltered houses.

The Board of Trustees are aware of the changing needs of people in society and in particular the increasing prevalence of dementia and the problems associated with it.

Westfield House continues to develop its provision for the care of those diagnosed with dementia, ensuring that new methods and information through research are considered and implemented to ensure the best possible care for our Residents. It is anticipated that dementia care will remain a key priority.

Demand from an ageing population for accommodation offered is likely to be steady given our reputation for total quality care at competitive prices. We continue to investigate opportunities to provide a "one stop shop" approach to care by developing opportunity for progression as care needs increase.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Status

The Society is a company, registered in England and Wales limited by guarantee (Number 754694), having no share capital and with solely charitable purposes. It is also a registered charity (Number 238168) and with the Homes and Communities Agency as a housing association (Number H0595).

Members of the Board of Trustees

In accordance with the Articles of Association the members of the Board of Trustees as below, are members of the Society.

B R Bunn - Chairman
P C Dixon - Vice Chairman
D C Hogg - Hon. Secretary
F Fay - Hon. Treasurer
A McInnes
J Stephens
S Hale
R Johnson
E Mitchell
P Lapworth
R J Pearson

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST MARCH 2017

STRATEGIC REPORT

Recruitment and appointment of new trustees

The Board of Trustees is typically comprised of between ten and twelve individuals with a cross section of management skills. Potential trustees are initially approached by existing board members and invited to attend two board meetings to gain an understanding of the operations of the Society. They are also shown around the Society's houses to see how they operate.

Following this process an invitation to join the board is made. The training needs of new board members are assessed based on their existing skills and experience and the need for future training is kept under constant review.

Organisational structure and governance

The Society has a clear functional organisational structure with each house benefiting from professional care and catering staff. There is also a well defined administration function within the Society and an active board of trustees who oversee all decision making.

Day-to-day management of the Society is delegated by the Board to the General Manager (Mrs Julie King). The General Manager's salary is reviewed annually by the Chairman, discussed at the Staff-sub Committee and a recommendation is made to the full Board. The salary of the Care Manager is reviewed by the General Manager and then follows the same procedure as that outlined for the General Manager. In both cases due attention is given to the local recruitment situation in determining the salaries. The remuneration of all other employees is reviewed annually by the Finance Committee.

Corporate governance

The Society has adopted a Code of Conduct for Board members. This code reflects the seven principles of public life as adopted by the Nolan Committee. This is compliant with the National Housing Federations Excellence in Governance code in all areas with the exception of only one relating to the adoption of a Membership Policy with defined terms of office for all Board members. This is considered to be potentially detrimental to the organisation's well-being in terms of CQC inspections, the Society's current development programme, and the challenges the care sector is experiencing.

The Board has conducted an annual review of the effectiveness of the systems of internal control. No instances have been identified of internal control weaknesses resulting in material misstatement or loss.

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST MARCH 2017

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of The Abbeyfield Loughborough Society Limited for the purposes of company law) are responsible for preparing the Report of the Trustees 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

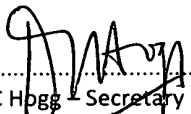
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information.

AUDITORS

The auditors, Duncan & Toplis Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the Society directors, on26/9/17..... and signed on the board's behalf by:


.....
D C Hogg - Secretary

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

We have audited the financial statements of The Abbeyfield Loughborough Society Limited for the year ended 31st March 2017 on pages ten to twenty two. 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 housing association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditors' 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 Board's Responsibilities Statement on page 7, the board members (who are also the directors of the association for the purpose 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 Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 31st March 2017 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2015.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Report of the Trustees have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the association and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Report of the Trustees.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED**

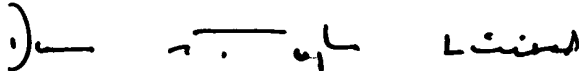
Matters on which we are required to report by exception

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.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.



Mr Martin Shannon F.C.C.A (Senior Statutory Auditor)
for and on behalf of Duncan & Toplis Limited
The Gables
Bishop Meadow Road
Loughborough
Leicestershire
LE11 5RE

Date: 27 September 2017

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

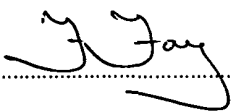
**STATEMENT OF COMPREHENSIVE INCOME
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31ST MARCH 2017**

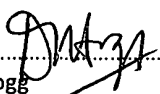
	Notes	2017 £	2016 £
Turnover	2	1,379,924	1,437,766
Cost of sales		<u>(1,152,836)</u>	<u>(1,108,672)</u>
Gross surplus		227,088	329,094
Administrative expenses		<u>(245,460)</u>	<u>(224,084)</u>
Operating surplus/(deficit)		(18,372)	105,010
Investment income	3	72,438	193,307
Movement in fair value of financial statements	4	<u>150,255</u>	<u>(23,224)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>204,321</u>	<u>275,093</u>

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The statement of Comprehensive Income was approved by the Board on: 26/9/17


F Fay


D C Hogg

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

**STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31ST MARCH 2017**

	Income and expenditure Reserve £	Total £
At 1st April 2016	3,412,802	3,412,802
Surplus for financial year	<u>204,321</u>	<u>204,321</u>
Total Comprehensive Income	204,321	204,321
At 31st March 2017	3,617,123	3,617,123

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED (REGISTERED NUMBER: 00754694)

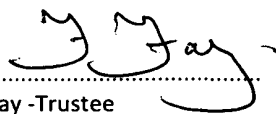
**STATEMENT OF FINANCIAL POSITION
AT 31ST MARCH 2017**

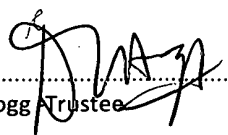
	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	8	2,576,654	2,600,649
Investments	9	<u>1,101,344</u>	<u>952,275</u>
		3,677,998	3,552,924
CURRENT ASSETS			
Debtors	10	94,196	79,509
Cash at bank and in hand		<u>631,328</u>	<u>576,644</u>
		725,524	656,153
CREDITORS			
Amounts falling due within one year	11	<u>(111,239)</u>	<u>(111,862)</u>
NET CURRENT ASSETS		<u>614,285</u>	<u>544,291</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,292,283	4,097,215
CREDITORS			
Amounts falling due after more than one year	12	<u>(675,160)</u>	<u>(684,413)</u>
NET ASSETS		<u>3,617,123</u>	<u>3,412,802</u>
CAPITAL AND RESERVES			
Income and expenditure reserve		<u>3,617,123</u>	<u>3,412,802</u>
		<u>3,617,123</u>	<u>3,412,802</u>

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

**STATEMENT OF FINANCIAL POSITION - CONTINUED
AT 31ST MARCH 2017**

The financial statements were approved by the Board of Trustees on26/9/17..... and were signed on its behalf by:


.....
F Fay -Trustee


.....
D C Hogg -Trustee

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2017**

	Notes	2017 £	2016 £
Cash flows from operating activities:			
Cash generated from operations	1	<u>31,317</u>	<u>64,362</u>
Net cash provided by (used in) operating activities		<u>31,317</u>	<u>64,362</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(46,137)	(40,359)
Purchase of fixed asset investments		-	(1,017,996)
Sale of fixed asset investments		4,761	1,012,249
Interest received and similar income		<u>72,148</u>	<u>47,685</u>
Net cash provided by (used in) investing activities		<u>30,772</u>	<u>1,579</u>
Change in cash and cash equivalents in the reporting period		62,089	65,941
Cash and cash equivalents at the beginning of the reporting period	2	<u>565,606</u>	<u>499,665</u>
Cash and cash equivalents at the end of the reporting period	2	<u>627,695</u>	<u>565,606</u>

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2017**

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017	2016
	£	£
Operating surplus/(deficit) for the year	(18,372)	105,010
Adjustments for:		
Depreciation charges	70,133	66,926
Loss on disposal of fixed assets	-	2,645
Movement on deferred capital grant	(9,254)	(9,254)
Decrease/(increase) in debtors	(14,687)	(18,445)
(Decrease)/increase in creditors	<u>3,497</u>	<u>(82,520)</u>
Net cash provided by (used in) operating activities	<u><u>31,317</u></u>	<u><u>64,362</u></u>

2. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017	2016
	£	£
Cash in hand	3,217	3,307
Notice deposits (less than 3 months)	628,111	573,337
Overdrafts included in bank loans and overdrafts falling due within one year	(6,924)	(11,044)
Cash deposit on Fixed Asset Investment	<u>3,291</u>	<u>6</u>
Total cash and cash equivalents	<u><u>627,695</u></u>	<u><u>565,606</u></u>

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2014, and with the Accounting Direction for private registered providers of social housing in England 2015. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Companies Act 2006.

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

The society is a company limited by guarantee, incorporated in England and Wales (Number 754694), having no share capital and with solely charitable purposes. It is also registered as a charity (Number 238168) and with the Housing Corporation as a housing association (Number HO595).

Turnover

Turnover is measured at the fair value of the consideration received or receivable. The policies adopted for the recognition of turnover are as follows:

Turnover represents rental and service charges income receivable in the year net of rent and service charge losses from voids, revenue grants from the government (local authorities) and the Homes and Communities Agency.

Tangible fixed assets and depreciation

Tangible fixed assets (including social housing properties) are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, developments costs, interest charges on loans during the development period and expenditure on improvements. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

Depreciation is provided on all tangible fixed assets except freehold land which is not depreciated on account of its indefinite useful economic life, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Assets and their components are depreciated over their useful lives on the following basis:

Description	Estimated useful life
Land & Buildings:	
Structure	100
Kitchen	30
Bathroom	30
White goods	10
Roofs	50
Lifts	15
Fixtures, fittings & equipment	7

Housing properties under construction are not depreciated until they are in use.

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31ST MARCH 2017

1. ACCOUNTING POLICIES - continued

Corporation Tax and VAT

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 the expenditure in the statement of comprehensive income includes the relevant VAT.

Pension costs and other post-retirement benefits

The society operates a defined contribution pension scheme. Contributions payable to the society's pension scheme are charged to the Statement of Comprehensive Income in the period to which they relate.

Social housing grant

Where Social Housing Grants (SHG), are received in respect of developments these grants are recognised at the fair value of the asset received or receivable. Where the assets are accounted for using the cost model then the government grant is accounted for using the accruals model. The difference between the fair value of the asset and the consideration is recognised as a liability and amortised over the useful economic life of the asset. This amortisation is recognised within turnover.

Where disposal of government donated assets are required to be recycled, a liability is included to recognise this obligation.

Monetary Donations

Monetary donations to the society are credited in the accounts on a receipts basis.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other administrative expenses.

Provisions

Provisions are recognised when the society has an obligation at the financial reporting date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Provisions for cyclical maintenance or major works to existing stock are not made unless they represent commitments or obligations at the financial reporting date where there is no discretion to avoid or delay the expenditure.

Recycled Capital Grants Fund

Capital grants can be recycled under certain condition, if a property is sold, or if another relevant event takes place. Recycled grants can be used for projects approved by the Homes and Communities Agency (HCA) and they are credited to the Recycled Capital Grant Fund within liabilities.

In certain circumstances, such as the sale of housing properties, capital grants may be repayable, and, in that event, is subordinated to the repayment of other loans by agreement with the Homes and Communities Agency (HCA). It is accounted for as soon as the liability arises within creditors: amounts falling due within one year. When any grant to be recycled or repaid is less than the grant relating to the disposal, the difference is treated as abated grant. Abated capital grants are treated as a component of the surplus or deficit on disposal.

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31ST MARCH 2017

Disposal Proceeds Fund

Net disposal proceeds including grant released on sale of a property under the right to acquire scheme and Voluntary Purchase Grant net disposal proceeds are credited to this fund which appears as a creditor until reinvested in appropriate new social housing.

Investments

Fixed asset investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value through the statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably.

Loans, borrowings and short term deposits

These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS102 requires that the basic financial instruments are subsequently measured at amortised costs, however the society has calculated that the difference between historical cost and amortised cost basis is not material and so these financial instruments are stated in the statement of financial position at historical cost. Loans and borrowings that are repayable or receivable within one year are not discounted.

Judgements and key sources of estimation uncertainty

On transition to FRS102 the historical information to break down housing property assets into components was not available without undue cost or effort, and therefore has been included as structure within land and buildings and consequently depreciated over 100 years.

Housing property assets will in future be broken down into components based on management's assessment of the properties and useful economic lives will be assigned to these components.

2. TURNOVER

	2017 £	2016 £
Rents received	1,421,583	1,488,105
Quality Assessment Award	6,716	5,436
Void losses	(53,144)	(57,494)
Funding shortfall	(4,485)	(7,535)
Amortised government grants	<u>9,254</u>	<u>9,254</u>
Net income from residential charges	<u>1,379,924</u>	<u>1,437,766</u>

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST MARCH 2017**

3. INVESTMENT INCOME

	2017	2016
	£	£
Income from listed investments	41,417	25,267
Profit on disposal of listed investments	290	145,622
Bank interest	8,627	5,148
Donations received	<u>22,104</u>	<u>17,270</u>
	<u>72,438</u>	<u>193,307</u>

4. MOVEMENT IN FAIR VALUE OF FINANCIAL INSTRUMENTS

	2017	2016
	£	£
Movement in fair value of fixed asset investments	<u>150,255</u>	<u>(23,224)</u>

5. SURPLUS ON ORDINARY ACTIVITIES

Surplus/(deficit) is stated after charging/(crediting):

	2017	2016
	£	£
Depreciation - owned assets	70,133	66,926
Deficit on disposal of fixed asset	-	2,645
Auditor's remuneration for audit	7,229	6,180
Grants released to income	<u>(9,254)</u>	<u>(9,254)</u>

6. TRUSTEES' REMUNERATION AND BENEFITS

Key management personnel neither received or waived any remuneration during the year (2016: nil).

No remuneration was received by non-executive board members (2016: nil).

7. STAFF COSTS

	2017	2016
	£	£
Wages and salaries	849,323	820,262
Social security costs	42,791	36,771
Other pension costs	<u>9,150</u>	<u>10,135</u>
	<u>901,264</u>	<u>867,168</u>

The average monthly number of employees during the year was as follows:

	2017	2016
Administration	5	4
Care staff	<u>60</u>	<u>63</u>
	<u>65</u>	<u>67</u>

No employees received emoluments in excess of £60,000.

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST MARCH 2017**

8. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1st April 2016	2,979,574	8,124	269,803	3,257,501
Additions	<u>10,735</u>	<u>-</u>	<u>35,402</u>	<u>46,137</u>
At 31st March 2017	<u>2,990,309</u>	<u>8,124</u>	<u>305,205</u>	<u>3,303,638</u>
DEPRECIATION				
At 1st April 2016	533,685	2,756	120,411	656,852
Charge for year	<u>29,131</u>	<u>162</u>	<u>40,839</u>	<u>70,132</u>
At 31st March 2017	<u>562,816</u>	<u>2,918</u>	<u>161,250</u>	<u>726,984</u>
NET BOOK VALUE				
At 31st March 2017	<u>2,427,493</u>	<u>5,206</u>	<u>143,955</u>	<u>2,576,654</u>
At 31st March 2016	<u>2,445,889</u>	<u>5,368</u>	<u>149,392</u>	<u>2,600,649</u>

All freehold properties held for letting are completed properties and there are none under construction.

9. FIXED ASSET INVESTMENTS

	Listed investments £	Cash and settlements pending £	Totals £
MARKET VALUE			
At 1st April 2016	952,269	6	952,275
Disposals	(4,471)	-	(4,471)
Revaluations	150,255	-	150,255
Cash movement	<u>-</u>	<u>3,285</u>	<u>3,285</u>
At 31st March 2017	<u>1,098,053</u>	<u>3,291</u>	<u>1,101,344</u>
NET BOOK VALUE			
At 31st March 2017	<u>1,098,053</u>	<u>3,291</u>	<u>1,101,344</u>
At 31st March 2016	<u>952,269</u>	<u>6</u>	<u>952,275</u>

There were no investment assets outside the UK.

The historical cost of these investments is £970,915 (2016 £975,500).

The fair value of listed investments is determined by reference to the quoted price for identical assets in an active market at the financial reporting date.

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST MARCH 2017**

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Residential charges due and unpaid	5,918	21,587
Other debtors	2,209	-
Prepayments	<u>86,069</u>	<u>57,922</u>
	<u>94,196</u>	<u>79,509</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Bank loans and overdrafts (see note 13)	6,924	11,044
Trade creditors	38,590	50,772
Rents paid in advance	17,024	2,835
Social security and other taxes	-	10,755
Other creditors	2,526	1,688
Accrued expenses	<u>46,175</u>	<u>34,768</u>
	<u>111,239</u>	<u>111,862</u>

The average number of days between receipt and payment of purchase invoices is 28 (2016: 22) days.

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017	2016
	£	£
Deferred capital grants	<u>675,160</u>	<u>684,413</u>

13. LOANS

An analysis of the maturity of loans is given below:

	2017	2016
	£	£
Amounts falling due within one year on demand:		
Bank overdraft	<u>6,924</u>	<u>11,044</u>

The bank overdraft is unsecured.

14. PENSION COMMITMENTS

The society operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the society in an independently administered fund. Contributions payable by the society amounted to £9,150 (2016- £10,135).

15. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31st March 2017.

THE ABBEYFIELD LOUGHBOROUGH SOCIETY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST MARCH 2017**

16. SOCIAL HOUSING GRANT

The society has received Social Housing grants, which were used to fund the acquisition and development of housing properties and their components. The society has a future obligation to recycle such grants once the properties are disposed of. At 31st March 2017, the value of grants received in respect of these properties that had not been disposed of was £913,898 (2016: £913,898).

The amount of recycled capital grant at 1st April 2016 and 31st March 2017 is £56,381.

17. ACCOMMODATION IN MANAGEMENT

At the start and end of the period there were 3 housing units for older people.

The number of rooms under management was 53 (2016: 53).

18. CONTROL

The society is controlled by the Board.

19. FINANCIAL INSTRUMENTS

The carrying amounts of the Abbeyfield Loughborough Society Limited's financial instruments are as follows:

	2017 £	2016 £
Financial assets		
Measured at fair value through the statement of comprehensive income:		
- Fixed assets investments (note 9)	1,098,053	952,269
Debt instruments measured at amortised cost:		
- Trade debtors and other debtors (note 10)	<u>8,127</u>	<u>21,587</u>
	<u>1,106,180</u>	<u>973,856</u>
Financial liabilities		
Measured at amortised cost:		
- Bank overdraft (note 13)	(6,924)	(11,044)
- Trade creditors and other creditors (note 11)	<u>(41,116)</u>	<u>(52,460)</u>
	<u>(48,040)</u>	<u>(63,504)</u>