



Annual Report and Accounts 2016

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The Abbeyfield Society Annual Report and Accounts 31 March 2016

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The Board, Executive Officers, Advisers and Patrons

Board at 9 June 2016

Ian Plaistowe

Chairman (from 23.07.2015)

Jenny Lawrence

Deputy Chairman (from 23.07.2015)

Steve Allen

Rachael Byrne

Cheryl Dean (from 18.11.15)

Andre Decraene (from 18.11.2015)

Amanda Houlihan

Jeffrey Medlock

Chris Smith

Cameron Swift

The Rt. Rev Dr Stephen Venner

Note: All Board members are also trustees of the charity.

The following were also Board members during part of the year covered by this Annual Report:

Keith Fowler (until 23.07.2015)

The Rt. Rev Christopher Herbert (until 23.07.2015)

Elizabeth Power (until 24.09.2015)

John Robinson, CBE (until 23.07.2015)

Peter Smale (until 03.08.2015)

Executive Committee at 9 June 2016

Chief Executive Officer

Natasha Singarayer

Director of Finance

Alan Penrhyn-Lowe

Director of Development

Richard Virr

Director of Membership

Stewart Mynott

Director of Northern Division

Teresa Parker

Director of Eastern Division

Anna Humphries

Director of Western Division

Stewart Mynott

Director of Marketing

Anna Boyes

Director of Fundraising

Alastair Mulvie

Company Secretary

Matthew Gregson

The following were also Executive Committee members during part of the year, covered by this Annual Report:

Director of Finance

Peter Child (until 30.04.2016)

Director of Northern Division

Amanda Gilboy (until 06.07.2015)

Interim Chief Executive

Bob Tindall (from 08.02.2016 to 03.06.2016)

External Auditors

BDO LLP

55 Baker Street

London

W1U 7EU

Internal Auditors

GLE Consulting Limited

10-12 Queen Elizabeth Street

London

SE1 2JN

Bankers

Barclays Bank Plc

1 Churchill Place

London

E14 5HP

Solicitors

Bates Wells & Braithwaite

London LLP

2-6 Cannon Street

London

EC4M 6YH

**Board Committees at
9 June 2016**

Nominations Committee
Ian Plaistowe (Chairman),
Rachael Byrne,
Stephen Venner

Audit Committee
Chris Smith (Chairman),
Jenny Lawrence,
Andre Decraene

Remuneration Committee
Rachael Byrne (Chairman),
Ian Plaistowe,
Stephen Venner

Finance Committee
Steve Allen (Chairman),
Jeff Medlock,
Amanda Houlihan

Members Committee
Jenny Lawrence (Chairman),
Ken Staveley,
Eifion Bowen,
Brian Williams,
Robert Stout,
Pam Fensome,
Cheryl Dean,
Andre Decraene,
Amanda Houlihan

Safeguarding Panel
Rachael Byrne (Chairman),
Amanda Houlihan, Teresa Parker,
Anna Humphries,
Stewart Mynott

Registered Office

St Peter's House
2 Bricket Road
St Albans
Hertfordshire
AL1 3JW

Telephone: 01727 857536
Fax: 01727 846168
Email: post@abbeyfield.com
Website: www.abbeyfield.com

Legal Status

Registered company limited by
guarantee with the Registrar of
Companies, No 574816.

Registered with HCA, Regulator of
Social Housing, No H1046

Registered with the Charity
Commission, No 200719

Royal Patron

HRH The Prince of Wales,
KG KT GCB OM

Patrons

The Marchioness of
Anglesey, DBE LVO
The Rt. Hon Baroness Bottomley
of Nettlestone
Michael Brooks
Christopher Buxton, OBE
Dame Judi Dench, DBE
The Lord Elis-Thomas
Aled Jones
Ron Kenyon, OBE
The Rt. Hon Lord Howard
of Lympne, QC
Dame Vera Lynn, CH DBE LLD M.Mus
Alun E Michael, JP MP
The Duchess of Northumberland
Lord John Prescott
John Robinson, CBE
Patricia Routledge, OBE
Martin Shreeve, OBE MBA
DSW BSc (Econ)
Professor Alan Walker, DLitt FRSA
The Rt. Revd & Rt. Hon Baron
Williams of Oystermouth
Dame Gillian Wagner, DBE PhD
The Carr-Gomm family (David
Carr-Gomm, Adam Carr-Gomm,
Harriet Carr-Gomm, Elizabeth
Parker and Anna Newton)

President

Rt. Hon Baroness Brenda Dean of
Thornton-le-Fylde

Vice-President

John Robinson, CBE
Michael Staff, MBE

Report of the Board

The Board presents its report, which incorporates the Strategic Report requirements, as set out in company law and the audited financial statements for the year ended 31 March 2016.

The year in review

This has been a positive year for The Abbeyfield Society (the "Society") with continued development of new units, the embedding of our new divisional structure to improve services to our residents and the appointment of new Board members to strengthen our Board.

Two new trustees joined the Board in 2015 and we have a newly-appointed Chairman, Deputy Chairman and Chairman of the Audit Committee, from amongst the existing Board. The Board thanks the trustees who stepped down during the year for their dedication and contribution to the Society.

The Society has published a new Strategy for 2015-2020 ("Strategy"). The Strategy sets out the strategic direction for the Society, in the context of an ever-changing care sector. We are proud to celebrate our 60th Anniversary in 2016 and the Strategy reinforces our mission to enhance the lives of older people in care. Our mission as a charity is to enhance the lives of older people, maintain and recognise our principles of care, service, compassion, and relief of loneliness. We provide developments in areas of poverty and deprivation and fund research into issues affecting older people, through The Abbeyfield Research Foundation ("ARF"). The Strategy is summarised in our Annual Review and published on our website.

Our focus on dementia continues through ARF's research and the development of new care homes. We have invested nearly £9m in the new Winnersh home, which is specifically designed for dementia care.

The annual accounts include results for the Society, Abbeyfield Property Limited ("APL") and our research company, ARF (together, the "Group"). The accounts now follow the new accounting convention required for 2015 and refer to the Society and the consolidation of the Group.

The result for the year is a £2.2m surplus (2015: £8.5m). The Board monitors operating margin for underlying performance before legacies, donations, closed houses and transfers-in from Member Societies. The operating margin is 4.8% of income and falls below our internal target of 5%. We experienced higher voids in the latter part of the year, but we have plans in place to improve performance in a competitive environment. We continue to invest in our properties and spent £4m in the year on repairs and capital improvements.

We have improved our investment analysis and put in place business models, which apply sector standard software. We have also implemented a project management approach to transfers-in from Member Societies. The Plymouth Society successfully merged with the Society on 29 February 2016.

We continue to see benefits from our divisional structure. Management is closer placed to our residents and this has improved communication and service delivery.

We have £128m of housing assets and are committed to developing 750 units by 2020. We have bank facilities of £29.5m, which enable us to meet our development Strategy.

Introduction of Government policy to reduce supported housing rents by 1% a year was deferred to 2017 and we have included this risk in our stress-tested business plans. We continue to lobby the Government against changes that will adversely impact residents in our care.

The Society continues to work with our Member Societies. Through our Partnership Managers, we offer advice and support.

We support our International Member Societies and have granted £50k to Abbeyfield South Africa ("ASA") in 2016, which provides much needed community involvement and has developed additional bed spaces. We hold regular consultations with our International Member Societies on how we can best support them.

The Board confirms that the Society complies with the HCA's Governance and Viability Standards as detailed in this report.

Our principal activities are:

- The provision of accommodation and support services and care for older people.
- The promotion and support of the activities of Member Societies, including the provision of technical, operational and administrative advice.
- The development of new care provision and homes for our residents.

Overview of performance and financial position

Results for the year 2015/16 continue to show some progress and underpin the Society's financial viability. Both turnover and operating surplus have benefited by £1.6 million from the merger of the Abbeyfield Plymouth Society. Despite incurring losses during the latter part of the year due to voids, we are actively attracting new residents and look forward to a solid financial performance in 2017. A £500k loss was incurred from the closure of two care homes; but, despite this, the surplus on social housing lettings made good progress although they are marginally below budget.

The underlying performance for the year falls short of the operating surplus target, due to voids in the second half of the year. The Group monitors performance monthly through the management accounts. The Group has managed its working capital and cash flow to ensure financial commitments and development requirements have been met during the year.

New developments include schemes which are well-advanced and which will be ready for occupation in the forthcoming year. Our existing cash balances together with the £29.5m of available facilities, will be used to complete these developments and to commence new projects at a pace in line with the Board's approach to risk.

Developments

The Society is in a period of significant growth and we have five new developments at Winnersh, Tunbridge Wells, Bingley, Worcester and Malmesbury. These will add 244 new units as part of our five year Strategy to grow 750 new units by 2020. Malmesbury is scheduled to open in 2017 and the other four will open in 2016.

Report of the Board continued

Geographic divisionalisation has been in place for the full year and continues to provide a closer working relationship with our residents. The controls have been strengthened and divisionalisation provides greater efficiencies in delivering our Core Standards. Our balance sheet continues to be strong with significant property assets and good cash reserves. We plan to deliver improved surplus to generate cash for the development of new homes and continue to invest in our existing homes.

Finance and Non-Financial Key Performance Indicators ("KPIs")

The Board and the Executive Committee review many KPIs on a regular basis. The most important ones are:

	actual	target
Operating Surplus: Revenue (continuing homes)	4.8%	5.0%
Care Occupancy	88%	94%
Housing Occupancy	86%	88%
Number of Major Injuries per annum	26	25
Staff turnover	6.9%	4.5%
Properties meeting Decent Homes Standard	100%	100%
New Donors per annum	750	1,000
New visitors to the website per month	478	200

We benchmark KPIs against similar societies in our sector where care and support are the main services.

Our financial strategy is to improve operating surplus through efficiency and cost savings. Our Care Occupancy is slightly above the sector average. We

are active in the local community, promoting our services to improve occupancy rates and marketing our excellent care services. Staff turnover was slightly above target in the year, but we have filled vacancies in key positions. We are committed to train and develop all levels of staff. We have invested in our website and continue to attract a high number of views and we work hard to increase donors.

Risk Management

The Board has strengthened the risk management process, to ensure that it can adequately control the new and enhanced risks associated with our growth plans. The Board has approved a risk appetite approach, which sets out the level of risk the organisation is willing to take and broadened the risk mapping process, to embed it deeper within the organisation. The Board continually seeks to improve the risk management process.

The risk map ranks risks and identifies the actions to reduce these risks. These actions are agreed by the Executive Committee and the Board. The more significant risks are noted below:

- Provision of high quality of service, with a focus on safeguarding our residents, delivering value for money, and maintaining our reputation.
- Replacement of housing stock by viable and well managed new developments that properly reflect the Society's ethos.
- Timely practical completion for the Society's new developments, so that they do not cause material risks, in terms of rental income or reputation.

- Generation of sufficient surplus from operations and fundraising to support the development programme and to meet bank covenant requirements.

Inherent risks in the Society's Strategy are monitored by the Board as follows:

- The Board approves all major expenditure and major development projects. Operational performance reporting is reviewed by the Board and includes KPI reports and monthly management accounts.
- Budgetary reporting monthly, through commentaries to Board, which highlights risks and opportunities throughout the year. The Board reviews the risk register following reviews by the Executive Committee and Audit Committee.
- The internal audit programme is based on risk and GLE Consulting act as our internal auditors, providing both operational and technical audits on behalf of the Board.

Business continuity and disaster recovery plans are in place and were successfully tested in 2015/2016. The Board monitors compliance with regulatory standards through action plans. We continue to invest in our people. As the bedrock of the Society, the Board monitors volunteer numbers. They are key to the Society's ethos and our value proposition. The Board's appetite for risk in all these areas is low, except for the risks associated with the growth plans, where the appetite for risk is medium.

Reserves

After transfer of the surplus for the year of £2.2m (2015: £8.5m), and other transfers at the year end, revenue reserves amounted to £133.2m (2015: £127.4m). In addition, the Society has restricted reserves of £9.2m (2015: £12.7m).

Donations

The Society and its subsidiaries made no political donations during the year.

Payment of creditors

In line with Government guidance, the Society's policy is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier.

Employees

The Society shares information on its objectives, progress and activities through regular office and departmental meetings involving Board members, the Executive Committee and staff.

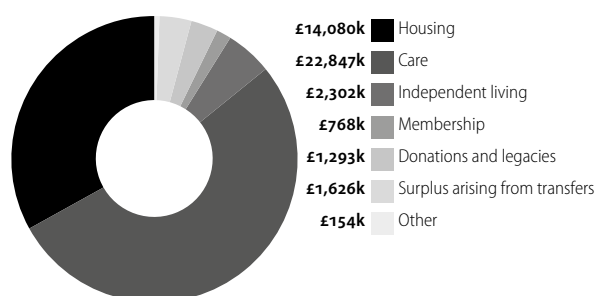
The Society is committed to the principles of diversity and equality regardless of age, gender, ethnicity, race, disability, religion, gender re-assignment or sexual orientation. These principles are reflected in the Society's approach to the recruitment, development and promotion of staff.

Health and safety

The Society is aware of its responsibilities on matters relating to health and safety. The Society has prepared detailed health and safety policies and provides training and education on health and safety matters.

Operating and Financial Review

Company Income 2015/16



The result for the year is £2.2m compared with last year's of £8.5m. This year's results included Member Society transfers of £1.6m (2015: £8.9m).

The operating margin is 4.8% of revenue (2015: 4.3%). A financial summary is contained within our Annual Review. The internal target of 5% remains a key performance measure for the Board which monitors operating surplus monthly, through the management accounts.

In accordance with FRS 102, we have provided for a loss on the sale of properties, with an impairment provision of £1.3m (2015: £1m).

Surplus before taxation has benefitted from surplus of £1,272k for closed houses. There are strong cash reserves of £27.6m (2015: £35m). The current developments are fully funded, with agreed funds in place of £29.5m. Losses from closed houses are £0.5m (2015: £1.1m).

The Society is a registered charity and therefore subject to the requirements of the Charity Commission.

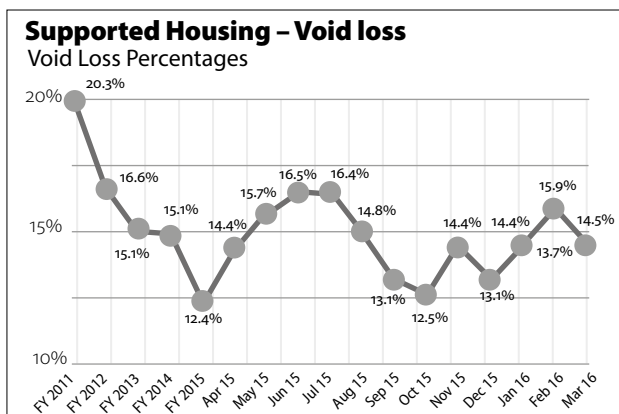
The principal regulator of the Society is the HCA, which regulates all Registered Providers of Social Housing.

Following the implementation in October 2010 of the Health and Social Care Act 2008 (Regulated Activities) and Regulation 2010, all care homes are now assessed as to whether they are fully compliant under the new regulations and meet Essential Standards.

Many of the residents of the Society's supported houses are in receipt of financial assistance towards the cost of support.

The Society has agreed to set out its accounts to the 31 March 2016 with the HCA, adding an extra day to our financial year, which previously ended 30 March.

	31 March 2016		30 March 2015	
	Number of houses	Number of bed spaces	Number of houses	Number of bed spaces
Residential care home	25	662	26	686
Independent living	5	123	5	117
Supported housing	100	1,146	104	1,112
	130	1,931	135	1,915



The Living Wage and London Living Wage have increased costs of all houses and homes. Supported Housing operating surplus (note 5) has increased by £192k from last year due to lower repairs costs. Care operating surplus (note 5) has decreased by £85k. These figures exclude losses at closed homes. The Independent Living (IL) results are slightly worse than last year at £0.1m operating surplus (2015: £0.2m).

Legacies and charitable donations received for the year were £1.3m with a further commitment from grant-making trusts of £320k that will be received over the next 2 years to fund ongoing projects. Loans and grants to Member Societies, are shown on page 52. Central overheads are down £180k on last year.

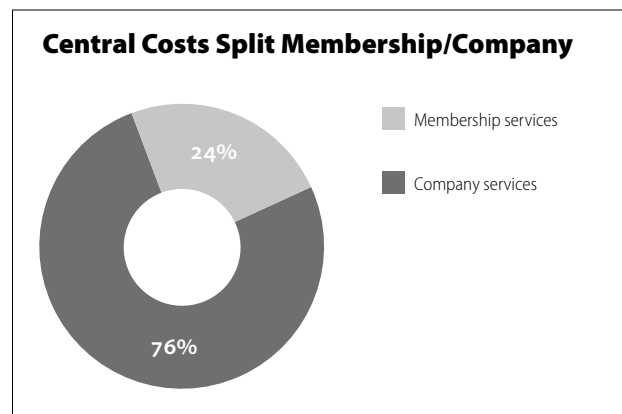
Capital structure

The Group is financed from retained surpluses, part of which have arisen through receipt of legacies and donations which may be restricted in use. In addition, cash and other net assets have been transferred from member societies; and any surplus arising from the disposal of property following closure of facilities deemed not financially viable has contributed to the capital structure.

The Society, because of its legal form, is unable to raise equity funding.

Employees

The number of full time equivalents ("FTEs") has risen due to the impact of transferring societies, the closure of sheltered houses and the divisional restructure. As at 31 March 2016 the total number of FTE employees the Society had, was 941 (2015: 937 (note 9)).



FRS102 impacts in the year

The Society has prepared for changes within FRS 102. The most significant of these is the derecognition of social housing grant. In addition, historic grant has been reallocated from Land to Structure (see note 22) and recorded in deferred grant.

Reserves policy

The Board's policy is to retain such reserves as in the Board's judgment are adequate to cover for contingencies in meeting essential services. These include:

- Day-to-day operational expenditure, including a contingency for any large unforeseen items.
- Funding of development projects.
- Unexpected calls by Member Societies which may be in financial difficulty.
- Major repairs across the Society's housing property portfolio.
- Funding of major refurbishment or new projects to be undertaken by Member Societies, where sufficient external funding is not available.

Treasury management

The Society's financial resources consist mainly of cash and bank deposits. The Society holds sufficient funds to meet day to day requirements and, in line with the Society's strategy, has agreed bank facilities of £29.5m with Barclays Bank and Yorkshire Bank, to fund the development programme. These bank facilities were arranged in 2014 and are secured on the Society's assets and contain bank covenant tests, which are checked at all Board meetings.

Operating and Financial Review continued

Funds of £706k have been drawn down in 2016, as anticipated, against the Bingley development.

The Society invests surplus funds in interest-bearing deposit accounts. These amounts are held with a small number of financial institutions which have good credit rating. Funds which cannot be withdrawn within 24 hours are classified as cash equivalents. The average rate of return on interest bearing deposits during the year ended 31 March 2016 has been 0.5% (2015: 0.5%).

At the request of the HCA, thirty year cash forecasts are prepared regularly to ensure that an adequate funding strategy is in place. Interest and fees has increased by £136k, reflecting principally the non-utilisation fees on the Barclays Bank loan facility, which has not been drawn down as originally expected. Development in 2015 was funded partly by external funding and by operational cash flows. The timings of projects in 2017 will mean that cash requirements will be met by draw downs from the Barclays facility.

Cash flow and liquidity and Security

The consolidated cash flows on page 29 to the financial statements shows that during the year the Group generated net cash inflow from operating activities of £0.75m (2015: £0.8m), made net interest payments of £299k (2015: £100k), and invested £18.6m in fixed assets. The Group did not raise new finance in the year.

We have reviewed our liquidity in the year, being the amount of cash and facilities available to be drawn at any time. From April 2016, liquidity available to the Society from the Barclays facility and other funds is £29.5m. The bulk of the Society's net cash inflow has been from rental income, legacies and donations, merging member societies, and sales proceeds from the disposal of properties.

As at 31 March 2016 all bank facilities with the exception of grant from the HCA were secured against our properties.

Membership costs

The Society's fee income from Member Societies and associated Society costs are reported in detail within the Annual Review. The costs to support members has increased in proportion to all central costs, due to a lower overall central cost base.

The fee income from Member Societies is lower than the costs associated with support from the Society and the shortfall is £1m (2015: £1.4m). The allocated costs of membership services are 24% of central costs.

Going concern

The Board has a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future, after the date on which the report and financial statements are signed. For this reason the Board continues to adopt the going concern basis.

Highlights, four year summary

	Year ending 31 March 2016 £'000	Year ending 30 March 2015 £'000	Year ending 30 March 2014 £'000	Year ending 30 March 2013 £'000
Income and expenditure account				
Turnover	43,070	51,039	44,056	49,390
Total comprehensive income for the year	2,209	8,537	(806)	8,149
Balance sheet				
Housing properties	128,047	118,935	100,965	101,177
Other fixed assets	2,241	2,035	1,909	2,686
Investments and cash	29,608	36,744	36,093	35,023
Other current assets	3,446	1,227	528	423
Creditors due more than one year	(20,939)	(18,747)	(7,899)	(6,907)
Net assets	142,403	140,194	131,596	132,402
Revenue reserves	133,180	127,447	118,164	117,143
Restricted reserves	9,223	12,747	13,432	15,259
Total	142,403	140,194	131,596	132,402

Statement of Responsibilities of the Board

The Board are responsible for preparing the strategic report, annual report and the financial statements in accordance with applicable law and regulation.

Company law and social housing legislation requires the Board to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Society and of surplus or deficit of the Society for that period.

In preparing these financial statements, the Board members are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice "Accounting by Registered Social Housing Providers 2014" and FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Society will continue in business.

Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Society's transactions and 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, the Housing and Regeneration Act 2008 and the Accounting Direction for Registered Providers of Social Housing 2012. They are also responsible for safeguarding the assets of the Society and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Board members are responsible for ensuring that the Report of the Board is prepared in accordance with the Statement of Recommended Practice "Accounting by Registered Social Housing Providers 2014" and FRS 102. The Board is responsible for ensuring that the assets of the Society are properly applied under charity law.

Financial statements are published on the Society's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions.

The maintenance and integrity of the Society's website is the responsibility of the Board. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Slavery and Human Trafficking Statement

The Modern Slavery Act 2015 introduces new obligations in relation to slavery and human trafficking. The Society is fully supportive of the new legislation as it is in keeping with our ethos and principals. Whilst the Society has a low risk of being exposed to suppliers who utilise human trafficking or slavery, we are committed to improving our practices to combat slavery and human trafficking, where we can. We enforce controls to ensure slavery and human trafficking is not taking place anywhere in our supply chains.

Due Diligence Processes for Slavery and Human Trafficking.

As part of our initiative to identify and mitigate risk, we are reviewing our procurement policy, which will ensure we have in place systems to:

- identify and assess potential risk areas in our supply chains;
- mitigate the risk of slavery and human trafficking occurring in our supply chains; and
- monitor potential risk areas in our supply chains.

Supplier Adherence to our Values

We have a zero tolerance to slavery and human trafficking. To ensure all those in our supply chain and contractors comply with our values, we are developing a supply chain compliance programme. This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes the slavery and human trafficking statement for the financial year ended 31 March 2016.

Value For Money

The Value for Money self-assessment presented in September 2015 has been led by the Board and has been prepared for our stakeholders and regulators and aims to reflect what we have done in terms of achieving our Value For Money (VFM) objectives. Under Company law the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Society and of surplus or deficit of the Society for that period.

The Board and the Chief Executive, Natasha Singarayer, are leading on the response to the HCA's VFM agenda. A Board member, Rachael Byrne, has been appointed as our VFM Champion and she is leading on ensuring the VFM culture is factored into the Society's thinking and activities. The Board is actively developing improved mechanisms to monitor our performance and is challenging and scrutinising the Executive Committee's work in relation to achieving business objectives, and driving the VFM performance of the Society.

The 2016 VFM report will be delivered to the HCA in September 2016.

At Board level, the governance structure ensures that there is continued scrutiny of financial performance and continued improvement in VFM delivery, balanced with our aspiration to provide excellent services to all our residents. Whilst day-

to-day management of services rests with the Executive Committee, they are accountable to the Board. Performance and operations are scrutinised through a wide range of KPIs, including business critical measures such as income collection, voids management, repairs performance and safeguarding, which includes complaints management. The Finance Committee has responsibility for making recommendations to the Board on investment decisions and for ensuring a balance between the need to invest in existing stock and services and maximising investment in new homes.

Scrutiny is provided by our Audit Committee, which in addition, considers management accounting and audit information in detail, receives a range of financial health reports, including controls and internal audit reports on the divisionalised structure to ensure it delivers value for money. This committee also considers any control failures resulting in financial loss or near misses to ensure that lessons are learned and processes improved for the future. There have been no significant control failures in 2015/16.

The Finance Committee also scrutinises the development of the value for money strategy, which supports the Five Year Strategy. The strategy is updated and reflects the new divisional structure and the recent changes in the operating environment required by Government and will be published on our website in late 2016.

The Safeguarding Panel provides security to our residents, monitors failures and complaints. It also scrutinizes value for money improvements.

These three committees report directly to the Board, enabling the Board to meet the regulatory requirement to have a strategy for VFM and mechanisms for ensuring it is delivered. Operating performance and business plan is structured around improved financial performance, business growth and continuous efficiency gains.

The Society is clear that our VFM objectives assist with delivering our overall strategic and business plans.

Our Finances

We have a clear understanding of our financial return and performance. We manage our finances to invest in the right assets, improve void management, deliver savings through operational efficiency and improve systems. We benchmark our services within and outside Abbeyfield and look for savings through procurement.

Our Homes

We have an active property disposals programme and a clear strategy for new developments. We are also developing our benchmarking contacts, so we can more easily compare and match against peers across more indicators. We target geographical priority areas and offer social value in our communities. At the same time we look to reduce our carbon footprint and fund new developments and invest in our existing properties.

Our Quality

We are dedicated to making time for older people, through excellent quality care, housing and support services, as well as through direct involvement within local communities. We have high rates of resident satisfaction, low staff absenteeism and are now developing a quality assurance and staff reward programme to retain this high level of resident satisfaction. Low demand for many of our supported living schemes is caused because of the unsuitable nature of the buildings, and we have plans to modernise our asset base by 2020 and provide a greater number of personalised care services.

Making time for older people

Staff structures were reviewed in 2015 and minor changes have been made in 2016 to improve our services. This has enabled additional time to be made available to residents and volunteering action plans are prepared on a regular basis.

Abbeyfield as a Charity

We have recognised the need to develop a more comprehensive programme for evaluating the social impact and value of our community-based and volunteering activities. Also recognised is the need to streamline business systems, to ensure staff have more time to spend with individual residents. We embody our care ethos through initiatives such as Coping at Christmas and research into older persons' care needs.

Governance and Structure

Board members and Executive Committee members

The Board members and the Executive Committee of the Society who served during the year are set out on page 2.

The Board members are drawn from a wide background bringing together professional, commercial and other relevant experience.

The Executive Committee holds no financial interest in the Society, except for their remuneration arrangements, and act as executives within the authority delegated by the Board.

Insurance policies indemnify Board members and officers against liability when acting for the Society.

The Executive Committee is entitled to join the Society's stakeholder pension scheme on the same terms as other employees. Details of their remuneration are disclosed in note 10 (directors' emoluments).

National Housing Federation ("NHF") Code of Governance

The Society complies with the principal recommendations of the 2015 NHF Code of Governance.

Tenant involvement

We actively encourage tenant involvement in decision-making by promoting forums where tenants can contribute to decisions that affect them.

Risk Framework

The process for identifying, evaluating and managing risks has been on-going throughout the period.

Risk management procedures and considerations are embedded in the culture of the Society. The Society has in place a risk management framework.

The following committees have been established by the Board to provide recommendations and support:

- Audit Committee
- Finance Committee
- Nominations Committee
- Remuneration Committee
- Safeguarding Panel
- Members Committee

The Chairmen of the committees report back to the Board as and when appropriate. The committees and their main roles and responsibilities are set out in written terms of reference and summarised below.

Audit Committee

- Usually meets three or four times a year and is made up of trustees with the relevant skills and experience.
- The Audit Committee reviews and approves the financial statements and recommends them to the Board.
- Both internal and external auditors report to the Audit Committee.
- Reviews audit and risk management activities across the Group and delivers an annual assessment of the quality of the internal control environment and the effectiveness of risk and audit systems to the Board.
- Provides assurance to the Board on all matters covered by the compliance framework.
- Keeps under review the effectiveness of the Group's internal controls and risk management systems.
- Monitors risk management activity across the Group to ensure consistent and effective usage of internal systems, and identifies trends and aggregate risks.
- Monitors the Group's financial performance against its business plan and budget targets.

Finance Committee

- Usually meets four times a year.
- Recommends the Group's investment strategy to the Group Board and subsidiary Boards.
- Monitors the performance and delivery of the development programme, including the investment strategy and agreed targets.
- Monitors the Group's financial performance and approves budgets and cash resources.

Members Committee

- Comprises divisional and country chairmen in the UK and International Members, and a number of trustees and meets usually four times a year.
- Supports the Board and enables Member Societies to communicate with the Board.
- Keeps under review the strategic changes within the membership.
- Facilitates two way communication between the Board and Member Societies.

Governance and Structure continued

Safeguarding Panel

- Meets usually four times a year.
- Fulfils the delegated safeguarding duties of the Society.
- Establishes a clear hierarchy for how safeguarding issues are dealt with.
- Implements and maintains correct records of incidents to meet legal and corporate objectives.

Remuneration Committee

- Meets as required.
- Supports the Board in reviewing and setting the remuneration of the Chief Executive Officer, Finance Director and Company Secretary.

Nominations Committee

- Meets as required.
- Supports the Board on governance arrangements and the optimal composition of the Board.

Internal controls assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The Board recognises that any system can only manage, and not eliminate, risk and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Board is satisfied that controls are in place. These are subject to on-going review and formalisation, as part of a process of continuous improvement.

The key elements of the system of control which has been in place across the period includes written policies and procedures covering the most significant areas of operations, finance and human resources.

The Board reviews and approves budgets, business plans, including financial budgets and risk management steps, and monitors results against them.

Delegated authority is in place for incurring and approving expenditure, with formal involvement of the Board for larger transactions.

For transferring societies, reporting is provided to the Board on defined areas of due diligence.

There are clear staff recruitment and appraisal processes, that include monitoring of performance and training programmes to ensure staff are well versed in health and safety and quality.

Regular monitoring by the Board of financial performance and achievement of other principal objectives is in place.

There is close involvement of Board committees, and of individual Board and committee members, in the activities being undertaken.

The Board reviews any significant new projects or initiatives. As part of the preparation of the annual

business plan, risks are identified which could threaten the achievement of objectives, and an assessment is made of the probability of occurrence and likely impact. Controls which mitigate these risks, and are proportionate to them, are also identified.

The Board cannot delegate ultimate responsibility for the system of internal control. It delegates responsibility to the Audit Committee to regularly review the effectiveness of the system of internal control. The Board receives minutes of all meetings of the Audit Committee.

The Board confirms that arrangements are in place to manage the risk of fraud and that these arrangements include a review of the fraud register on a periodic basis. The Audit Committee works with a firm of consultants, GLE Consulting as internal auditors.

Disclosure of information to auditors

Each person who is a Board member at the date of approval of this report confirms that:

- So far as the Board member is aware, there is no relevant audit information of which the Society's auditors are unaware; and
- The Board member has taken all the steps that they ought to have taken as a Board member in order to make themselves aware of any relevant audit information and to establish that the Society's auditors are aware of that information.
- The relief and care of elderly persons of all classes, beliefs and nationalities suffering from the disabilities of old age or otherwise in need.
- The spreading of Christian principles to all human relationships and the application of humanitarian aims to promote the relief of the elderly.
- The provision of further education in the sphere of voluntary work, social work and similar activities so as to inculcate the principles of good citizenship.
- The provision and management of housing, accommodation or assistance, for the relief and care of elderly persons.
- Such other purposes recognised by English law as charitable as the Society shall determine from time to time.

Structure

The Society is a registered charity, constituted as a company limited by guarantee and is governed by its articles of association. It is part of the Abbeyfield Movement, an organisation comprising legally independent Member Societies (including devolved country members), International Member Societies, which are separate legal entities, and individual members. The Society is established for the public benefit for the following objects:

Governance and Structure continued

The Board acts as the ultimate governing body and monitors the system of internal control. The Board has received an annual assurance statement from the Chief Executive on the system of internal control, has conducted its review and has identified a framework for continuously monitoring risk and risk mitigations.

The Board, who are the company directors, has overall responsibility for direction, management and control of the Society. As detailed below, some of these activities are delegated to committees of the Board. Overall operational management is delegated to the Executive Committee. The Board adopts the NHF Code of Governance and the Company Secretary and Executive Committee provide support to the Board in monitoring compliance with the Code.

The Board may comprise up to fifteen individuals, of which at least four must be involved in the Society's movement in the UK. At least two must be independent and up to two must be involved within the Society's movement outside the UK. The above individuals must be elected by the members. The Board may co-opt up to four individuals.

Applications to be considered for election or appointment to the Board of trustees are invited following recruitment and advertising. The Society's candidates are interviewed by the Nominations Committee and are appointed according to relevant skills, competencies and experience.

The Chairman may hold office for a term of three years terminating at the end of the third annual general meeting after his or her election but can be re-elected to serve one further term of three years calculated in the same way. All the trustees can serve terms of three years terminating at the end of the third Annual General Meeting after their election by the members and every trustee can be re-elected by the members at an Annual General Meeting for one further term of three years. The Board met on five occasions in the year.

Throughout the year, the trustees continue to monitor effectiveness and overall terms of reference for the various committees of the Board, to ensure that they are following best practice in the sector. The Board is encouraged to acquaint themselves with all aspects of the charity, particularly operational aspects.

Statement of Public Benefit

Charity trustees have a duty to report in the trustees' Annual Report on their charity's public benefit. They should demonstrate that they are clear about what benefits are generated by the activities of the charity. This report sets out in some detail the activities carried out to further the goals set out in the Society's Strategic Plan.

The benefits must be related to the objects of the charity. The Society's Strategic Plan is related to and intended to further the Society's charitable objects (as detailed on page 15).

There is a programme in place to provide financial support which is targeted at older people in need. The views and opinions of residents are regularly sought. For example there was considerable consultation with residents in developing the Society's Strategic Plan.

The Society's Board of Trustees are confident that Abbeyfield meets the public benefit requirements, and they confirm that they have taken into account the guidance contained in the Charity Commission's general guidance on public benefit where applicable.

Annual General Meeting

The Annual General Meeting will be held on Wednesday, 20 July 2016 at St Martin's Hall, St Martin-in-the-Fields, Trafalgar Square, London, WC2N 4SS.

External auditors

A resolution for the re-appointment of BDO LLP as auditors is to be proposed at the Annual General Meeting.

The report of the Board was approved by the Board on 9 June 2016 and signed on its behalf by:

A handwritten signature in black ink, reading 'Ian Plaistowe', with a stylized flourish at the end.

Ian Plaistowe
Chairman
9 June 2016

Independent Auditor's Report to the Members of The Abbeyfield Society

We have audited the financial statements of The Abbeyfield Society for the year ended 31 March 2016 which comprise the Consolidated and Society statements of comprehensive income, the Consolidated and Society Balance Sheet, the Consolidated and Society statements of changes in reserves, the consolidated statement of cash flows and the related notes. 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 Society's members, as a body, in accordance with the Housing and Regeneration Act 2008 and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Society'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 Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditor

As explained more fully in the statement of Board responsibilities, the Board is 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Society's affairs as at 31 March 2016 and of the Group's and Society's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing in England 2015.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Annual Report and Report of the Board, 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 by the Society, or returns adequate for our audit have not been received from branches not visited by us; or
- a satisfactory system of control has not been maintained over transactions; or
- the Society 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.



Elizabeth Kulczycki (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick, West Sussex, United Kingdom

16 June 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financial Statements

Consolidated statement of comprehensive income

for the year ended 31 March 2016

	Note	Continuing operations 2016 £'000	Discontinued operations 2016 £'000	Total 2016 £'000	Continuing operations 2015 £'000	Discontinued operations 2015 £'000	Total 2015 £'000
Turnover	4	42,233	837	43,070	49,130	1,909	51,039
Operating costs	4	(40,604)	(1,313)	(41,917)	(39,665)	(3,007)	(42,672)
Operating surplus/(deficit)	4,8	1,629	(476)	1,153	9,465	(1,098)	8,367
Surplus on disposal of PPE – Housing Properties	12	1,272	–	1,272	104	–	104
Other interest receivable and similar income	13	202	–	202	168	–	168
Interest and financing costs	14	(334)	–	(334)	(198)	–	(198)
Surplus/(deficit) before and after taxation		2,769	(476)	2,293	9,539	(1,098)	8,441
Unrealised (deficit)/surplus on investments				(84)			96
Total comprehensive income for year				2,209			8,537

The notes on pages 29 to 51 form part of these financial statements

Society statement of comprehensive income

for the year ended 31 March 2016

	Note	Continuing operations 2016 £'000	Discontinued operations 2016 £'000	Total 2016 £'000	Continuing operations 2015 £'000	Discontinued operations 2015 £'000	Total 2015 £'000
Turnover	4	42,201	837	43,038	49,130	1,909	51,039
Operating costs	4	(40,816)	(1,313)	(42,129)	(39,665)	(3,007)	(42,672)
Operating surplus/(deficit)	4,8	1,385	(476)	909	9,465	(1,098)	8,367
Surplus on disposal of PPE – Housing Properties	12	1,272	–	1,272	104	–	104
Other interest receivable and similar income	13	202	–	202	168	–	168
Interest and financing costs	14	(334)	–	(334)	(198)	–	(198)
Surplus/(deficit) before and after taxation		2,525	(476)	2,049	9,539	(1,098)	8,441
Unrealised (deficit)/surplus on investments				(84)			96
Total comprehensive income for year				1,965			8,537

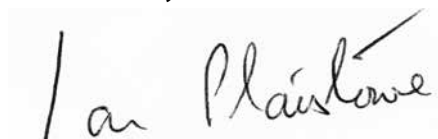
Financial Statements continued

Consolidated and Society balance sheets

at 31 March 2016

	Note	Group 2016 £'000	Group 2015 £'000	Society 2016 £'000	Society 2015 £'000
Fixed assets					
Tangible fixed assets – housing properties	15	128,047	118,935	128,047	118,935
Tangible fixed assets – other	16	2,241	2,035	2,216	2,035
		130,288	120,970	130,263	120,970
Current assets					
Stocks	18	2,386	3,001	2,386	3,001
Debtors – receivable within one year	19	4,187	2,461	4,145	2,461
Debtors – receivable after one year	19	3,424	2,820	3,424	2,820
Investments	20	1,973	2,053	1,973	2,053
Cash and cash equivalents		27,635	34,691	27,622	34,691
		39,605	45,026	39,550	45,026
Creditors: amounts due within one year	21	(6,551)	(7,055)	(6,715)	(7,055)
Net current assets		33,054	37,971	32,835	37,971
Total assets less current liabilities		163,342	158,941	163,098	158,941
Creditors: amounts due after more than one year	22	(20,939)	(18,747)	(20,939)	(18,747)
Net assets		142,403	140,194	142,159	140,194
Capital and reserves					
Income and expenditure reserve		133,180	127,447	132,936	127,447
Restricted reserve		9,223	12,747	9,223	12,747
		142,403	140,194	142,159	140,194

The financial statements were approved by the Board and authorised for issue on 9 June 2016 and signed on their behalf by:



Ian Plaistowe

Chairman

The notes on pages 29 to 51 form part of these financial statements.

Consolidated statement of changes in reserves for the year ended 31 March 2016

	Income and expenditure reserve £'000	Restricted reserves £'000	Total £'000
Balance at 31 March 2015	127,447	12,747	140,194
Surplus for the year	2,293	–	2,293
Unrealised loss on investment	(84)	–	(84)
Reserves Transfers:			
Transfer of restricted expenditure to income and expenditure reserve	4,056	(4,056)	–
Transfer of restricted expenditure from income and expenditure reserve	(532)	532	–
Balance at 31 March 2016	133,180	9,223	142,403

Society statement of changes in reserves for the year ended 31 March 2016

	Income and expenditure reserves £'000	Restricted reserves £'000	Total £'000
Balance at 31 March 2015	127,447	12,747	140,194
Surplus for the year	2,049	–	2,049
Unrealised loss on investment	(84)	–	(84)
Reserves Transfers:			
Transfer of restricted expenditure to income and expenditure reserve	4,056	(4,056)	–
Transfer of restricted expenditure from income and expenditure reserve	(532)	532	–
Balance at 31 March 2016	132,936	9,223	142,159

Financial Statements continued

Group statement of changes in reserves for the year ended 30 March 2015

	Income and expenditure reserve £'000	Restricted reserves £'000	Total £'000
Balance at 30 March 2014	118,225	13,432	131,657
Surplus for the year	8,441	–	8,441
Unrealised gain on investment	96	–	96
Reserves Transfers:			
Transfer of restricted expenditure to income and expenditure reserve	685	(685)	–
Balance at 30 March 2015	127,447	12,747	140,194

Society statement of changes in reserves for the year ended 30 March 2015

	Income and expenditure reserves £'000	Restricted reserves £'000	Total £'000
Balance at 30 March 2014	118,225	13,432	131,657
Surplus for the year	8,441	–	8,441
Unrealised loss on investment	96	–	96
Reserves Transfers:			
Transfer of restricted expenditure to income and expenditure reserve	685	(685)	–
Balance at 30 March 2015	127,447	12,747	140,194

Consolidated statement of cash flows for the year ended 31 March 2016

	2016 £'000	2015 £'000
Cash flows from operating activities		
Surplus for the financial year	2,293	8,441
Adjustments for:		
Depreciation of fixed assets – housing properties	1,672	1,441
Depreciation of fixed assets – other	410	479
Amortisation of grant	69	70
Interest payable and finance costs	334	198
Interest received	(202)	(168)
Surplus on the sale of fixed assets – housing properties	(1,272)	(104)
Receipt of donated land/assets	(1,626)	(8,869)
(Increase) in trade and other debtors	(1,682)	(1,601)
Decrease in stocks	615	433
Increase in trade creditors	141	474
Net cash generated from operating activities	752	794
Cash flows from investing activities		
Proceeds from sale of fixed assets – housing properties	10,068	8,994
Purchase of fixed assets – housing properties	(18,621)	(11,322)
Purchases of fixed assets – other	(622)	(523)
Receipt of grant and other	960	3,495
Net loan advances to member societies	–	(777)
Interest received	202	252
Net cash used in investing activities	(8,013)	119
Cash flows from financing activities		
Interest paid	(501)	(358)
New loans – bank	706	–
Net cash generated by financing activities	205	(358)
Net (decrease)/increase in cash and cash equivalents	(7,056)	555
Cash and cash equivalents at beginning of year	34,691	34,136
Cash and cash equivalents at end of year	27,635	34,691

Notes forming part of the Financial Statements

for the year ended 31 March 2016

1. Legal status

The Group consists of the following three trading entities: The Abbeyfield Society Limited (company number 574816), Abbeyfield Properties Limited (company number 9482576) and The Abbeyfield Research Foundation Limited (company number 9705217).

The Society is a company limited by guarantee, incorporated in England and Wales, having no share capital and with solely charitable objectives. The Society is registered with the Homes and Communities Agency and the Charities Commission. The Society is a member of each separate independent, Abbeyfield Member Society. The Society holds one £1 share in any Abbeyfield Member Society which is registered under the Co-operative and Community Benefit Societies Act 2014. The Society and the Group do not have a controlling interest in any Abbeyfield Member Society. These financial statements do not reflect any of their assets, liabilities or financial transactions.

Abbeyfield Properties Limited is a company limited by shares, incorporated in England and Wales, having a share capital of £1. Abbeyfield Properties Limited is wholly owned by the Society. It is deployed by the Society as a design-and-build company for its new developments.

Abbeyfield Research Foundation is a company limited by guarantee, incorporated in England and Wales, having no share capital and with solely charitable objectives. It is in the process of being registered with the Charities Commission. Abbeyfield Research Foundation is wholly owned by the Society. Abbeyfield Research Foundation is a fundraising and grant making body, which focuses on funding research into issues that affect older people.

2. Accounting policies

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Abbeyfield includes the Companies Act Housing and Regeneration Act 2008, FRS 102 “the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” and the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2014, “Accounting by Registered Social Housing Providers” 2014 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

FRS 102 has been adopted for the first time in the preparation of these financial statements. The date of the transition to FRS 102 was 31 March 2014. Further information is given in the note 31. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group’s accounting policies.

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company’s financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole;

- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of The Abbeyfield Society, a registered provider of social housing and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Transfers of undertakings

The Society has had transferred to it the assets, liabilities and undertakings of a number of Abbeyfield and other societies, which were previously wholly independent bodies. With effect from the date of transfer the Company has taken on responsibility for providing the accommodation-based support services to the entire resident group. Each transfer has been the subject of a formal agreement, under which the assets and liabilities of the society have been transferred to the Society for nil consideration.

Accounting for transfers

Each of the transfers above has been accounted for using the principles of acquisition accounting. Assets and liabilities of each society at the date of transfer have been brought into the Society's balance sheet at their fair values. In the case of housing properties, fair value has been taken to be the existing use value, for social housing purposes. The transfers relating to the houses that were merged to close were brought in at the open market value less Social Housing Grant (SHG). Valuations of housing properties have been carried out by an independent firm of chartered surveyors.

Other tangible fixed assets have been brought into the balance sheet at their estimated value to the Company. Listed investments have been brought into the balance sheet at their market value as at the date of transfer. Properties which were held for sale as at the date of transfer are held at the lower of cost and net realisable value. Net realisable value is based on actual or estimated selling price after the deduction of selling and related costs and less all further costs to complete.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 31 March 2014.

The transfers are treated within FRS102 as a business combination that is in substance a gift. Any excess of fair value over the assets received over the fair value of the liabilities assumed is recognised as a gain in the income statement. This gain represents the gift of the value of one entity to another and is recognised as income. Where the fair value of the liabilities exceeds the fair value of the assets, the loss represents net obligations assumed and shall be recognised as an expense.

Income

The Society's turnover principally comprises residents' charges receivable from homes and houses, annual membership fees due from member societies, donations from third parties and fund-raising activities. The residents' charges are composite amounts covering rent,

Notes forming part of the Financial Statements

for the year ended 31 March 2016 (continued)

service charges and support. Income is measured at the fair value of the consideration received or receivable. The Group generates the following material income streams:

- Rental income receivable (after deducting lost rent from void properties available for letting).
- Service charges receivable.

Turnover from social housing lettings is recognised on delivery of services to end users, as the Company performs its obligations.

Income from donations and legacies is accounted for on a receivable basis.

Turnover from sale of properties is recognised on completion of sales.

Rental income is recognised from the point when properties under development reach practical completion and are formally let. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

Service charges

The Group adopts in some cases fixed and in some cases the variable method for calculating and charging service charges to its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account or to a sinking fund. Income is recorded based on the estimated amounts chargeable.

Value Added Tax

The Group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income.

Finance costs

Finance costs are charged to the income statement over the term of the debt using the interest rate so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Pension costs

Contributions to the group's defined contribution pension scheme are charged to the income statement in the year in which they become payable.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Property, Plant and Equipment (PPE) - Housing Properties

Housing properties constructed or acquired (including land) on the open market are stated at cost less depreciation and impairment where applicable. Housing properties received as

part of a transfer of undertakings were initially recorded at fair value; depreciation and impairment has been deducted as applicable.

The cost of housing freehold land and property represents their purchase price and any directly attributable costs of acquisition which may include an appropriate amount for staff costs and other costs of managing development.

Directly attributable costs of construction includes capitalised interest calculated, on a proportional basis, using finance costs on borrowing which has been drawn in order to finance the relevant construction or acquisition. Where housing properties are in the course of construction, finance costs are only capitalised where construction is on-going and has not been interrupted or terminated.

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

Housing properties in the course of construction, excluding the estimated cost of the element of shared ownership properties expected to be sold in first tranche, are included in PPE and held at cost less any impairment, and are transferred to completed properties when ready for letting.

Depreciation of housing properties

Housing properties are split between freehold land, structure and other major components that are expected to require replacement over time.

The portion of shared ownership property retained or expected to be retained is not depreciated on account of the high residual value. Neither the depreciable amount nor the expected annual depreciation charge for such assets is considered material, individually or in aggregate.

Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

Freehold land is not depreciated on account of its indefinite useful economic life.

The cost of all other housing property (net of accumulated depreciation to date and impairment, where applicable) and components is depreciated over the useful lives of the assets on the following basis:

Description	Estimated useful life (years)
Structure	100
Kitchen	30
Bathroom	30
White Goods	10
Roofs	50
Lifts	15

Notes forming part of the Financial Statements

for the year ended 31 March 2016 (continued)

Allocation of costs for mixed tenure and shared ownership developments

Costs are allocated to the appropriate tenure where it is possible to specify which tenure the expense relates to. Where it is not possible to relate costs to a specific tenure type costs are allocated on a unit basis.

PPE – Other

Other tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation – Other PPE

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Description	Estimated useful life (years)
Office furniture and computers	3–5
Motor vehicles	5
Fixtures, Fittings, Furniture & equipment	10

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

Government grants

Grant received in relation to constructed or acquired housing properties is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2014. Grant is carried as deferred income in the balance sheet and released to the income and expenditure account on a systematic basis over the useful economic lives of the asset for which it was received.

Where social housing grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the income and expenditure account. Where properties with grant attached are received as part of a transfer of undertakings the ultimate requirement to recycle/repay grant sits within the society and is recorded as a contingent liability. When properties are identified for sale and a grant liability will crystallise that is not covered by the anticipated sales proceeds, additional provision for impairment is recorded.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once performance related conditions have been met.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Recycled Capital Grant Fund

On the occurrence of certain relevant events, primarily the sale of dwellings, the HCA can direct the Society to recycle capital grants or to make repayments of the recoverable amount. The Group adopts a policy of recycling, for which a separate fund is maintained. If unused within a three year period, grant will be repayable to the HCA with interest.

Any unused recycled capital grant held, which will not be used within one year, is disclosed in the balance sheet under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Investments in listed company shares, which have been classified as current asset investments, are stated at fair value at each balance sheet date. Gains and losses are recognised in the income statement for the period.

Impairment of Property Plant and Equipment

The housing property portfolio for the Group is assessed for indicators of impairment at each balance sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. An option appraisal is carried out to determine the option which produces the highest net realisable value. The Group looks at the net realisable value, under the options available, when considering the recoverable amount for the purposes of impairment assessment. No properties have been valued at value-in-use service potential. The Society defines cash generating units as schemes. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value an impairment is recorded through a charge to income and expenditure.

Development Work-In-Progress - Stock

Stock represents work in progress and completed properties, including housing properties developed for transfer to other registered providers; properties developed for outright sale; and shared ownership properties. For shared ownership properties the value held as stock is the estimated cost to be sold as a first tranche.

Stock is stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs.

Debtors and creditors

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 income statement in other operating expenses.

Recoverable amount of rental and other trade receivables

The Group estimates the recoverable value of rental and other receivables and impairs

Notes forming part of the Financial Statements

for the year ended 31 March 2016 (continued)

the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

Loans to Member Societies

Loans to Member Societies are regarded as concessionary loans (FRS 102). Those loans are made at a rate of interest which is below the prevailing market rate of interest

These loans are measured at the amount advanced at the inception of the loan less amounts received and any provisions for impairment. Any associated grant is recognised as deferred income until the loan is redeemed.

Rent and service charge agreements

The Group has made arrangement with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

Loans, investments and short term deposits

These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Cash and cash equivalents

Cash and cash equivalents in the Group's balance sheet consists of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less.

The Group has also identified some investments, which meet the definition of cash and cash equivalents but are restricted in their use; these investments have been classified as restricted cash equivalents.

Contingent liabilities

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

A contingent liability exists on grant repayment which is dependent on the disposal of related property.

Reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds. Realised and unrealised gains and losses on assets held by these funds are also allocated to the fund.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the key judgements have been made in respect of the following:

- whether there are indicators of impairment of the Group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The Board have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on expected-use-value social housing or depreciated replacement cost.
- what constitutes a cash generating unit when indicators of impairment require there to be an impairment review.
- the anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on Board best estimate of sales value based on economic conditions within the area of development.
- the appropriate allocation of costs relating to shared ownership between current and fixed assets.
- the categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.

Other key sources of estimation uncertainty

- **Property Plant and Equipment (PPE)**
PPE, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.
- **Investments**
The most critical estimates, assumptions and judgements relate to the determination of carrying value of investments are determined by the valuation provided by Barclays Wealth and Investment Management and Charles Stanley & Co Limited.
- **Rental and other trade receivables**
The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

Notes forming part of the Financial Statements

for the year ended 31 March 2016 (continued)

4. Particulars of turnover, operating costs and operating surplus – Group

	Note	Turnover 2016 £'000	Operating costs 2016 £'000	Operating surplus/deficit 2016 £'000
Social housing lettings	5	36,927	(36,750)	177
Activities other than Social Housing Activities				
Market rent (Independent Living)* and other		2,456	(1,942)	514
Membership activity		768	(1,812)	(1,044)
International activity		–	(280)	(280)
Disposal of development properties		–	–	–
Surplus from transfer of merging societies		1,626	–	1,626
Other		–	–	–
Donations and legacies		1,293	(560)	733
Grants to member societies		–	(573)	(573)
		43,070	(41,917)	1,153

	Note	Turnover 2015 £'000	Operating costs 2015 £'000	Operating surplus/deficit 2015 £'000
Social housing lettings	5	36,947	(36,877)	70
Activities other than Social Housing Activities				
Market rent (Independent Living)* and other		2,296	(2,036)	260
Membership activity		820	(2,222)	(1,402)
International activity		4	(424)	(420)
Disposal of development properties		487	(371)	1,116
Surplus from transfer of merging societies		8,869	–	8,869
Other		48	–	48
Donations and legacies		1,568	(563)	1,005
Grants to member societies		–	(179)	(179)
		51,039	(42,672)	8,367

4. Particulars of turnover, operating costs and operating surplus – Society

	Note	Turnover 2016 £'000	Operating costs 2016 £'000	Operating surplus/deficit 2016 £'000
Social housing lettings	5	36,927	(36,750)	177
Activities other than Social Housing Activities				
Market rent (Independent Living)* and other		2,456	(1,942)	514
Membership activity		768	(1,812)	(1,044)
International activity		–	(280)	(280)
Disposal of development properties		–	–	–
Surplus from transfer of merging societies		1,626	–	1,626
Other		(32)	(212)	(244)
Donations and legacies		1,293	(560)	733
Grants to member societies		–	(573)	(573)
		43,038	(42,129)	909

4. Particulars of turnover, operating costs and operating surplus – Society (continued)

	Note	Turnover 2015 £'000	Operating costs 2015 £'000	Operating surplus/deficit 2015 £'000
Social housing lettings	5	36,947	(36,877)	70
Activities other than Social Housing Activities				
Market rent (Independent Living)* and other		2,296	(2,036)	260
Membership activity		820	(2,222)	(1,402)
International activity		4	(424)	(420)
Disposal of development properties		487	(371)	1,116
Surplus from transfer of merging societies		8,869	–	8,869
Other		48	–	48
Donations and legacies		1,568	(563)	1,005
Grants to member societies		–	(179)	(179)
		51,039	(42,672)	8,367

*Independent Living units – where residents are able to live independently with support packages as required

5. Income and expenditure from social housing lettings – Group and Society

	Care £'000	Supported housing £'000	Total 2016 £'000	Total 2015 £'000
Income				
Rents net of identifiable service charges	22,847	10,563	33,410	32,697
Service charge income	–	3,517	3,517	4,250
Turnover from social housing lettings	22,847	14,080	36,927	36,947
Expenditure				
Management	(4,040)	(2,534)	(6,574)	(6,185)
Services*	(18,461)	(8,570)	(27,031)	(28,110)
Routine maintenance	(554)	(843)	(1,397)	(1,029)
Major repairs expenditure	(46)	(39)	(85)	(210)
Bad debts	(58)	(92)	(150)	(90)
Depreciation of housing properties:	(834)	(679)	(1,513)	(1,253)
Operating expenditure on social housing lettings	(23,993)	(12,757)	(36,750)	(36,877)
Operating (deficit)/surplus on social housing lettings	(1,146)	1,323	177	70
Void losses	(2,734)	(2,214)	(4,948)	(4,813)

*Services – includes service charge costs and other operating costs that are not included in other headings shown above

Notes forming part of the Financial Statements

for the year ended 31 March 2016 (continued)

6. Particulars of turnover from non-social housing lettings – Group and Society

	2016 £'000	2015 £'000
Market rent	609	576
Other	166	48
	775	624

7. Units of housing stock Group and Society

	2016 number	2015 number
Supported housing	1,146	1,112
Residential care home bed spaces	662	686
Market rent	123	117
Total owned and managed accommodation	1,931	1,915
Units under construction	244	244

8. Operating surplus/(deficit)

	Group 2016 £'000	Group 2015 £'000	Society 2016 £'000	Society 2015 £'000
This is arrived at after charging:				
Depreciation of housing properties:				
annual charge	1,672	1,557	1,672	1,557
Depreciation of other tangible fixed assets	410	479	410	479
Operating lease charges – other	195	195	195	195
Auditors' remuneration (excluding VAT):				
Group accounts	45	45	45	45
associated companies	10	–	10	–
tax advice and other audit related assurance	18	18	18	18

9. Employees

	Group 2016 £'000	Group 2015 £'000	Society 2016 £'000	Society 2015 £'000
Staff costs (including Executive Management Team) consist of:				
Wages and salaries	22,962	23,126	22,947	23,126
Social security costs	1,606	1,650	1,604	1,650
Cost of defined contribution scheme	338	329	338	329
	24,906	25,105	24,889	25,105

The cost of the defined pension scheme is £338k (2015: £329k). Contributions of £26k (2015: £24k) are included in creditors.

Employee numbers

The average number of employees (including Executive Management Team) expressed as full time equivalents (calculated based on a standard working week of 35 hours) during the year was as follows:

	Group 2016	Group 2015	Society 2016	Society 2015
Administration	101	103	101	103
Development	7	5	7	5
Housing, Support and Care	833	829	833	829
	941	937	941	937

10. Board and executive remuneration

None of the members of the Board received any emoluments (2015: £nil). Board expenses for the year are £31,472 (2015: £28,123).

The remuneration for the executive team is as follows.

	Group 2016 £'000	Group 2015 £'000	Society 2016 £'000	Society 2015 £'000
Executive emoluments	1,090	1,348	1,090	1,348
Contributions to money purchase pension schemes	49	48	49	48
	1,139	1,396	1,139	1,396

The total amount payable to the Chief Executive, who was also the highest paid director in respect of emoluments was £198,307 (2015: £195,000). Pension contributions of £20,179 (2015: £11,049) were made. As a member of the Scottish Widows pension scheme, the pension entitlement of the Chief Executive is identical to those of other members.

The remuneration paid to staff (including Executive Management Team) earning over £60,000:

	Group 2016 number	Group 2015 number	Society 2016 number	Society 2015 number
£60,001 – £70,000	3	3	3	3
£70,001 – £80,000	3	3	3	3
£80,001 – £90,000	3	3	3	3
£120,001 – £130,000	1	1	1	1
£180,001 – £200,000	1	1	1	1
£260,001 – £270,000	–	1	–	1

Notes forming part of the Financial Statements

for the year ended 31 March 2016 (continued)

11. Board members

Board member	Member of:			
	Audit Committee	Finance Committee	Remuneration Committee	Group Board
Ian Plaistowe	*	*	*	*
Jenny Lawrence	*			*
Chris Smith	*			*
Steve Allen		*		*
Rachel Byrne			*	*
Cheryl Dean				*
Andre Decraene	*			*
Amanda Houlihan		*		*
Jeffrey Medlock		*		*
Dr Stephen Venner			*	*
Prof Cameron Swift				*

12. Surplus on disposal of fixed assets housing properties

	2016 £'000	2015 £'000
Housing Properties:		
Disposal proceeds	10,066	8,994
Cost of disposals	(5,293)	(5,339)
Selling costs	(197)	(133)
Grant recycled	(1,959)	(2,418)
Provision for closed properties	(1,345)	(1,000)
Surplus on disposal	1,272	104

13. Interest receivable and income from investments Group and Society

	2016 £'000	2015 £'000
Abbeyfield member societies	78	45
Interest receivable	124	123
	202	168

14. Interest payable and similar charges Group and Society

	2016 £'000	2015 £'000
Bank loans and overdrafts	272	176
Recycled capital grant fund	62	22
	334	198

15. PPE – Housing properties
Group and Society

	Care, Housing and IL completed £'000	Care, Housing and IL under construction £'000	Shared ownership completed £'000	Total £'000
Cost:				
At 31 March 2015	120,583	6,412	793	127,788
Additions:				
construction costs	–	15,120	–	15,120
replaced components	2,133	–	–	2,133
Closed property disposals	(6,761)	–	–	(6,761)
Additions from transferring societies	1,145	–	–	1,145
At 31 March 2016	117,100	21,532	793	139,425
Depreciation:				
At 31 March 2015	8,769	–	84	8,853
Charge for the year	1,657	–	15	1,672
Eliminated on disposals:				
Other – disposals	(270)	–	–	(270)
At 31 March 2016	10,156		99	10,255
Impairment				
At 31 March 2015	1,000	–	–	1,000
Charge for the year	1,123	–	–	1,123
Released in the year	(1,000)	–	–	(1,000)
At 31 March 2016	1,123	–	–	1,123
Net book value at 31 March 2016	105,821	21,532	694	128,047
Net book value at 30 March 2015	111,814	6,412	709	118,935

The provision for impairment of £1,123k has been included in surplus arising from disposal of fixed assets (2015: £1,000k). The carrying value of the affected units was £2,239k before the impairment was recorded.

Notes forming part of the Financial Statements

for the year ended 31 March 2016 (continued)

15. PPE – Housing properties (continued)

Group and Society

	2016 £'000	2015 £'000
Freehold	125,094	115,960
Long leasehold	2,953	2,975
	128,047	118,935
Historic cost	139,425	128,788
Accumulated depreciation	10,255	8,853
Impairment	1,123	1,000
	128,047	118,935
Works to properties included above		
Improvements to existing properties capitalised	2,133	6,174
Major repairs expenditure to income and expenditure account	117	215
	2,250	6,389
Capital grant – Housing Properties in reserves	30,373	30,130
Capital grant – Housing Properties in creditors	8,073	9,254
Recycled Capital Grant Fund	11,247	9,575
	49,693	48,959

No interest was capitalised in the year (2015: £nil)

Properties held for security by the Society had property with a book value of £17.7m pledged as security at 31 March 2016 (2015: £17.2m). Further security for Bingley is noted in note 18.

16. Other – PPE – Group and Society

	Fixtures, fittings, and furniture £'000	Computer, and other office equipment £'000	Total £'000
Cost or valuation			
At 31 March 2015	4,690	1,742	6,432
Additions	124	498	622
Disposals	(115)	–	(115)
At 31 March 2016	4,699	2,240	6,939
Depreciation			
At 31 March 2015	3,220	1,177	4,397
Charge for year	281	129	410
Disposals	(109)	–	(109)
At 31 March 2016	3,392	1,306	4,698
Net book value			
At 31 March 2016	1,307	934	2,241
At 30 March 2015	1,470	565	2,035

17. Investments

Name	Country of incorporation or registration	Proportion of voting rights / ordinary share capital held	Nominal value of the shares held	Nature of business	Total Nature of entity £'000
Subsidiary undertakings					
Abbeyfield Property Limited	England	100%	£1	Design-and-build	Incorporated company, limited by shares
Abbeyfield Research Foundation Limited	England	100%	£nil	Fundraising and Grant making	Incorporated company, limited by guarantee
Abbeyfield UK Limited	England	100%	£nil	Dormant	Incorporated company, limited by guarantee
Pebblemist Limited	England	100%	£1	Dormant	Incorporated company, limited by guarantee
Abbeyfield Elland Society Limited	England	100%	£nil	Dormant	Incorporated company, limited by guarantee

Notes forming part of the Financial Statements

for the year ended 31 March 2016 (continued)

18. Properties for sale – Group and Society

	Closed Properties held for sale 2016 £'000	Developed units 2016 £'000	Total 2016 £'000	Total 2015 £'000
Work in progress	–	1,793	1,793	2,101
Completed properties – acquired	815	–	815	900
Less: Provision for impairment	(222)	–	(222)	–
	593	1,793	2,386	3,001

Properties developed for sale exclude capitalised interest.

Amounts totalling £225k, were charged to charges and fees (2015: £nil) on redeeming the loan for units held for sale. Developed units with a value of £7,526k have been pledged for security for bank borrowings (2015: £nil). The provision for impairment of £222k has been charged to surplus arising from disposal of fixed assets (2015: £nil).

19. Debtors – Group and Society

	2016 £'000	2015 £'000
Due within one year		
Rent and service charge arrears	1,126	851
Less: Provision for doubtful debts	(353)	(303)
	773	548
Amounts owed by group undertakings		
Abbeyfield member societies	157	365
Other debtors	2,000	116
Prepayments and accrued income	1,257	1,432
	4,187	2,461
Due after one year		
Due from Abbeyfield member societies	3,424	2,820

20. Current asset investments – Group and Society

	2016 £'000	2015 £'000
Opening fair value	2,053	1,957
Other movements	4	–
(Losses)/gains on fair value measurement	(84)	96
Fair value	1,973	2,053

All current asset investments are shares held in listed companies which are traded on a regular basis. These investments are managed by Barclays Wealth Capital Management and Charles Stanley & Co Limited. The total loss recognised on these investments in the period was £84k, (2015: £96k surplus) representing the fair value movement shown above.

21. Creditors: falling due within one year – Group and Society

	Group 2016 £'000	Group 2015 £'000	Society 2016 £'000	Society 2015 £'000
Trade creditors	1,728	1,331	1,728	1,331
Taxation and social security	441	624	441	624
Deferred revenue	–	99	–	99
Other creditors	857	793	857	793
Recycled capital grant fund (note 22)	–	1,074	–	1,074
Accruals and deferred income	3,345	2,804	3,317	2,804
Amount owed to Group undertakings	–	–	192	–
Major maintenance accruals	180	330	180	330
	6,551	7,055	6,715	7,055

22. Creditors: falling due one year – Group and Society

	2016 £'000	2015 £'000
Loans and borrowings (note 25)	706	–
Deferred capital grant (note 23)	–	–
Recycled capital grant fund (note 24)	11,247	8,501
Licence deposits	330	389
Other creditors	583	603
Deferred grant*	8,073	9,254
	20,939	18,747

23. Deferred capital grant – Group and Society

	2016 £'000	2015 £'000
At 30 March 2015	9,254	11,741
Grants received during the year	960	–
Grants recycled from the recycled capital grant fund	(2,072)	(2,418)
Released to income during the year	(69)	(69)
At 31 March 2016	8,073	9,254

*In accordance with FRS 102, grant on developed units is now stated within creditors.

Notes forming part of the Financial Statements

for the year ended 31 March 2016 (continued)

24. Recycled capital grant fund – Group and Society

	HCA 2016 £'000	GLA 2016 £'000	HCA 2015 £'000	GLA 2015 £'000
Capital grant relating to development activities funded by				
At 30 March 2015				
Balance brought forward	7,405	2,170	5,796	1,053
Inputs to fund:				
grants recycled	1,308	1,764	1,307	1,111
grants recycled from statement of comprehensive income	–	–	–	–
interest accrued	47	15	16	6
other	(462)	–	286	–
At 31 March 2016	8,298	2,949	7,405	2,170

GLA - Greater London Authority grant awarding body

25. Loans and borrowings – Group and Society

	Bank loans 2016 £'000	Other loans 2016 £'000	Total 2016 £'000
Maturity of debt:			
In one year or less, or on demand	–	–	–
In more than one year but not more than two years	706	–	706
In more than two years but not more than five years	–	–	–
	706	–	706

During the year, the Group drew down £706k (2015: £nil) from the Yorkshire Bank loan facility. The carrying amount of £706k (2015: £nil) is repayable in 2018. The loan accrues interest at a variable rate equivalent to LIBOR plus 2%.

The Group has entered into revolving credit facility of £22.5m with Barclays Bank. Loans are secured by specific charges on the housing properties of the Group. At 31 March 2016 the Group has facilities of £28.8m (2015: £nil).

25. Loans and borrowings – Group and Society (continued)

	2016 £'000	2015 £'000
Financial assets		
Financial assets measured at historical cost		
Trade receivables	1,126	851
Other receivables	6,838	4,733
Investments	1,973	2,053
Investments in short term deposits	19,587	22,282
Cash and cash equivalents	8,048	12,409
Total financial assets	37,572	42,328
Financial liabilities		
Financial liabilities measured at amortised cost		
Loans payable	913	199
Financial liabilities measured at historical cost		
Trade creditors	1,728	1,331
Other creditors	4,823	5,724
Total financial liabilities	7,464	7,254

26. Contingent liabilities

The Group receives grants from the Homes and Communities Agency and from the Greater London Authority, which are used to fund the acquisition and development of housing properties and their components. Where member societies and other organisations have transferred their net assets to the Group through a transfer of undertakings, any related grants are taken into account in the fair value of the assets and is credited to reserves as part of the surplus/deficit on transfer. The Group has a future obligation to recycle such grants once the properties are disposed of. At 31 March 2016, the value of grants received in respect of these properties that had not been disposed of was £38.5m (2015: £39.4m).

A provision of £445k has been recognised in these financial statements for two properties the Group plans to dispose of in 2016/17 where the anticipated sales proceeds will not cover the grant liability arising on sale.

Notes forming part of the Financial Statements

for the year ended 31 March 2016 (continued)

27. Operating leases – Group and Society

The Group and the Society had minimum lease payments under non-cancellable operating leases as set out below:

	2016 £'000	2015 £'000
Amounts payable as Lessee		
Not later than 1 year	195	195
Later than 1 year and not later than 5 years	250	445
Later than 5 years	–	–
Total	445	640

28. Capital commitments – Group and Society

	2016 £'000	2015 £'000
Commitments contracted but not provided for		
Maintenance	2,929	1,201
Construction	35,907	24,060
Commitments approved by the Board but not contracted for		
Maintenance	1,155	2,375
Construction	23,509	15,725
Total	63,500	43,361

Capital commitments for the Group and Society will be funded as follows:

	2016 £'000	2015 £'000
Social Housing Grant	2,000	2,000
New loans	28,800	22,500
Sales of properties	7,000	10,068
Existing cash	25,700	8,793
	63,500	43,361

Abbeyfield Properties Limited ("APL") is wholly owned by the Society and undertakes design-and-build activities on the Society's behalf. Financial commitments of APL include construction of new developments where there are capital commitments of £28m.

29. Related party disclosures

Total invoices received from Abbeyfield Properties Limited ("APL") for design-and-build fees amount to £676k that includes 5% mark up by APL. The costs relating to the design-and-build invoices from the contractors amount to £644k.

A grant of £200k was made to Abbeyfield Research Foundation ("ARF") by the Society during the year.

30. Business combinations

The Abbeyfield Plymouth Society Limited transferred its business, assets and liabilities to the Society on 29 February 2016 at nil consideration. The fair value of the assets received was £1,626k. The book value of the total net assets as at the transfer date was £1,042k. The fair value of the assets were brought into the accounts as at the date of transfer.

31. First-time adoption of FRS 102 Group and Society

	Revenue Reserve as at 31 March 2014 £'000	Surplus and other transfers for year ended 30 March 2015 £'000	Revenue Reserve as at 31 March 2015 £'000
As previously stated under former UK GAAP	118,164	9,191	127,355
Transitional adjustments			
Amortisation of grant for land and structure for the year	–	69	69
Increase in depreciation	(135)	(39)	(174)
Other adjustments	(11)	–	(11)
Cumulative amortisation of grant for land and structure to 30 March 2014	207	–	207
As stated in accordance with FRS 102	118,225	9,223	127,447

In line with FRS 102, grants received for five houses are held within creditors as deferred grant with the grant being amortised over the life of the structure of the properties. The cumulative amortisation of the grant for the period ending 30 March 2014 amounted to £207k. The increase in depreciation for the same period amounted to £135k.

The following page does not form part of the audited financial statements

Loans and grants awarded to or drawn down by member societies in the year to 31 March 2016

Names of the Society	Loan/Grant	Drawn down £,000
Abbeyfield Furness Extra Care Society	Grant – £200k	200
Abbeyfield Silverdale & District Society	Grant – £17k	17
The Abbeyfield Research Foundation	Grant – £200k	–
Abbeyfield Canada	Grant – £50k	15
Abbeyfield South Africa	Grant – £15k (£100k – 14/15)	140
Abbeyfield Worcester Society	Loan (£2m – 14/15)	555
Abbeyfield North Northumberland Extra Care	Loan – £50k	50
Abbeyfield Bedford Society	Loan – £50k	50
Abbeyfield Silverdale & District Society	Loan – £108k	108
Total		1,135

Loans and grants are available to member societies and are awarded in line with the loans and grants policy. Such loans and grants are only for the purpose of assisting in the provision of accommodation and services to the elderly. Loans bear interest at a favourable rate and are repaid over an appropriate term as specified in the policy. It is the Society's policy that loans over £25,000 are secured.

Allocation of Society central costs to membership activities by department and resulting shortfall

Membership

Function	Allocation %	Allocation £,000
Chief Executive Office	40	172
Legal Services	50	146
Finance	20	102
Information Technology	2	7
Development	60	182
Volunteering	100	74
Human Resources	16	118
Membership	100	857
Marketing	25	154
		1,812
Membership Fee Income		768
Membership shortfall		1,044



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